**NEW ISSUE - BOOK ENTRY ONLY**

**RATINGS:**
**Moody's: Aaa**
**S&P: AAA**
**Fitch: AAA**
**(See "RATINGS" herein)**

*In the opinion of Butler Snow LLP, Atlanta, Georgia, as Bond Counsel, under existing laws, regulations and judicial decisions, interest on the Series 2015 Bonds is exempt from present State of Georgia income taxation. However, interest on the Series 2015 Bonds is not excluded from gross income for federal income tax purposes. See "**LEGAL MATTERS – Opinion of Bond Counsel**" herein.*

# $376,600,000
# COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY
# REVENUE BONDS
# (COBB COUNTY COLISEUM PROJECT),
# SERIES 2015
# [Federally Taxable]

Dated: Date of Issuance | Due: January 1 and July 1, as shown on the inside cover

The Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015 (the "Series 2015 Bonds") are being issued by the Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority") in order to finance, in part, the cost of the acquisition, construction and equipping of the Project (defined herein) and the costs of issuance of the Series 2015 Bonds.

The Series 2015 Bonds are special limited obligations of the Authority payable solely from and secured by a pledge by the Authority of the "Trust Estate" under a Trust Indenture, dated as of September 1, 2015 (the "Indenture"), between the Authority, as issuer, and U.S. Bank National Association, as trustee (the "Trustee"). The Trust Estate consists primarily of amounts to be paid to the Authority pursuant to an Intergovernmental Agreement, dated May 27, 2014 (the "Intergovernmental Agreement"), between the Authority and Cobb County, Georgia (the "County"). Under the terms of the Intergovernmental Agreement, among other matters, the County has agreed to make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2015 Bonds on each semiannual Interest Payment Date (as defined hereinafter) and each redemption date (the "Contract Payments"). As of the date of issuance, the Series 2015 Bonds will be the only outstanding bonds secured by the Trust Estate pledged under the Indenture. The County's obligation to make the Contract Payments in accordance with the Intergovernmental Agreement is absolute and unconditional and will not expire so long as any of the Series 2015 Bonds remain outstanding and unpaid. The County has agreed in the Intergovernmental Agreement that, to the extent funds are not otherwise lawfully available for such purpose, it will levy an annual ad valorem tax on all taxable property located within the territorial limits of the County subject to ad valorem taxation for such purpose, as now existent and as the same may be extended, at such rate or rates, without limit, as may be necessary to produce in each year revenues which will be sufficient to enable the County to make the Contract Payments under the Intergovernmental Agreement. See **"SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS"** herein.

The Series 2015 Bonds will be delivered in fully registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Series 2015 Bonds must be made in book-entry form only in authorized denominations of $5,000 and any integral multiple thereof. Individual purchasers ("Beneficial Owners") of the Series 2015 Bonds will not receive physical delivery of the Series 2015 Bonds. Transfers of the Series 2015 Bonds will be effected through a book-entry system as described herein.

Interest on the Series 2015 Bonds will be payable on January 1, 2016 and semiannually thereafter on each January 1 and July 1 (each an "Interest Payment Date"). So long as DTC or its nominee is the registered owner of the Series 2015 Bonds, disbursements of payments of principal and interest on the Series 2015 Bonds to DTC will be the responsibility of the Trustee; disbursements of such payments to DTC Participants will be the responsibility of DTC; and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants as described herein. See "**THE SERIES 2015 BONDS – Book-Entry Only System of Delivery of Bonds**" herein.

The Series 2015 Bonds will be subject to optional redemption, mandatory sinking fund redemption and mandatory redemption under certain circumstances prior to maturity as described herein. See "**THE SERIES 2015 BONDS – Redemption**" herein.

*This cover page contains certain limited information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Capitalized terms used, but not defined, on this cover page shall have the meanings assigned thereto in this Official Statement.*

The Series 2015 Bonds are offered when, as and if received and accepted by Wells Fargo Bank, National Association, the Underwriter, subject to the approval of legality by Butler Snow LLP, Atlanta, Georgia, as Bond Counsel. Certain matters will be passed upon for the Authority by Moore Ingram Johnson & Steele, LLP, Marietta, Georgia, and by Sutherland Asbill & Brennan LLP, Atlanta, Georgia. Certain matters will be passed upon for the County by Deborah L. Dance, Esquire, County Attorney, and by its Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia. It is expected that the Series 2015 Bonds will be available for delivery through DTC on or about September 9, 2015.

Dated: August 25, 2015

**$376,600,000**
**COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY**
**REVENUE BONDS**
**(COBB COUNTY COLISEUM PROJECT),**
**SERIES 2015**
**[Federally Taxable]**

**MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS[1] AND CUSIP NUMBERS**

$67,875,000 Serial Bonds – Price 100.00%

| Maturity Date | Principal Amount | Interest Rate | CUSIP[2] Number |
|---|---|---|---|
| July 1, 2017 | $3,690,000 | 1.00% | 190760 GV4 |
| January 1, 2018 | 3,710,000 | 1.20 | 190760 GW2 |
| July 1, 2018 | 3,730,000 | 1.35 | 190760 GX0 |
| January 1, 2019 | 3,755,000 | 1.65 | 190760 GY8 |
| July 1, 2019 | 3,790,000 | 1.75 | 190760 GZ5 |
| January 1, 2020 | 3,820,000 | 2.05 | 190760 HA9 |
| July 1, 2020 | 3,860,000 | 2.15 | 190760 HB7 |
| January 1, 2021 | 3,900,000 | 2.45 | 190760 HC5 |
| July 1, 2021 | 3,950,000 | 2.55 | 190760 HD3 |
| January 1, 2022 | 4,000,000 | 2.70 | 190760 HE1 |
| July 1, 2022 | 4,055,000 | 2.80 | 190760 HF8 |
| January 1, 2023 | 4,110,000 | 2.95 | 190760 HG6 |
| July 1, 2023 | 4,170,000 | 3.00 | 190760 HH4 |
| January 1, 2024 | 4,235,000 | 3.10 | 190760 HJ0 |
| July 1, 2024 | 4,300,000 | 3.15 | 190760 HK7 |
| January 1, 2025 | 4,365,000 | 3.20 | 190760 HL5 |
| July 1, 2025 | 4,435,000 | 3.25 | 190760 HM3 |

| | | | | |
|---|---|---|---|---|
| $ 9,095,000 | 3.35% | Term Bond due July 1, 2026 | Yield: 3.40% | 190760 HN1 |
| $ 9,405,000 | 3.50% | Term Bond due July 1, 2027 | Yield: 3.55% | 190760 HP6 |
| $ 9,740,000 | 3.65% | Term Bond due July 1, 2028 | Yield: 3.70% | 190760 HQ4 |
| $ 10,105,000 | 3.75% | Term Bond due July 1, 2029 | Yield: 3.80% | 190760 HR2 |
| $ 10,490,000 | 3.85% | Term Bond due July 1, 2030 | Yield: 3.90% | 190760 HS0 |
| $259,890,000 | 4.50% | Term Bond due January 1, 2047 | Yield: 4.50% | 190760 HT8 |

(1) Yield calculated to the first optional redemption date of January 1, 2026.

(2) Copyright 2015, American Bankers Association; CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned by the CUSIP Service Bureau operated by Standard & Poor's, a subsidiary of The McGraw Hill Companies, Inc., and are included herein solely for the convenience of Bondholders. Neither the Authority, the County, the Underwriter, nor the Trustee makes any representation as to the selection, accuracy, or use now or in the future of such CUSIP numbers or has any responsibility with respect to such CUSIP numbers.

**COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY**

**MEMBERS**

Jerry W. Nix, Chairman
A. Max Bacon, Vice Chairman
Johnny Gresham, Secretary
Timothy D. Lee
Earl Smith
R. Steven Tumlin
Robert P. Voyles

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**APPOINTED OFFICIALS**

Michele L. Swann, General Manager & CEO
Lynn Flanders, Assistant General Manager
Rob Turner, Director of Finance
Walter Kiley, Director of Sales and Marketing
Michael S. Taormina, Managing Director of the
Cobb Energy Performing Arts Centre

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**COBB COUNTY, GEORGIA**

**ELECTED OFFICIALS**

**Board of Commissioners of Cobb County**

Timothy D. Lee, Chairman
Robert M. Weatherford, Commissioner
Robert J. Ott, Commissioner
JoAnn Birrell, Commissioner
Lisa N. Cupid, Commissioner

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**APPOINTED OFFICIALS**

David Hankerson, County Manager
Deborah L. Dance, County Attorney
James D. Pehrson, CPA, Finance Director/Comptroller and Ex Officio Clerk to the Board of Commissioners

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**SPECIAL SERVICES**

**Bond Counsel and Disclosure Counsel**
Butler Snow LLP
Atlanta, Georgia

**Authority's Counsel**
Moore Ingram Johnson & Steele, LLP
Marietta, Georgia

**Authority's Financing Counsel**
Sutherland Asbill & Brennan LLP
Atlanta, Georgia

**County's Auditors**
Crace Galvis McGrath, LLC
Kennesaw, Georgia

**County's Financial Advisor**
Public Financial Management, Inc.
Atlanta, Georgia

**County's Special Project Counsel**
Thompson Hine LLP
Atlanta, Georgia

**County's Counsel**
Deborah L. Dance, County Attorney
Cobb County Attorney's Office

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, the Authority and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the County or the Authority since the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements", including those containing the words "expect", "intend", "estimate" and similar terms or phrases. The achievement of certain future results or other expectations containing in or implied by such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual future results, performance or achievement to be materially different from the future results, performance or achievement expressed or implied by such forward-looking statements.

THE PRICES AT WHICH THE SERIES 2015 BONDS ARE OFFERED TO THE PUBLIC MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE SERIES 2015 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2015 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF ANY BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MAY RELY ONLY ON THEIR OWN EXAMINATION OF THE AUTHORITY, THE COUNTY, AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT**

**$376,600,000**

**COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY**
**REVENUE BONDS**
**(COBB COUNTY COLISEUM PROJECT),**
**SERIES 2015**
**[Federally Taxable]**

## INTRODUCTION

The following information does not purport to be comprehensive and is furnished solely to provide limited introductory information regarding the terms of the Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015 (the "Series 2015 Bonds"). Such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement. Certain defined terms are set forth in **APPENDIX B** – "**CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – CERTAIN DEFINITIONS**" hereto. For the purposes of this Official Statement, capitalized terms used and not defined herein will have the same meanings ascribed to them in the Indenture.

### Cobb-Marietta Coliseum and Exhibit Hall Authority

The Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority"), the issuer of the Series 2015 Bonds, is a body corporate and politic created and existing under the laws of the State of Georgia (the "State") and particularly under an Act of the General Assembly of the State approved on March 26, 1980 (Ga. laws 1980, p. 4091), as amended by an Act approved April 9, 1981 (Ga. laws 1981, p. 4350), and as amended by an Act approved March 28, 1986 (Ga. laws 1986, p. 5549), and as amended by an Act approved March 27, 1991 (Ga. laws 1991, p. 3531), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4286), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4495), as amended (collectively, the "Authority's Act"), and the Authority is deemed to be a political subdivision of the State. See "**THE AUTHORITY**" herein.

### Cobb County, Georgia

Cobb County, Georgia (the "County") is a political subdivision of the State. The County is located in the north central portion of the State, approximately 20 miles northwest of downtown Atlanta. See **APPENDIX A** – **"CERTAIN INFORMATION REGARDING COBB COUNTY"** hereto.

### Project

The Project will consist of a multi-use sports, athletic games, recreation and public entertainment stadium and coliseum facility of the type permitted by the Authority's Act and the Revenue Bond Law (as defined herein) and the customary facilities related thereto, including, without limitation, refreshment stands, restaurants, facilities for the purveying of food, beverages, publications, souvenirs, novelties and goods of all kinds, and parking facilities, and which improvements and parking will be located on the Project Site located within the geographic boundaries of the County, as further described in **APPENDIX C – "CERTAIN INFORMATION ON THE PROJECT AND SUMMARIES OF CERTAIN PROJECT DOCUMENTS"** herein. As noted hereinabove, pursuant to the Intergovernmental Agreement, the Project will be operated by a third party operator pursuant to a project operating agreement, initially the Braves Stadium Company, LLC, a Delaware limited liability company (the "Stadium Operator"), an affiliate of the Atlanta National League Baseball Club, Inc. ("ANLBC"), a Georgia corporation and the owner and operator of the Atlanta Braves, a Major League Baseball franchise (the "Atlanta Braves"), pursuant to the Stadium Operating Agreement, dated May 27, 2014 (the "Stadium Operating Agreement"), among the Authority, the County and the Stadium Operator. See **APPENDIX C – "CERTAIN INFORMATION ON THE PROJECT AND SUMMARIES OF CERTAIN PROJECT DOCUMENTS"** herein.

**The Series 2015 Bonds**

The Series 2015 Bonds will be issued pursuant to the Trust Indenture, dated as of September 1, 2015 (the "Indenture"), between the Authority, as issuer, and U.S. Bank National Association, as trustee (the "Trustee"). The proceeds from the Series 2015 Bonds will be used to finance, in part, the acquisition, construction and equipping of the Project and the costs of issuance of the Series 2015 Bonds. See "**PLAN OF FINANCING**" herein.

The Series 2015 Bonds will be delivered in fully registered form in the name of Cede and Co., as the nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases of the Series 2015 Bonds must be made in book-entry form only in authorized denominations of $5,000 and any integral multiple thereof. Individual purchasers ("Beneficial Owners") of the Series 2015 Bonds will not receive physical delivery of the Series 2015 Bonds. Transfers of the Series 2015 Bonds will be effected through a book-entry system as described herein. See "**THE SERIES 2015 BONDS – Book-Entry Only System of Delivery of Bonds**" herein.

The interest on the Series 2015 Bonds will be payable on January 1, 2016 and semiannually thereafter on each January 1 and July 1 (each an "Interest Payment Date"). So long as DTC or its nominee is the registered owner of the Series 2015 Bonds, disbursements of payments of Distributions on the Series 2015 Bonds to DTC is the responsibility of the Trustee; disbursements of such payments to DTC Participants is the responsibility of DTC; and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants as more fully described herein. See "**THE SERIES 2015 BONDS – Book-Entry Only System of Delivery of Bonds**" herein.

**Redemption of the Series 2015 Bonds**

The Series 2015 Bonds will be subject to optional redemption prior to maturity, mandatory sinking fund redemption and extraordinary mandatory redemption under certain circumstances described herein. See "**THE SERIES 2015 BONDS – Redemption**" herein.

**Legal Authority**

The Series 2015 Bonds are being issued in accordance with the Constitution of the State (the "Georgia Constitution") and the laws of the State, including in particular the Authority's Act and the Revenue Bond Law, Official Code of Georgia Annotated Sections 36-82-60, *et seq*., as amended (the "Revenue Bond Law"). For more complete information, see "**THE SERIES 2015 BONDS–Legal Authority**" herein.

**The Intergovernmental Agreement**

In connection with the Authority's issuance of the Series 2015 Bonds to finance, in part, the acquisition of the Project Site and construction and equipping of the Project, the Authority and the County entered into the Intergovernmental Agreement, dated as of May 27, 2014 (the "Intergovernmental Agreement"), in accordance with Article IX, Section III, Paragraph I of the Georgia Constitution (the "Intergovernmental Contracts Clause"), whereby, among other matters, the Authority and the County have agreed to the following: the Authority will acquire the Project Site; the County will serve as the agent and representative of the Authority with respect to the construction, equipping and operation of the Project, and the County, in such capacity, will construct and install, or cause the construction and installation of, the Project on the Project Site and acquire and install or cause to be acquired and installed the Equipment for the Project; the Project will be operated by a third party operator, pursuant to a project operating agreement; and the County will make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2015 Bonds when due on each Interest Payment Date and each redemption date (the "Contract Payments"). See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS – Intergovernmental Agreement**" and see **APPENDIX B** – "**CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT**" herein.

**Security for and Sources of Payment of Bonds**

The Series 2015 Bonds are special limited obligations of the Authority payable solely from and secured by a pledge by the Authority of the Trust Estate under the Indenture. The Trust Estate consists primarily of amounts to be paid to the Authority pursuant to the Intergovernmental Agreement, including the Contract Payments which, together with the revenues received by or for the account of the Authority from the Project and other amounts held under the Indenture for such purpose, will be sufficient to enable the Authority to pay the principal and interest when due on the Series 2015 Bonds. The County's obligation to make the Contract Payments is absolute and unconditional and will not expire so long as any of the Series 2015 Bonds remain outstanding and unpaid. The County has agreed in the Intergovernmental Agreement that, to the extent funds are not otherwise lawfully available for such purpose, it will levy an annual ad valorem tax on all taxable property located within the territorial limits of the County subject to ad valorem taxation for such purpose, as now existent and as the same may be extended, at such rate or rates, without limit, as may be necessary to produce in each year revenues which will be sufficient to fulfill the County's obligations under the Intergovernmental Agreement. See "**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS** – **Intergovernmental Agreement**" herein, "**CERTAIN BONDHOLDERS' RISKS**" herein, and see **APPENDIX B** – "**CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT**."

**Limited Obligations**

The Series 2015 Bonds will be special limited obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. Neither the full faith and credit nor the taxing powers of the State, the County nor any other political subdivision of the State will be pledged to the payment of the Series 2015 Bonds. The Series 2015 Bonds will not constitute an indebtedness, debt or liability of the State, the County or any other political subdivision of the State within the meaning of any constitutional or statutory provision. The Authority has no taxing power. See "**CERTAIN BONDHOLDERS' RISKS**" herein.

**Continuing Disclosure**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2015 Bonds, and the Authority will not provide any such information. The County will undertake responsibility for certain continuing disclosure to beneficial owners of the Series 2015 Bonds as described below, and the Authority will have no liability to the beneficial owners of the Series 2015 Bonds or any other person with respect to the County's compliance with its undertaking or the County's disclosures.

The County has covenanted in the Contract and will covenant in a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the beneficial owners of the Series 2015 Bonds to provide certain financial information and operating data relating to the County (the "Annual Disclosure Report") by not later than March 31, six (6) months after the end of each fiscal year of the County, commencing with its fiscal year ending September 30, 2014, and to provide notices of the occurrence of certain enumerated events. The proposed form of the Continuing Disclosure Certificate, which sets forth the information to be contained in the Annual Disclosure Report and the notices of material events, is attached hereto as **APPENDIX E** – "**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**." These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "**CONTINUING DISCLOSURE**", "**CERTAIN BONDHOLDERS' RISKS**" and **APPENDIX E** – "**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**" herein.

**Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement, including without limitation, the Appendices hereto contain brief descriptions of, among other matters, the Authority, the County, the Series 2015 Bonds, and the security and sources of payment for the Series 2015 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Intergovernmental Agreement, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2015 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of the Indenture, the Intergovernmental Agreement, and other documents and information are available, upon request and upon payment to the County of a charge for copying, mailing and handling, from Cobb County, Georgia, Attn: County Manager and Finance Director/Comptroller, 100 Cherokee Street, Suite 400, Marietta, Georgia 30090; email: Jim.Pehrson@cobbcounty.org.

## PLAN OF FINANCING

### Estimated Sources and Uses of Funds

The estimated sources and uses of the Series 2015 Bond proceeds are as follows:

| | |
|---|---|
| **Sources:** | |
| Series 2015 Bond Proceeds: | |
| Principal Amount | $376,600,000.00 |
| Net Original Issue Discount | (249,821.50) |
| Total Sources of Funds | $376,350,178.50 |
| **Uses:** | |
| Deposit to Bond Proceeds Account within the Construction Fund | $368,000,000.00 |
| Deposit to Issuance Costs Fund[1] | 2,817,924.50 |
| Underwriter's Discount | 5,532,254.00 |
| Total Uses of Funds | $376,350,178.50 |

(1) Includes legal fees, financial advisory fees, auditor's fees, printing costs, rating fees, and other miscellaneous issuance costs.

### Description of Project

The Series 2015 Bonds are being issued to finance, in part, the acquisition of the Project Site for, and the construction and equipping of, the Project, which will consist of a multi-use sports, athletic games, recreation and public entertainment stadium and coliseum facility of the type permitted by the Authority's Act and the Revenue Bond Law and the customary facilities related thereto, including, without limitation, refreshment stands, restaurants, facilities for the purveying of food, beverages, publications, souvenirs, novelties and goods of all kinds, and parking facilities, and which improvements and parking will be located on the Project Site. See **APPENDIX C – "CERTAIN INFORMATION ON THE PROJECT AND SUMMARIES OF CERTAIN PROJECT DOCUMENTS"** herein

The Series 2015 Bond proceeds to be applied to pay a portion of the costs of the Project will be deposited into the Bond Proceeds Account within the Construction Fund. On the Issuance Date, the Authority will deliver to the Trustee a Construction Fund Requisition substantially in the form attached to the Indenture, executed by, among others, the Authority and by the County, setting forth the amounts expended prior to the Issuance Date by the Authority, the County, and others on the Project for which reimbursement is permitted in accordance with the Indenture and has been approved by the County. The Trustee will disburse money from the Construction Fund from time to time to pay the Costs of Construction, upon receipt by the Trustee by Electronic Means followed by a hard copy Construction Fund Requisition substantially in the form attached to the Indenture, executed by, among others, the Authority and by the County, itemizing in reasonable detail the Costs of Construction to be paid and the persons to whom payment therefrom is to be made, all in accordance with the Indenture. With respect to Costs of Construction of the Project to be paid by others, such others have agreed to deposit funds from time to time with the Trustee for deposit in the applicable account within the Construction Fund for disbursement pursuant to applicable

Construction Fund Requisition. See **APPENDIX B – "CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds – *Construction Fund*"** herein.

The Trustee will disburse money from the Issuance Costs Fund from time to time upon receipt of an Issuance Costs Requisition substantially in the form attached to the Indenture, executed by the Authority and by the County, itemizing in reasonable detail the Issuance Costs to be paid and the persons to whom payment therefrom is to be made. Any money remaining in the Issuance Costs Fund after 180 days from the Issuance Date will be withdrawn by the Trustee upon written direction by the County and deposited into the Construction Fund, and the Issuance Costs Fund will be closed. See **APPENDIX B – "CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds – *Issuance Costs Fund*"** herein.

## THE SERIES 2015 BONDS

### General

The Series 2015 Bonds will be delivered in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof. The Series 2015 Bonds will be issued and delivered in the aggregate principal amount specified on the cover page of this Official Statement and will be dated their date of issuance. The Series 2015 Bonds will bear interest at the rates set forth on the cover page of this Official Statement (based upon a 360-day year comprised of twelve 30-day months), payable on January 1, 2016 and semiannually thereafter on each Interest Payment Date, to the registered owner as shown on the bond registration book of the Authority kept by the Trustee, as bond registrar, as of the close of business on the 15$^{th}$ day of the calendar month next preceding each Interest Payment Date. The Series 2015 Bonds will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement, unless earlier called for redemption as described below.

### Book-Entry Only System of Delivery of Bonds

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered securities in book-entry only form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Series 2015 Bonds as set forth on the cover page of this Official Statement, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Authority on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Authority, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to the Authority and the County. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

The Authority (with the concurrence of the County) may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER OF THE SERIES 2015 BONDS, THE AUTHORITY, THE COUNTY AND THE TRUSTEE WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE SERIES 2015 BONDS FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES 2015 BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE AUTHORITY OR THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE INDENTURE. NEITHER THE AUTHORITY, THE COUNTY, NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT WITH RESPECT TO ANY BENEFICIAL OWNERSHIP INTEREST IN ANY BONDS; (B) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES 2015 BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO OWNERS OF THE SERIES 2015 BONDS INCLUDING, WITHOUT LIMITATION, ANY NOTICE OF REDEMPTION; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER.

**Redemption**

***Optional Redemption without Premium.*** The Series 2015 Bonds will be subject to optional redemption in whole or in part on any date on or after January 1, 2026 at 100% of the principal amount to be redeemed, plus accrued interest to the payment date.

***Mandatory Sinking Fund Redemptions.*** The Series 2015 Bonds maturing on July 1, 2026 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the July 1, 2026 amount to be paid at maturity rather than upon redemption):

| Redemption Date | Principal Amount |
|---|---|
| January 1, 2026 | $4,510,000 |
| July 1, 2026 | $4,585,000 |

The Series 2015 Bonds maturing on July 1, 2027 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the July 1, 2027 amount to be paid at maturity rather than upon redemption):

| Redemption Date | Principal Amount |
|---|---|
| January 1, 2027 | $4,660,000 |
| July 1, 2027 | $4,745,000 |

The Series 2015 Bonds maturing on July 1, 2028 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the July 1, 2028 amount to be paid at maturity rather than upon redemption):

| Redemption Date | Principal Amount |
|---|---|
| January 1, 2028 | $4,825,000 |
| July 1, 2028 | $4,915,000 |

The Series 2015 Bonds maturing on July 1, 2029 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the July 1, 2029 amount to be paid at maturity rather than upon redemption):

| **Redemption Date** | **Principal Amount** |
|---|---|
| January 1, 2029 | $5,005,000 |
| July 1, 2029 | $5,100,000 |

The Series 2015 Bonds maturing on July 1, 2030 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the July 1, 2030 amount to be paid at maturity rather than upon redemption):

| **Redemption Date** | **Principal Amount** |
|---|---|
| January 1, 2030 | $5,195,000 |
| July 1, 2030 | $5,295,000 |

The Series 2015 Bonds maturing on January 1, 2047 will be subject to mandatory redemption by payment of the principal amount thereof plus accrued interest thereon to the redemption date by the operation of a sinking fund on January 1 and July 1 of each of the following years and in the following amounts (the January 1, 2047 amount to be paid at maturity rather than upon redemption):

| **Redemption Date** | **Principal Amount** |
|---|---|
| January 1, 2031 | $ 5,395,000 |
| July 1, 2031 | 5,515,000 |
| January 1, 2032 | 5,640,000 |
| July 1, 2032 | 5,765,000 |
| January 1, 2033 | 5,895,000 |
| July 1, 2033 | 6,030,000 |
| January 1, 2034 | 6,165,000 |
| July 1, 2034 | 6,305,000 |
| January 1, 2035 | 6,445,000 |
| July 1, 2035 | 6,590,000 |
| January 1, 2036 | 6,740,000 |
| July 1, 2036 | 6,890,000 |
| January 1, 2037 | 7,045,000 |
| July 1, 2037 | 7,205,000 |
| January 1, 2038 | 7,365,000 |
| July 1, 2038 | 7,530,000 |
| January 1, 2039 | 7,700,000 |
| July 1, 2039 | 7,875,000 |
| January 1, 2040 | 8,050,000 |
| July 1, 2040 | 8,235,000 |
| January 1, 2041 | 8,420,000 |
| July 1, 2041 | 8,610,000 |
| January 1, 2042 | 8,800,000 |
| July 1, 2042 | 9,000,000 |
| January 1, 2043 | 9,200,000 |
| July 1, 2043 | 9,410,000 |
| January 1, 2044 | 9,620,000 |
| July 1, 2044 | 9,840,000 |
| January 1, 2045 | 10,060,000 |
| July 1, 2045 | 10,285,000 |
| January 1, 2046 | 10,515,000 |
| July 1, 2046 | 10,755,000 |
| January 1, 2047 | 10,995,000 |

At its option, to be exercised on or before the 45th day next preceding any sinking fund redemption date, the Authority or the County on its behalf may (a) deliver to the Trustee for cancellation Bonds of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2015 Bonds of the appropriate maturity which prior to said date have been redeemed (otherwise than through any mandatory sinking fund redemption) and cancelled by the Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2015 Bond so delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount thereof on the obligation on such sinking fund redemption date and any excess will be credited on future sinking fund redemption obligations, and the principal amount of such Series 2015 Bonds to be redeemed by operation of the sinking fund will be accordingly reduced.

***Extraordinary Mandatory Redemption in the Event of Damage, Destruction or Condemnation.*** The Series 2015 Bonds will be subject to extraordinary mandatory redemption in whole or in part from time to time, on such date as the Trustee determines in accordance with the provisions of the Indenture, at the principal amount to be redeemed, together with accrued interest to the date fixed for redemption, but without premium, in the event that (i) the Project is damaged or destroyed, in whole or in part, or taken in a condemnation proceeding, or a comparable event occurs with respect to the Project, and (ii) the Net Proceeds of any insurance policy (reduced by the amount withheld by reason of any deductible clause), performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Construction Contract, made available by reason of one or more such occurrences, is insufficient to pay in full the cost of rebuilding or repairing the Project, and (iii) the County elects to apply such Net Proceeds to the redemption of the then outstanding Bonds by written notice to the Authority and the Trustee. In the event of such redemption, the Series 2015 Bonds will be subject to redemption on the next Business Day for which timely notice of redemption may be given by the Trustee according to the Indenture.

***Partial Redemption of Bonds***. With respect to any partial redemption of the Series 2015 Bonds, the particular Series 2015 Bonds to be redeemed will be redeemed in any order of maturity as directed by the County and by lot within each maturity as selected by the Trustee. In the case of a partial redemption of the Series 2015 Bonds when Series 2015 Bonds of denominations greater than $5,000 are then outstanding, then for all purposes in connection with such partial redemption, each $5,000 of face value will be treated as though it were a separate Series 2015 Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any fully registered Series 2015 Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units (given by the Trustee), the owner of such fully registered Bond will forthwith surrender such Series 2015 Bond to the Trustee (a) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and (b) for exchange, without charge to the owner thereof, for a new Series 2015 Bond or Bonds of the aggregate principal amount of the unpaid balance of the principal amount of such Series 2015 Bond. If the owner of any such Series 2015 Bond of a denomination greater than $5,000 fails to present such Series 2015 Bond to the Trustee for payment and exchange as aforesaid, such Series 2015 Bond will, nevertheless, become due and payable on the redemption date to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest will cease to accrue on the portion of the principal amount of such Series 2015 Bond represented by such $5,000 unit or units of face value on and after the redemption date and (funds sufficient for the payment of the redemption price having been deposited with the Trustee, and being available for the redemption of said unit or units on the redemption date) such Series 2015 Bond will not be entitled to the benefit or security of this Indenture to the extent of the portion of its principal amount (and accrued interest thereon) represented by such $5,000 unit or units of face value nor will new Series 2015 Bonds be thereafter issued corresponding to said unit or units. Series 2015 Bonds will be redeemed only in the principal amount of $5,000 each or any integral multiple thereof.

***Revised Debt Service Schedule.*** At the option of the County exercised by written notice to the Trustee and the Authority, upon partial redemption, the Trustee, the Authority and the County will agree in writing upon a revised schedule of debt service payments on the Series 2015 Bonds, which revised schedule will take into account such redemption and which revised schedule will be set forth in a Supplemental Indenture.

***Notice of Redemption***. Notice of the call for any redemption, identifying the Series 2015 Bonds to be redeemed and specifying the terms of such redemption, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by mailing a copy of the redemption notice by first-class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Series 2015

Bond to be redeemed in whole or in part at the address shown on the Register; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of the proceedings for the redemption of any Series 2015 Bond or portion thereof with respect to which no such failure has occurred. Any redemption notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Trustee moneys sufficient to redeem all the Series 2015 Bonds called for redemption, which moneys are or will be available for redemption of Series 2015 Bonds, such notice will state that it is conditional upon the deposit of the redemption money with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

All Series 2015 Bonds called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee.

**Legal Authority**

The Series 2015 Bonds are being issued pursuant to provisions of the (1) Authority's Act; (2) the Revenue Bond Law; (3) a Bond Resolution adopted by the governing body of the Authority on May 27, 2014 (the "Bond Resolution"); and (4) the Indenture.

Under the Authority's Act, the Authority is specifically empowered, without limitation, (i) to borrow money and to issue its revenue bonds and to use the proceeds thereof for the purpose of paying all or part of the cost of any "project," such as the Project (as defined herein), or for the purpose of refunding any such bonds of the Authority theretofore issued, and to otherwise carry out its purposes, and to pay all other costs of the Authority incident to or necessary and appropriate to such purposes, (ii) to make and execute contracts and other instruments necessary to exercise the powers of the Authority, including, without limitation, contracts with the County, and (iii) to pledge or assign any properties, revenues, income, tolls, charges, or fees owned or received by the Authority.

The Intergovernmental Contracts Clause authorizes any political subdivision of the State to contract with any public agency, public corporation or public authority of the State for any period not exceeding fifty years for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, provided such contracts deal with activities, services or facilities the contracting parties are authorized by law to undertake or provide, and accordingly as a corollary the County is permitted to pay for such activities, services or facilities or to pay the cost of such services or to pay the costs of acquisition, construction, equipping, modernization or repairs of such facilities in accordance with the terms of any such contract and to pay the same from revenues derived from any source and, if necessary, to levy and collect ad valorem property taxes for such purpose.

The execution, delivery, and performance of the Intergovernmental Agreement have been authorized and approved by the Authority on May 27, 2014, and by the Board of Commissioners of the County on May 27, 2014. As required by the Intergovernmental Agreement, the payment terms of the Series 2015 Bonds, the manner and terms of the sale of the Series 2015 Bonds, and the costs of issuance to be paid with the Series 2015 Bonds will be approved by or on behalf of the County prior to the issuance of the Series 2015 Bonds.

**Investments**

For a description of how certain proceeds of the Series 2015 Bonds and the amounts held to pay debt service on the Series 2015 Bonds will be invested pending their use and other provisions governing the investment of the proceeds of the Series 2015 Bonds and the amounts held to pay debt service on the Series 2015 Bonds, see **APPENDIX B – "CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Permitted Investments**" herein.

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**Principal and Interest Requirements**

Set forth below is the schedule of the annual principal and interest payments on the Series 2015 Bonds. For purposes of calculating the principal payment amount, the maturity amount or mandatory sinking fund redemption amount is used.

| FISCAL YEAR ENDING | PRINCIPAL | INTEREST | TOTAL DEBT SERVICE REQUIREMENT |
|---|---|---|---|
| 2016 | - | $12,250,446.33 | $ 12,250,446.33 |
| 2017 | $ 3,690,000.00 | 15,103,290.00 | 18,793,290.00 |
| 2018 | 7,440,000.00 | 15,044,130.00 | 22,484,130.00 |
| 2019 | 7,545,000.00 | 14,940,536.25 | 22,485,536.25 |
| 2020 | 7,680,000.00 | 14,804,077.50 | 22,484,077.50 |
| 2021 | 7,850,000.00 | 14,634,157.50 | 22,484,157.50 |
| 2022 | 8,055,000.00 | 14,431,657.50 | 22,486,657.50 |
| 2023 | 8,280,000.00 | 14,203,495.00 | 22,483,495.00 |
| 2024 | 8,535,000.00 | 13,952,130.00 | 22,487,130.00 |
| 2025 | 8,800,000.00 | 13,681,197.50 | 22,481,197.50 |
| 2026 | 9,095,000.00 | 13,391,677.50 | 22,486,677.50 |
| 2027 | 9,405,000.00 | 13,080,987.50 | 22,485,987.50 |
| 2028 | 9,740,000.00 | 12,745,306.25 | 22,485,306.25 |
| 2029 | 10,105,000.00 | 12,384,008.75 | 22,489,008.75 |
| 2030 | 10,490,000.00 | 11,998,911.25 | 22,488,911.25 |
| 2031 | 10,910,000.00 | 11,573,662.50 | 22,483,662.50 |
| 2032 | 11,405,000.00 | 11,077,200.00 | 22,482,200.00 |
| 2033 | 11,925,000.00 | 10,558,237.50 | 22,483,237.50 |
| 2034 | 12,470,000.00 | 10,015,537.50 | 22,485,537.50 |
| 2035 | 13,035,000.00 | 9,448,087.50 | 22,483,087.50 |
| 2036 | 13,630,000.00 | 8,854,875.00 | 22,484,875.00 |
| 2037 | 14,250,000.00 | 8,234,662.50 | 22,484,662.50 |
| 2038 | 14,895,000.00 | 7,586,212.50 | 22,481,212.50 |
| 2039 | 15,575,000.00 | 6,908,400.00 | 22,483,400.00 |
| 2040 | 16,285,000.00 | 6,199,650.00 | 22,484,650.00 |
| 2041 | 17,030,000.00 | 5,458,500.00 | 22,488,500.00 |
| 2042 | 17,800,000.00 | 4,683,600.00 | 22,483,600.00 |
| 2043 | 18,610,000.00 | 3,873,600.00 | 22,483,600.00 |
| 2044 | 19,460,000.00 | 3,026,700.00 | 22,486,700.00 |
| 2045 | 20,345,000.00 | 2,141,100.00 | 22,486,100.00 |
| 2046 | 21,270,000.00 | 1,215,337.50 | 22,485,337.50 |
| 2047 | 10,995,000.00 | 247,387.50 | 11,242,387.50 |
| | **$376,600,000.00** | **$317,748,758.83** | **$694,348,758.83** |

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015 BONDS

### General

The Series 2015 Bonds are special limited obligations of the Authority payable solely from and secured by a pledge by the Authority of the Trust Estate under the Indenture. The Trust Estate will consist primarily of the Contract Payments to be made by the County to or for the account of the Authority pursuant to the Intergovernmental Agreement.

**The Series 2015 Bonds will not be secured by a security deed, mortgage, deed of trust or any other grant or pledge of a security interest in the Project or the Project Site.**

**Intergovernmental Agreement**

Under the terms of the Intergovernmental Agreement, the County has agreed to make Contract Payments to the Authority in amounts sufficient to enable the Authority to pay the principal and interest when due on the Series 2015 Bonds on each Interest Payment Date and redemption date. The County will receive a credit for any amounts held under the Indenture for such purpose. The County's obligation to make the Contract Payments will be absolute and unconditional and will not expire so long as any of the Series 2015 Bonds remain outstanding and unpaid. The County has agreed in the Intergovernmental Agreement that, to the extent funds are not otherwise lawfully available for such purpose, it will levy an annual ad valorem tax on all taxable property located within the territorial limits of the County subject to ad valorem taxation for such purpose, as now existent and as the same may be extended, at such rate or rates, without limit, as may be necessary to produce in each year revenues which will be sufficient to enable the County to make its Contract Payments under the Intergovernmental Agreement.

The Authority has incurred no pecuniary liability under the Intergovernmental Agreement, and no recourse will be had against, and the Authority will in no way be obligated to expend, any funds of the Authority other than those funds made available to it by the County pursuant to the provisions of the Intergovernmental Agreement. Without limiting the generality of the foregoing, no recourse will be had by any party to the Intergovernmental Agreement or otherwise against the Authority's other revenues and assets unrelated to the Intergovernmental Agreement or the Project and the amounts received by the Authority from any other source whatsoever, including without limitation amounts received by the Authority from the County pursuant to other intergovernmental agreements not relating to the Intergovernmental Agreement or the Project (whether or not specifically pledged or allocated to secure any bonds).

**Indenture**

To secure its obligations under the Series 2015 Bonds, the Authority will enter into the Indenture with the Trustee, pursuant to which the Authority will assign and pledge to the Trustee for the benefit of the owners of the Series 2015 Bonds all of its right, title, and interest in and to the Trust Estate. The Trust Estate will consist of the following: (1) all right, title, interest, claims and demands of the Authority in and to the Contract Payments and certain other payments in amounts sufficient to enable the Authority to pay ongoing administrative costs and fees associated with the Series 2015 Bonds to be made by the County pursuant to the Intergovernmental Agreement (provided, however, the Authority will retain its Retained Rights under the Intergovernmental Agreement to certain fees and expenses, certain other payments with respect to the Project and the receipt of notices and copies of requisitions); and (2) any and all other money and obligations which at such time are deposited or are required to be deposited with, or are held or are required to be held by or on behalf of, the Trustee in trust under any of the provisions of the Indenture, and any other right, title, and interest which at such time is subject to the lien of the Indenture; provided, however, the money paid to the Trustee for deposit into the ANLBC Contribution Account within the Construction Fund, the CID Contribution Account within the Construction Fund, or into the Administrative Services Fund will not constitute a part of the Trust Estate securing the Series 2015 Bonds. See **APPENDIX B** – "**CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**" hereto.

**Issuance of Additional Parity Bonds**

By an indenture or indentures supplemental to the Indenture and in accordance with the provisions of the Indenture (the "Supplemental Indenture"), the Authority, at the direction of the County, may from time to time provide for the issuance of Additional Bonds for the purpose of financing the cost of completing the acquisition, construction, installation and equipping of the Project. The proceeds of such Additional Bonds will be deposited with the Trustee and held and disbursed by the Trustee as provided in the Supplemental Indenture providing for the issuance of such Additional Bonds. Each of such Additional Bonds will rank equally and on a parity with the Series 2015 Bonds and will be equally and ratably secured under the Indenture with the Series 2015 Bonds and all other series of Additional Bonds, if any, without preference, priority or distinction of any of the aforesaid Bonds, or any coupons appertaining thereto, over any other thereof. The Authority and the County will not incur any indebtedness or issue any Bonds or other obligations of any kind (other than the Series 2015 Bonds and any Additional Bonds) secured by a pledge of the Contract Payments received under the Intergovernmental Agreement. See **APPENDIX B** – "**CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Additional Bonds**" herein.

## CERTAIN BONDHOLDERS' RISKS

### General

The purchase of the Series 2015 Bonds involves a number of investment risks, some of which are discussed throughout this Official Statement and some of these risks are described below. Not all possible risk factors are set forth below or otherwise discussed throughout this Official Statement. The risks discussed herein and other possible risks may affect a purchaser's investment decision. Payment of the principal and interest due with respect to the Series 2015 Bonds will be subject to all possible risks. Accordingly, each prospective Series 2015 Bond purchaser should make an independent evaluation of all of the information presented in this Official Statement, including, without limitation, the risk factors described below, in order to make an informed investment decision.

### Limited Obligations

The Series 2015 Bonds are limited obligations of the Authority and are payable solely from the Trust Estate pledged under the Indenture, including the Contract Payments, which Trust Estate will be pledged and assigned in the Indenture for the equal and ratable payment of the Series 2015 Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Series 2015 Bonds, except as may be otherwise expressly authorized in the Indenture. The Series 2015 Bonds will not be payable from, nor a charge upon, any funds other than the revenues of the Authority which are pledged to the payment thereof. The Series 2015 Bonds, together with interest thereon, will not constitute or be deemed to constitute a debt or a pledge of the faith and credit of the County or the State, nor will the County or the State be subject to any pecuniary liability thereon. Neither the full faith and credit nor the taxing powers of the State, nor any political subdivision of the State, including the County, will be pledged to the payment of the principal of, premium, if any, and interest on the Series 2015 Bonds. The Series 2015 Bonds will never constitute a charge against the general credit or taxing powers of the State or any political subdivision of the State, including the County, but will be limited obligations of the Authority. The issuance of the Series 2015 Bonds will not directly, indirectly or contingently obligate the County or the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment hereof. The Series 2015 Bonds will not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the County or the State whatsoever or any of the Authority not pledged thereto under the Indenture.

No recourse shall be available against the Authority's other revenues or assets unrelated to the Project or amounts received by the Authority for other purposes from any source whatsoever, including amounts payable by the County to the Authority under other intergovernmental agreements not relating to the Project.

### Enforceability of Remedies

The remedies available to the Trustee, the Authority or the Owners of the Series 2015 Bonds upon an Event of Default under the Indenture or the Intergovernmental Agreement will in many respects be dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided in the Indenture and the Intergovernmental Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds, the Indenture, and the Intergovernmental Agreement will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no authority or county created under the Georgia Constitution or laws of the State shall be authorized to file a petition for relief from payment of the debts as they mature or a petition for composition of its debts under any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or county created under the Georgia Constitution or laws of the State of any petition for composition of its debts under any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

## COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY

### Introduction

The Cobb-Marietta Coliseum and Exhibit Hall Authority is a public corporation created and existing under the laws of the State, particularly the Authority Act. The Authority was created under an Act of the General Assembly of the State which became effective on March 26, 1980. The Authority Act provides that the general purpose of the Authority is to acquire, construct, equip, maintain and operate one or more projects consisting of multi-use coliseum and civic center type facilities to be used for athletic contests, games, meetings, trade fairs, expositions, political conventions, agricultural events, theatrical and musical performances, conventions and other public entertainments, and the usual facilities related thereto, including, without limitation, refreshment stands and restaurants and facilities for the purveying of foods, beverages, publications, souvenirs, novelties and goods of all kinds, whether operated or purveyed directly or indirectly through concessions, licenses, leases, or otherwise, and parking facilities or parking areas in connection therewith. **THE AUTHORITY HAS NO TAXING POWER.**

### Governing Body

The Authority is governed by seven members who are appointed from seven posts as follows:

(1) Post 1—the Mayor of the City of Marietta serves as the member representing Post 1 during his tenure as Mayor of the City of Marietta;

(2) Post 2—the Mayor of the City of Smyrna serves as the member representing Post 2 during his tenure as Mayor of the City of Smyrna;

(3) Post 3—the Board of Commissioners of Cobb County (the governing body of the County) appoints the member representing Post 3 for a term of four years;

(4) Post 4—the Cobb County Board of Parks and Recreation appoints the member representing Post 4 for a term of four years, who must be a resident of the County at the time of his appointment and throughout his term of office;

(5) Post 5—the Chairman of the Board of Commissioners of Cobb County serves as the member representing Post 5 during his tenure as the Chairman of the Board of Commissioners of Cobb County;

(6) Posts 6 and 7—the members representing Post 6 and Post 7 are appointed by a majority vote of the other five members for terms of four years, and at least one of the members representing Post 6 and Post 7 is required to be a resident of the County at the time of his appointment and throughout his term of office.

Information concerning the current members of the Authority is set forth below.

| Post | Name and Authority Office Held | Public Office Held | Principal Occupation | Expiration of Authority Term |
|---|---|---|---|---|
| 1 | R. Steven Tumlin, Member | Mayor, City of Marietta | CPA/Attorney | 12/31/2017 |
| 2 | A. Max Bacon, Vice Chairman | Mayor, City of Smyrna | Retired | 12/31/2015 |
| 3 | Robert P. Voyles, Member | None | Developer | 5/27/2019 |
| 4 | Johnny Gresham, Secretary | None | Business Consultant | 5/23/2018 |
| 5 | Timothy D. Lee, Member | Chairman, Cobb County Board of Commissioners | Chairman, Cobb County Board of Commissioners | 12/31/2016 |
| 6 | Jerry W. Nix, Chairman | None | Retired | 5/25/2016 |
| 7 | Earl Smith, Member | None | Retired | 5/28/2018 |

The members of the Authority conduct regular meetings on the fourth Wednesday of every other month at its offices located at Two Galleria Parkway, Executive Conference Room, Atlanta, Georgia. Under the Authority Act, four members of the Authority constitute a quorum to conduct a meeting, and in every instance a majority vote of members present at a meeting will authorize any legal act of the Authority. Under the Authority Act, the members of the Authority are not entitled to compensation for their services but are entitled to be reimbursed for their actual expenses properly incurred in the performance of their duties.

**Facilities**

The Authority's facilities include the Cobb Galleria Centre, the Galleria Specialty Shops, and the Cobb Energy Performing Arts Centre, all of which are managed directly by the Authority.

**NONE OF THE FACILITIES DESCRIBED IN THIS SUMMARY OR ANY OTHER ASSETS OR PROPERTIES OF THE AUTHORITY UNRELATED TO THE PROJECT, OR ANY REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATION OF ANY OF THEM, IS PLEDGED TO, OR AVAILABLE FOR, THE PAYMENT OF DEBT SERVICE ON THE BONDS. See "Limited Obligations" herein.**

Cobb Galleria Centre is a multipurpose convention center containing approximately 320,000 square feet and located on approximately 18 acres on the west side of The Atlanta Galleria complex in the County. The Galleria Specialty Shops is an approximately 200,000 square foot enclosed shopping mall with food and entertainment establishments, service establishments, and apparel and gifts and accessories merchants.

Cobb Galleria Centre and the Galleria Specialty Shops are part of the Atlanta Galleria complex, an 88-acre mixed use development located at the intersection of Interstate Highways 285 and 75 and U.S. Highway 41 (Cobb Parkway), which is across Interstate Highway 285 from the location of SunTrust Park. In addition to Galleria Centre and the Specialty Shops, the Galleria complex includes six high-rise office buildings and The Renaissance Waverly Hotel, a 521-room four-star hotel.

The Authority also owns and operates the Cobb Energy Performing Arts Centre located on a 16-acre site on the east side of The Atlanta Galleria complex at the intersection of Interstate Highways 285 and 75. The Cobb Energy Performing Arts Centre includes an approximately 150,000 square foot building containing an approximately 2,750-seat main theater with a main orchestra level and two mezzanine levels, a three-story common entrance rotunda, conference/salon rooms, a banquet kitchen, and a service corridor, with an adjacent parking deck and surface lot containing approximately 1,000 parking spaces.

**Management**

The Authority has hired its own employees to market, manage and operate the Convention Center and the Performing Arts Center.

*Michele L. Swann* has been the General Manager and CEO of the Convention Center since January of 1999. From December of 1995 to January of 1999, she served as Assistant General Manager of the Convention Center. Prior to joining the Convention Center, Ms. Swann worked for the Georgia International Convention Center in College Park, Georgia, where she served as Executive Director and Assistant Director from 1987 to 1995. Previously, Ms. Swann served as Assistant General Manager of the Augusta-Richmond County Civic Center in Augusta, Georgia. Before relocating to Georgia, Ms. Swann was Event Coordinator of the Niagara Falls International Convention Center, Niagara Falls, New York. Ms. Swann received a bachelor's degree in business administration from Niagara University.

*Lynn A. Flanders, CPA* has been the Assistant General Manager of the Convention Center since January of 2001. Prior to becoming Assistant General Manager of the Convention Center, Ms. Flanders served for one year as the Controller of the Convention Center. Ms. Flanders began her career at the Atlanta-Fulton County Zoo, Inc., where she was employed from 1987 to 2001 and served in several capacities from Accounting Manager to Senior Vice President of Finance. Ms. Flanders received a bachelor's degree in accounting from Mercer University and is a

Certified Public Accountant.

*Rob Turner, CPA* has been the Director of Finance of the Convention Center since March 2004. Prior to joining the Convention Center, Mr. Turner worked for Intercontinental Hotels for eleven years holding several positions within the finance group. Mr. Turner began his career in Public Accounting working for a local Atlanta firm. Mr. Turner received a bachelor's degree in business administration from Kennesaw State University.

*Walter Kiley* has been the Director of Sales of the Convention Center since October of 1997 and in February of 2000, he became the Director of Sales and Marketing of the Convention Center. Mr. Kiley was previously employed as Assistant General Manager of the Renaissance Atlanta Hotel-Downtown. Mr. Kiley also held several management positions at Stouffer Hotels in the ten years prior to joining the Convention Center.

*Michael S. Taormina* has been the Managing Director of the Cobb Energy Performing Arts Centre since June 2006. Prior to June 2006, he was General Manager of The Hobby Center for the Performing Arts in Houston, Texas and Managing Director of the Benedum Center for the Performing Arts in Pittsburg, Pennsylvania.

**Employees, Employee Relations, and Labor Organizations**

The Authority employed 276 persons as of September 30, 2014: 135 as full-time employees, 6 as part-time employees and 135 as temporary employees on call as needed. No employees of the Authority are represented by labor organizations or are covered by collective bargaining agreements, and the Authority is not aware of any union organizing efforts at the present time. The General Manager of the Convention Center believes that employee relations are good.

## LEGAL MATTERS

**Litigation**

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its counsel, Deborah L. Dance, Esquire, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the legal powers, authority and existence or the financial position or results of operations of the County.

There is no litigation now pending or, to the knowledge of the Authority or the County, each respectively, threatened against the Authority or the County that (a) restrains or enjoins the issuance or delivery of the Series 2015 Bonds, the provision of the security for the payment of the Series 2015 Bonds, or the use of the proceeds of the Series 2015 Bonds or that questions or contests the validity of the Series 2015 Bonds or the proceedings and authority under which they are to be issued; (b) that contests or threatens the creation, organization, or existence of the Authority or the County, or the titles of the present members or other officials of the Authority or the County to their respective offices; or (c) that would affect the sale of the Series 2015 Bonds, the security therefor, the legal right and authority of the Authority to enter into the Indenture or the Intergovernmental Agreement, or to secure the Series 2015 Bonds in the manner provided in the Indenture.

It is a condition of closing that the County and the Authority, each respectively, certify to the effect, among other matters, to the matters stated in the immediately preceding paragraph and that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the County or the Authority, as applicable. Nor to the best knowledge of the County or the Authority is there any basis therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the Series 2015 Bonds or the transactions contemplated by the Intergovernmental Agreement or the Indenture, or challenging the creation, organization, or legal existence of such parties, or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the sale, issuance or delivery of the Series

2015 Bonds or the execution, delivery, or performance of the Intergovernmental Agreement or the Indenture, or contesting or affecting the proceedings or the authority by which the Series 2015 Bonds, the Indenture, or the Intergovernmental Agreement has been authorized and will be executed, delivered, and performed.

**Validation**

The Series 2015 Bonds were validated and confirmed by the Validation Order and Final Judgment of the Superior Court of Cobb County, Georgia, on July 25, 2014, in Civil Action File No. 14-1-4890-53. On June 29, 2015, the Supreme Court of Georgia rendered its opinion and order affirming the Validation Order and Final Judgment of the Superior Court of Cobb County in the appeals of three companion cases styled as follows: *Larry Savage v. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County, Georgia*, No. S15A0277; *Richard A. Pellegrino v. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County, Georgia*, No. S15A0278; and *T. Tucker Hobgood v. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County, Georgia*, No. S15A0279. Pursuant to Official Code of Georgia Annotated Section 36-82-78, if an appeal is filed and the judgment of the superior court affirmed on appeal, the judgment of the superior court confirming and validating the issuance of the bonds and the security therefor is forever conclusive against the governmental body upon the validity of such bonds and the security therefor.

**Approval of Legal Proceedings**

Legal matters incident to the authorization, validity, and issuance of the Series 2015 Bonds are subject to the approving opinion of Butler Snow LLP, Atlanta, Georgia, as Bond Counsel, discussed hereinbelow in "**LEGAL MATTERS – Opinion of Bond Counsel**" and attached hereto as **APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL**." Certain matters will be passed upon for the Authority by Moore Ingram Johnson & Steele, LLP, Marietta, Georgia, and by Sutherland Asbill & Brennan LLP, Atlanta, Georgia. Certain matters will be passed upon for the County by Deborah L. Dance, Esquire, County Attorney, and by its Disclosure Counsel, Butler Snow LLP, Atlanta, Georgia.

**Opinion of Bond Counsel**

Legal matters incident to the authorization, validity, and issuance of the Series 2015 Bonds are subject to the approving opinion of Butler Snow LLP, Atlanta, Georgia, Bond Counsel, whose opinion will be available at the time of delivery of the Series 2015 Bonds. It is anticipated that the approving opinion will be in the substantially the form attached hereto as **APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL**." Bond Counsel's opinion will be based on existing law on the date of the opinion, which law is subject to change, and based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel expressly disavows any duty to address the likelihood or effect of any future event or circumstance or to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in applicable law that may occur thereafter or become effective thereafter.

In the opinion of Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, interest on the Series 2015 Bonds is exempt from all present state income taxation within the State of Georgia. However, interest on the Series 2015 Bonds is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Interest of the Series 2015 Bonds may or may not be subject to state or local income taxation in jurisdictions other than the State of Georgia under applicable state or local laws.

The actual legal opinion to be delivered may vary from the form in **APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL**" if necessary to reflect facts and law on the date of the initial issuance and delivery of the Series 2015 Bonds. Bond Counsel's approving opinion will speak only as of its date, and subsequent distribution of such opinion or the proposed form thereof by republication, recirculation or the continued availability of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date. Prospective investors and purchasers of the Series 2015 Bonds should consult their own tax advisors with respect to such tax matters related to the Series 2015 Bonds.

**Changes in Federal and State Tax Laws**

From time to time, there are legislative proposals introduced and regulatory actions proposed or announced at the federal or state level that, if enacted, could alter or amend directly or indirectly relevant federal and state tax matters, including, without limitation, those mentioned hereinabove, or could adversely affect the market value or marketability of the Series 2015 Bonds. In addition, from time to time litigation is threatened or commenced which, if concluded in a particular manner, could adversely affect relevant tax matters or the market value of the Series 2015 Bonds. It cannot be predicted how any particular litigation or judicial action will be resolved or whether the Series 2015 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2015 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2015 Bonds and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

## CONTINUING DISCLOSURE

**Summary of Certain Provisions of County's Continuing Disclosure Certificate**

The Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2015 Bonds, and the Authority will not provide any such information. The County will undertake responsibility for certain continuing disclosure obligations to beneficial owners of the Series 2015 Bonds as described below, and the Authority will have no liability to the beneficial owners of the Series 2015 Bonds or any other person with respect to the County's compliance with its undertaking or the County's disclosures.

The County has agreed in the Intergovernmental Agreement to execute and deliver the Continuing Disclosure Certificate upon the date of the initial issuance of the Series 2015 Bonds in substantially the form attached hereto as **APPENDIX E – "PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**." Pursuant to the Continuing Disclosure Certificate, for so long as the Series 2015 Bonds remain outstanding, the County will agree to provide in accordance therewith an Annual Disclosure Report and its Annual Financials (each as defined therein) by not later than March 31, six (6) months after the end of each fiscal year of the County, commencing with its fiscal year ending September 30, 2015, and to provide notice of certain Listed Events (as defined therein) deemed to be material by the County or by the Rule (as defined hereinafter), in each case in accordance with the Continuing Disclosure Certificate. The County will enter into the Continuing Disclosure Certificate for the benefit of the beneficial owners of the Series 2015 Bonds and in order to assist the underwriters in complying with Rule 15c2-12, as amended (the "Rule"), of the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended. See **APPENDIX E – "PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**" herein.

The Continuing Disclosure Certificate shall terminate upon the legal defeasance, redemption in whole or payment in full of all Series 2015 Bonds.

**County's Compliance with Prior Continuing Disclosure Undertakings**

The County currently is in compliance in all material respects with its continuing disclosure undertakings entered into with respect to its obligations that are subject to the Rule (the "County's Continuing Disclosure Undertakings" or "its Continuing Disclosure Undertakings"). During the previous five years, the County believes that it has been in compliance in all material respects with its Continuing Disclosure Undertakings and believes that the instances described below were not instances of material noncompliance, and moreover the County promptly addressed such instances as described below by establishing procedures to insure improved compliance in the future and by retroactively curing prior oversights whenever practicable. The County also has made a good faith effort to confirm compliance or identify potential noncompliance for periods during the past ten years when filings were made in the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") system and has identified internal procedures and documentation in place that support the County's good faith belief that it has been in compliance in all material respects with its Continuing Disclosure Undertakings for the past ten years, but the

County has experienced difficulties in confirming that compliance or identifying potential noncompliance during the pre-EMMA NRMSIR portion of that ten year period for reasons including the limitations of the pre-EMMA NRMSIR system.

Due to administrative oversights, the County (a) timely filed its Fiscal Year 2009 annual disclosure report with respect to its Continuing Disclosure Undertakings with NRMSIRs, but failed to timely file it with EMMA as was then required, which failure was cured promptly upon discovery of such failure, (b) filed its annual disclosure reports with EMMA, but from time to time failed to have the annual disclosure reports indexed on EMMA with respect to the CUSIP numbers for every maturity of all obligations subject to the County's Continuing Disclosure Undertakings, which failures were cured upon discovery of such failures, (c) failed to report in its Comprehensive Annual Financial Report or in a supplemental annual disclosure report in Fiscal Years prior to Fiscal Year 2013 certain information regarding the County and/or its water and sewer system (the "Water System") required under certain of the County's Continuing Disclosure Undertakings; however, substantially all of such information was included in the County's annual General Obligation Tax Anticipation Note Official Statements filed with EMMA in each such prior Fiscal Year and also all of such information was included in the Water System's August 20, 2013 Official Statement filed with EMMA, and (d) in Fiscal Years 2013 and 2014 failed to report in its Comprehensive Annual Financial Report or in a supplemental annual disclosure report a portion of the information regarding the County's Water System included under certain of the County's Continuing Disclosure Undertakings, which failures were cured upon discovery of such failures as further described below.

Promptly upon discovering the aforesaid inadvertent oversights and based on discussions with its Disclosure Counsel and Financial Advisor, the County undertook curative actions and implemented procedures to identify and remedy the past oversights and to insure improved compliance in the future with its Continuing Disclosure Undertakings. To cure its omission of certain information regarding the County and/or the Water System from the County's annual disclosure reports in Fiscal Years prior to Fiscal Year 2013, the County indexed on EMMA its previously filed Official Statement for its General Obligation Tax Anticipation Notes, Series 2013, dated March 26, 2013, which contains the omitted information with respect to the County, and the County indexed on EMMA the Water System's August 20, 2013 Official Statement, which contains the omitted information with respect to the County and its Water System, indexing in each case to every maturity of all obligations subject to its Continuing Disclosure Undertakings. To cure its failure to report in its Comprehensive Annual Financial Report or in a supplemental annual disclosure report in Fiscal Years 2013 and 2014 a portion of the information regarding the County's Water System included under certain of the County's Continuing Disclosure Undertakings, the County posted on EMMA the omitted information with respect to the County's Water System in a supplemental filing on August 31, 2015. Ongoing procedures implemented by the County to insure improved compliance in the future include but are not limited to: (a) supplementing future Comprehensive Annual Financial Reports to include all applicable information regarding the County and/or the Water System in the unaudited statistical section thereof; (b) development of a schedule of all CUSIP numbers assigned to all maturities of all obligations subject to the County's Continuing Disclosure Undertakings in order to insure complete indexing of its filings with EMMA; and (c) the publication of information and training of certain accounting and finance personnel in what constitutes a reportable "Listed Event" and the required content and timetables for the annual disclosure filings and "Listed Event" filings.

## THE TRUSTEE

U.S. Bank National Association, a national banking association with a designated corporate trust office located in Atlanta, Georgia, will serve as Trustee under the Indenture and also will serve as Paying Agent. The Trustee may consult with counsel, and the advice or opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such advice or opinion.

## RATINGS

Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch Ratings, Inc. have assigned ratings of "Aaa," "AAA," and "AAA," respectively, to the Series 2015 Bonds. The ratings reflect only the respective views of the rating agencies, and an explanation of the significance of each rating may be obtained from the rating agency furnishing such rating at the following addresses: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and

Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any of such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the liquidity and market price of the Series 2015 Bonds. There is no assurance that the aforesaid rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price or the marketability of the Series 2015 Bonds.

## MISCELLANEOUS

### Independent Auditors

The financial statements of the County for the fiscal year ending September 30, 2014, included in **APPENDIX F** – "**AUDITED FINANCIAL STATEMENTS OF COBB COUNTY FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014**" herein have been audited by Crace Galvis McGrath, LLC, certified public accountants, for the periods indicated in their report attached hereto, which audit report is dated March 6, 2015. Such financial statements have been included herein in reliance upon the report of Crace Galvis McGrath, LLC, given upon the authority of such firm as independent auditors.

All other financial information concerning the County contained in this Official Statement, including, without limitation, all financial information as of June 30, 2015 set forth in **APPENDIX A** – "**CERTAIN INFORMATION REGARDING COBB COUNTY**" herein, is unaudited information provided by the County, and the County's independent auditors do not express any opinion thereon.

### Financial Advisor

The County has employed Public Financial Management, Inc., Atlanta, Georgia, as its Financial Advisor in connection with the issuance of the Series 2015 Bonds.

### Sale at Competitive Bidding

Following a competitive public bidding process conducted pursuant to the Official Notice of Sale, dated August 13, 2015 of the Authority with respect to the competitive sale of the Series 2015 Bonds, as revised and restated by the Revised and Restated Official Notice of Sale dated August 20, 2015, and as further revised and restated by the Second Revised and Restated Official Notice of Sale dated August 21, 2015 (as revised and restated, the "Notice of Sale"), the Authority has awarded the sale of the Series 2015 Bonds to Wells Fargo Bank, National Association (the "Underwriter"), and the Underwriter has agreed to purchase the Series 2015 Bonds at a purchase price of $370,817,924.50 (composed of the original aggregate principal amount of the Series 2015 Bonds of $376,600,000.00, plus a net original issue discount of $249,821.50, less an Underwriter's discount of $5,532,254.00). The Underwriter is committed to purchase all of the Series 2015 Bonds, if any Series 2015 Bonds are purchased. The obligation of the Underwriter to purchase the Series 2015 Bonds is subject to the terms and conditions set forth in the Notice of Sale. The Underwriter has advised the County and the Authority that it intends to make a public offering of the Series 2015 Bonds at the prices set forth on the inside front cover page hereof. Such prices may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2015 Bonds to certain dealers (including dealers depositing the Series 2015 Bonds into investment trusts) and others at prices lower than the offering prices stated on the cover page hereof. The Underwriter has no obligation to maintain a secondary market in the Series 2015 Bonds after the initial offering, and no guarantee or assurance can be made that such a market will develop or be maintained by the Underwriter or others.

### Additional Information

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Underwriter and the purchasers or Owners of any of the Series 2015 Bonds.

## RESPONSIBILITY FOR OFFICIAL STATEMENT

The execution and delivery of this Official Statement and its distribution and use have been duly authorized and approved by the Authority and the County. The contents of this Official Statement are the responsibility of the Authority, except that the County is responsible only for the information contained in this Official Statement relating to the County, including, without limitation, the information relating to the County appearing under the caption "**LEGAL MATTERS—Litigation**" herein and the information set forth in **APPENDIX A – "CERTAIN INFORMATION REGARDING COBB COUNTY," APPENDIX B – "CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS," APPENDIX C – "CERTAIN INFORMATION ON THE PROJECT AND SUMMARIES OF CERTAIN PROJECT DOCUMENTS", APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL," AND APPENDIX F –** "**AUDITED FINANCIAL STATEMENTS OF COBB COUNTY FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014,**" and, with the exception of the foregoing information for which the County is responsible, the County makes no representation as to the accuracy or completeness of any information contained herein.

**COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY**

By: /s/ Jerry W. Nix
Chairman

**COBB COUNTY, GEORGIA**

By: /s/ Timothy D. Lee
Chairman, Board of Commissioners
of Cobb County, Georgia

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# APPENDIX A

## CERTAIN INFORMATION REGARDING COBB COUNTY

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**APPENDIX A**
**CERTAIN INFORMATION REGARDING**
**COBB COUNTY**

## GENERAL INFORMATION REGARDING THE COUNTY

### General

Cobb County, Georgia is a political subdivision of the State of Georgia which provides services to approximately 709,000 residents. See also "THE COUNTY – Demographic Information". The County currently employs approximately 4,850 full and part-time employees. The incorporated cities located in Cobb County are: Acworth, Austell, Kennesaw, Marietta, Powder Springs, and Smyrna.

The governing body of the County is a five-member Board of Commissioners. The Chairman and the four Commissioners are elected to four-year staggered terms. The County is divided into four districts and one Commissioner is elected from each district. The Chairman is elected County-wide. The Chairman appoints the Vice Chairman with the approval of the Board of Commissioners. The current Board of Commissioners, their principal occupations and terms of office are shown below.

| Name and Office | Occupation | Term |
|---|---|---|
| Timothy D. Lee<br>Chairman, Board of Commissioners | Advertising | 12/31/2016 |
| Robert M. Weatherford<br>District #1 Commissioner | Instructor | 12/31/2018 |
| Robert J. Ott<br>District #2 Commissioner | Airline Pilot | 12/31/2016 |
| JoAnn Birrell<br>District #3 Commissioner and<br>Vice Chairman | Consultant | 12/31/2018 |
| Lisa N. Cupid<br>District #4 Commissioner | County Commissioner | 12/31/2016 |

### Principal Affairs

The County's daily operations are overseen by the County Manager, David Hankerson, who is the chief executive officer of the County and the administrative head of the County government. The County Manager is appointed by and responsible to the Board of Commissioners. He serves under a three-year contract which was recently extended to January 2017. Mr. Hankerson joined the County in 1984 as manager of the Development Control Department, and was subsequently named Department Head of the Development and Inspections Department. He has a Bachelor of Science Degree in Agronomy and a Juris Doctorate Degree. He is a member of numerous professional and civic organizations. Mr. Hankerson has been the County Manager since February 1993.

Positions reporting directly to the County Manager include: the Executive Assistant to the County Manager; the Administrator for the Office of Internal Audit; the Department Heads of Finance and Economic Development, Communications, and Human Resources; and the Agency Directors for Support Services, Public Safety, Public Services, Community Development, Transportation and the Water System.

The Public Services Agency Director is Dr. Jackie McMorris, who was appointed to this position in January 2013. Prior to that, the position had been vacant due to budgetary restraints since April 2010, when the previous Director retired. With a Doctorate in Education, Dr. McMorris has taught at the secondary school level and worked in local government. The Public Services Agency Director's direct reports include Elections, Parks and Recreation, the Library System, Senior Services, and the Extension Service.

The Support Services Agency Director is Willie A. Hopkins, Jr., who was appointed to this position in March 2013. Prior to that, the responsibilities of this position had been overseen by other County staff since September 2012 when the prior Director retired. Mr. Hopkins has served 25 years in the public and private sectors managing facilities, building maintenance and fleet operations. The Support Services Agency Director's direct reports include Information Services, Property Management, Tax Assessor, Fleet Services and Purchasing.

The financial affairs of the County are handled by the County's Finance and Economic Development Department, which is headed by the Director of Finance-Comptroller. James D. Pehrson, CPA, was appointed as the Director of Finance-Comptroller in May 2010. Mr. Pehrson joined the County in 1997 as an accountant in the Finance Department, subsequently progressing to Director of the Office of Management and Budget and Assistant Comptroller. He has a Bachelor of Science Degree in Accounting, is a CPA in the State of Georgia and is a member of several professional and civic organizations.

The legal affairs of the County are handled by the County's Legal Department which is headed by the County Attorney. Deborah L. Dance was appointed as the County Attorney in May 2013 following the retirement of her predecessor. Prior to her appointment as County Attorney, Ms. Dance had been an Assistant County Attorney in the County's Legal Department since 1995. Ms. Dance has a Bachelor of Arts Degree in Public Relations and a Juris Doctorate Degree. She is a member of a number of professional organizations.

**Services**

General government services provided by the County under general governmental functions include police and fire protection, emergency medical services, road and bridge maintenance and improvement, court administration, parks and recreation, library services, social services, planning and zoning and general administration. The County also provides water and wastewater services through the County owned and operated water and wastewater system (the "Water System"). Hospital services are provided through three independent hospitals. One four-year university in the University System of Georgia, Kennesaw State University (Georgia's third largest university) is located in the County, as is Life University, an independent four-year university.

The County's principal administrative and judicial functions are located in the city of Marietta, the County seat. Other functions are located approximately four miles south of downtown Marietta at the County Services Parkway complex. Fire, library, senior services, park and recreation facilities are strategically located throughout the County. The County also operates two government service centers in the eastern and southern sections of the County at which citizens can conveniently transact County business. For a further discussion of the County's services, see "THE COUNTY--County Amenities".

**Location**

Cobb County is located in the north central portion of the State of Georgia, north and west of Fulton County, which includes the city of Atlanta. Cobb County is part of the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area, as designated by the United States Department of Commerce, Bureau of the Census. Cobb County is bordered on the east and southeast by Fulton County and the city of Atlanta, on the south by Douglas County, on the west by Paulding County, and on the north by Bartow and Cherokee Counties. One of metropolitan Atlanta's five principal counties, Cobb County is located just 20 miles northwest of downtown Atlanta. Substantially all of the geographic area of the County has been developed. Single family residential property accounts for most of the existing land use, followed by commercial, industrial, institutional and transportation rights of way. Areas which remain undeveloped include floodplains, agricultural and parkland.

**Capital Projects**

Throughout the 1980s high levels of residential, commercial, and industrial growth placed considerable demands on the infrastructure within the County. In response, the County implemented a plan to meet the diverse needs of the County and accommodate future growth. The County's first formal Capital Improvement Program ("CIP") was adopted by the Board on February 27, 1990. The CIP is a comprehensive priority list of the County's long-term capital improvements that will provide the level of services consistent with the needs and preferences of Cobb County's residents.

The CIP is a five-year plan that is revised annually. Projects in year #1 are authorized and funded by the adoption of the Biennial Operating and Capital Budgets and by any subsequently Board approved budget revisions in that year. Projects in years #2-5 are initially only proposed and projected at such time; year #2 proposals are later amended and funded with the next fiscal year's budget adoption. Before year #3, the next biennial budget is adopted and a new five-year CIP is approved. The current FY13-17 CIP encompasses several hundred items totaling approximately $381 million. Monetarily the most significant projects are performed by the water system and funded by a combination of internally generated funds, bond proceeds and note proceeds from the Georgia Environmental Finance Authority. All projects for other funds are expected to be funded with internally generated funds or Special Purpose Local Option Sales Tax ("SPLOST") proceeds. The General Fund portion of the FY13-17 CIP is approximately $27.7 million of which approximately $4 million is budgeted in FY15. The County currently has no plans to issue additional general obligation debt during the next five years.

On November 7, 2006, the County's voting citizens approved a referendum by a vote of 121,109 to 47,969 authorizing the issuance of general obligation bonds in an amount not to exceed $40 million for the purpose of acquiring land located within the County for use as public parks in perpetuity. The bonds were issued in series of $25 million in July 2007 and $15 million in July 2008. A citizens advisory committee appointed by the Board assessed and proposed property for acquisition to the Board. The County has spent the proceeds to acquire approximately 396 acres of parkland.

Based on the success of the initial $40 million bond issue, on November 4, 2008 the County's voting citizens approved a bond referendum by a vote of 190,271 to 101,167 authorizing the issuance of a second series of general obligation bonds in an amount not to exceed $40 million for the same purpose. The issuance of the bonds has been put on hold due to the economic downturn and its impact on the County and, while the County currently has no plans to issue any of these bonds, as of the date of this Official Statement, $29,810,000 remain authorized and issuable.

During the second half of calendar year 2010, the Board executed appropriate and mandatory procedures for purposes of requesting the approval of voting citizens to levy a 1% special purpose local option sales tax ("2011 SPLOST"). On March 15, 2011, the County's voting citizens approved the referendum by a vote of 21,525 to 21,446. Effectively an extension of the previous SPLOST, retail collections commenced on January 1, 2012 and will continue for forty eight months through December 31, 2015. The State Department of Revenue began remitting the proceeds, net of a 1% service charge, in February 2012. It is currently estimated that the 2011 SPLOST will generate approximately $520 million. Actual proceeds received during the twenty-four months ended June 2015 totaled approximately $266.36 million. Proceeds from the 2011 SPLOST program are dedicated to transportation projects ($379 million), parks and recreation projects ($84 million), facilities improvements ($18 million), and public safety ($11 million). On November 4, 2014 the County's voting citizens again voted to extend the 1% SPLOST ("2016 SPLOST"). Retail collections will commence on January 1, 2016 and will continue for seventy two months through December 31, 2021. It is estimated that the 2016 SPLOST will generate $750 million. Proceeds from the 2016 SPLOST are dedicated to transportation projects ($287 million), public services including Parks, Libraries, and Senior Services projects ($102 million), public safety ($88 million), support services including Facilities and Information Technology projects ($48 million), and County-wide Projects ($38 million).

**Employee Relations**

As of May 31, 2014, the County has approximately 4,850 full and part-time employees occupying approximately 5,800 budgeted positions. Numerous budgeted but unfilled positions due to retirement, turnover, employees on unpaid leave and some budgeted positions including part-time summer workers are not scheduled to be filled until later in the FY15, if at all. Many positions (other than Public Safety) may remain unfilled until the economy improves. The employees are not unionized. The County Manager believes the employee relations are good.

**Employee Retirement System**

The County maintains a single-employer, contributory, defined benefit pension plan (the "Plan") covering the Board, the Commissioner's direct appointees and substantially all other full-time employees. This Plan is the result of a combination, in FY89, of two separate plans: one for the Board and department heads; and one for substantially all other full-time employees. Effective January 1, 1989, eligibility requirements and benefit provisions for all participants were made the same.

As of April 1, 1998, new employees were required, and existing employees were given a one-time option, to begin contributing a percentage of their compensation to the Plan for the purpose of receiving an enhanced retirement benefit. The employees' contribution, which began at 4.00% in 1998, has increased annually, is currently 6.75% and will increase to 7.00% in February 2016. In FY15, the County's contribution is 18.62%.

Due to the difficult economic environment of recent years and its negative impact on the Plan's performance, Trustees of the Plan, in FY08 and again in FY09, made significant changes in an effort to strengthen the Plan's long-term sustainability. These changes, which can affect employees differently depending on their longevity at the time actions were implemented, include: increasing vesting periods; increasing the number of years in the base calculation period of an employee's retirement benefit; increasing contributions to the Plan for both the County and employees; and creating a new Hybrid Defined Benefit/Defined Contribution Plan which is mandatory for all employees hired after December 31, 2009.

Pension costs are recorded as the amount of the County's contributions to the Pension Trust Fund. The County's funding policy is to provide employer contributions at actuarially determined rates which, when expressed as percentages of annual covered payroll and combined with employee contributions, are designed to accumulate sufficient assets to pay benefits when due. The required employer contributions are determined using the Projected Benefit Unit Credit actuarial funding method. Unfunded actuarial accrued liabilities are being amortized over a closed period now at 28 years.

Employer contributions to the Plan are made and accrued during the fiscal year in accordance with the actuarial valuation of the Plan as of January 1 of the prior fiscal year. Based on the calculation of the County's actuary, the County had a net pension asset of approximately $11.3 million as of September 30, 2014. The County's contributions to the Plan during fiscal year 2014 totaled more than $34.3. The annual net pension cost and the net pension asset (obligation) for the respective periods are as follows:

| | Twelve Months Ended September 30, 2012 | Twelve Months Ended September 30, 2013 | Twelve Months Ended September 30, 2014 |
|---|---|---|---|
| Annual Required Contribution | $ 31,105,949 | $ 31,910,712 | $ 33,960,537 |
| Interest on net pension asset | (6,000) | (309,514) | (850,750) |
| adjustment to annual required contribution | 5,211 | 286,750 | 740,160 |
| Annual pension cost | 31,105,160 | 31,887,948 | 33,849,947 |
| Contributions made | 35,157,010 | 38,530,086 | 34,397,013 |
| Increase in net pension asset | 4,051,850 | 6,642,138 | 547,066 |
| Net Pension asset (obligation) as of beginning of period | 75,003 | 4,126,853 | 10,768,991 |
| Net pension asset as of end of period | $ 4,126,853 | $ 10,768,991 | $ 11,316,057 |

Current membership in the Plan is composed of the following:

| | | Actuarial Valuation Date | |
|---|---|---|---|
| Group | January 1, 2013 | January 1, 2014 | January 1, 2015 |
| Retirees and Beneficiaries: | | | |
| Currently receiving benefits | 1,844 | 1,972 | 2,111 |
| Vested terminated employees | 819 | 876 | 886 |
| Fully vested and non-vested active employees | 4,039 | 4,041 | 4,064 |

For a description of the Plan benefits, see footnote 19 to the County's financial statements for fiscal year 2014 included as Appendix F hereto.

The amount shown below as the "pension benefit obligation" is a standard measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. It covers retirees and beneficiaries currently receiving benefits, terminated employees not yet receiving benefits, and current employees of the County. This measure is the actuarial present value of credited projected benefits and is intended to (i) help users assess the Plan funding status on a going-concern basis, (ii) assess progress being made in accumulating sufficient assets to pay benefits when due, and (iii) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan. The pension benefit obligation was determined as part of an actuarial valuation of the plan as of January 1. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 7.7% per year compounded annually to be reduced by 0.1% per year until a rate of 7.5% is achieved, and (b) projected salary increases of 2.5-4.0% per year compounded annually, which include an inflation rate of 2.5%. Management of the assets of the Pension Trust Fund is handled by contracted investment managers and is overseen by five trustees.

| Unfunded Actuarial Accrued Liability | January 1, 2012 | January 1, 2013 | January 1, 2014 | January 1, 2015 |
|---|---|---|---|---|
| Actuarial accrued liability | $ 733,366,015 | $ 785,084,489 | $ 873,883,393 | $ 947,634,599 |
| Actuarial value of net assets | 395,959,512 | 415,560,738 | 466,937,665 | 509,457,081 |
| Unfunded actuarial accrued liability | $ 337,406,503 | $ 369,523,751 | $ 406,945,728 | $ 438,177,518 |

| | | Valuation Date: January 1 | | |
|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 |
| Actuarial value of assets as a percentage of the actuarial accrued liability applicable to County employees | 54.0% | 52.9% | 53.4% | 53.8% |
| Unfunded actuarial accrued liability as a percentage of the County's annual covered payroll (1) | 165.5% | 178.2% | 195.3% | 204.4% |
| Annual Required Contribution to the pension plan as a percentage of covered payroll | 15.65% | 16.38% | 18.62% | 19.31% |

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(1) Showing the unfunded actuarial accrued liability as a percentage of the County's annual covered payroll approximately adjusts for the effects of inflation for analytical purposes.

During the second quarter of FY10 the County offered an Immediate Retirement Incentive Program to employees who had achieved pension eligibility with certain stipulations. The intent of this program was to generate budget savings in FY10 and beyond while being cost neutral to both the County's pension and post-employment healthcare benefits plans. On a County-wide basis, 402 employees were eligible and 236 employees took the retirement option at a cost of approximately $6.6 million. Of the $6.6 million, approximately $5.4 million and $1.2 million were attributable to the General and Fire District Funds, respectively.

**Insurance**

Cobb County Government provides a comprehensive benefits package for full-time employees and vested retirees. The medical plan offers active full-time employees and eligible vested retirees a choice of four major medical health/hospital programs: a PPO, an Open Access Point of Service High Deductible, an HMO/EPO through Blue Cross Blue Shield of Georgia, and an insured HMO option offered by Kaiser Permanente. Under all options, the County shares a percentage of the cost. The County pays approximately 90% of assessed premiums for employees and approximately 82% toward the cost of the employee, plus dependent(s) premium rates. There are four levels of coverage: employee, employee plus spouse, employee plus child(ren), and family coverage.

Effective with the 2013 plan year, Medicare-eligible retirees and Medicare-eligible dependents are provided a stipend to purchase individual Medicare supplement plans through a health exchange with Extend Health, Inc.

The County pays 100% of the assessed premiums for traditional dental, and life and accidental death and dismemberment insurance policies for employees. Dependent dental and life coverage and optional supplemental insurance benefit programs are available and include cancer, short-term disability, universal and term life, hospitalization and long-term care, and vision policies. All supplemental benefit plan premiums are paid by the employee.

The County is self-funded for the health, traditional dental, workers' compensation and casualty and liability benefits. Assessments are paid into a Claims Fund by each of the County's operating funds and are available to pay claims and administrative costs. The County has an excess health insurance policy which covers individual claims in excess of $300,000 with an aggregating deductible of $140,000 and an excess Workers' Compensation policy, which covers individual claims in excess of $650,000 up to the statutory limits of Georgia law. The Human Resources Department is managed under the direction of the Human Resources Director and is responsible for all employee-related insurance programs, to include the administration, adjustments and settlements, excess insurance placement, claims budgeting, and funding of the self-funded programs.

Effective with the 2008 fiscal year, the County adopted the accounting principles and standards set forth in Government Accounting Standards Board Statement 45 to account for post-employment healthcare benefits ("OPEB"). In planning for this adoption, the County performed extensive research including the review of possible financial scenarios created by the County's actuary and discussions with both current employee and retired employee groups. As a result of these discussions and research, the Board of Commissioners on December 28, 2005 and January 10, 2006 authorized changes to the health plan descriptions (the "Health Plans") that extended the time an individual must be employed to be eligible for post-employment healthcare benefits.

Under the Health Plans, a full-time employee earns OPEB coverage after ten years of employment. On December 28, 2005 and on January 10, 2006, the Board authorized addenda to the Health Plan's Summary Plan Description stating that full-time employees with seven or more years of service as of January 1, 2007 would continue to be eligible with ten years of service; full-time employees with less than seven years of service as of January 1, 2007 would be eligible with fifteen years of service; and effective January 1, 2006 all full-time hires or rehires would be eligible with twenty years of service.

As was the case with the County's defined benefit pension plan, during 2008 the trustees of the Health Plans revisited the benefits in light of deteriorating economic and financial conditions and proposed additional changes to the Health Plans which were recommended to and adopted by the Board of Commissioners at its September 9, 2008 meeting. The changes included further lengthening the vesting period to thirty years to earn a post-employment health benefit and increasing both employee and employer contribution rates.

Effective January 1, 2013 additional changes were made which impacted the health care benefits of retirees and had a significant actuarial effect on the OPEB Plan. On that date, Cobb County Medicare Eligible retirees ceased to be covered under the County's Group Plan(s), but are instead extended coverage through various companies and plans administered by Extend Health, Inc., a Medicare exchange. Retirees select a Medicare Advantage/Supplement policy that best suits their needs, pay the appropriate premium and are reimbursed by Cobb County through a stipend, the amount of which is determined by length of service to the County.

The effect on the OPEB plan in this actuarial calculation was a reduced unfunded actuarially accrued liability from $127.8 million at January 1, 2013 to $115.4 million in the valuation of January 1, 2014.

An analysis of the net OPEB asset for the periods indicated follows:

| | Twelve Months Ended September 30, 2013 | Twelve Months Ended September 30, 2014 |
|---|---|---|
| Annual Required contribution | $ 18,531,372 | $ 12,762,508 |
| Interest on net OPEB obligation | (259,757) | (414,759) |
| Adjustment to annual required contribution | 208,899 | 334,425 |
| Annual OPEB cost | 18,480,514 | 12,682,174 |
| Contributions made | 20,483,670 | 15,300,662 |
| Increase (Decrease) in net OPEB asset | 2,003,156 | 2,618,488 |
| Net OPEB asset, beginning of period | 3,246,961 | 5,250,117 |
| Net OPEB asset, end of period | $ 5,250,117 | $ 7,868,605 |

Membership in the OPEB is composed of the following:

| | Actuarial Valuation Date | | |
|---|---|---|---|
| | **January 1, 2012** | **January 1, 2013** | **January 1, 2014** |
| Active Employees | 4,158 | 4,138 | 4,147 |
| Retired Employees | 1,182 | 1,218 | 1,297 |
| | 5,340 | 5,356 | 5,444 |

**Other Post Employment Benefits Obligations**

| | January 1, 2012 | January 1, 2013 | January 1, 2014 |
|---|---|---|---|
| Total OPEB obligations | $ 247,611,907 | $ 186,733,213 | $ 200,118,641 |
| Net Assets available for obligations, at actuarial market value | 46,486,981 | 58,975,301 | 84,726,947 |
| Unfunded OPEB obligations | $ 201,124,926 | $ 127,757,912 | $ 115,391,694 |

The Risk Management Division, under direction of the Director of Finance and Economic Development, is responsible for the administration of casualty and liability claims, including investigation, adjustments and settlements, third party suits, insurance placement, claims funding, and implementing loss control measures through safety and training. The County maintains property insurance, including flood and earthquake coverage, for all of its facilities that are subject to a $500,000 deductible on each loss. The County also purchases other categories of insurance in various coverages and limits which the County believes are adequate for the types of risk to which the County's diverse operations are exposed.

The Claims Fund, which is related to policies under Risk Management's purview, reported benefits and claims incurred of $46,505,221, $47,962,483, $46,067,749, $46,199,945, and $53,910,949 for the fiscal years 2010 through 2014, respectively.

**Demographic Information**

Presented below is information regarding the County's population, per capita income, median household effective buying income and median age for the respective calendar years.

| Year | Population (1) | Per Capita Income-Current $ (2) | Median Household Effective Buying Current $ (2) | Median Age (2) |
|---|---|---|---|---|
| 2014 | 726,850 | $ 49,302 | $ 128,002 | 35.63 |
| 2013 | 716,950 | 48,406 | 124,869 | 35.65 |
| 2012 | 707,170 | 47,127 | 122,169 | 35.66 |
| 2011 | 697,550 | 46,210 | 120,423 | 35.67 |
| 2010 | 688,078 | 43,888 | 114,891 | 35.41 |
| 2009 | 684,776 | 43,497 | 113,017 | 35.14 |
| 2008 | 679,822 | 46,725 | 120,905 | 34.87 |
| 2007 | 670,438 | 46,707 | 120,873 | 34.66 |
| 2006 | 661,913 | 44,479 | 115,321 | 34.47 |
| 2005 | 646,754 | 42,896 | 110,982 | 34.39 |

Sources: (1) Population data for 2004 to 2009 are from U.S. Census Intercensal Estimates of Residential Population for Counties of Georgia and are as of July 1 of each year. 2010 is the U.S. Census count as of April 2010. 2011 to 2014 are from the Woods and Poole Economics, 2014 Data Pamphlet. (2) Woods and Poole Economics, 2014 Data Pamphlet.

Set forth below are the estimated populations of the incorporated cities located in Cobb County.

| City | Population |
|---|---|
| Acworth | 21,476 |
| Austell | 6,810 |
| Kennesaw | 32,001 |
| Marietta | 59,089 |
| Powder Springs | 14,411 |
| Smyrna | 53,438 |
| Total | 187,225 |

Source: U.S. Bureau of Census, 2013 Population Estimate.

**Building Permits and Construction Values**

Set forth below are the number and dollar value of new building permits issued by the County during the respective fiscal years.

| | Single Family Residence | | Commercial Industrial, other | | Total New Construction | |
|---|---|---|---|---|---|---|
| **Year** | **Permits** | **Value** | **Permits** | **Value** | **Permits** | **Value** |
| 2015 (1) | 724 | 245,621,085 | 3,875 | 504,755,793 | 4,599 | 750,376,878 |
| 2014 | 938 | 277,097,942 | 6,414 | 318,658,575 | 7,352 | 595,756,517 |
| 2013 | 1,077 | 316,049,472 | 5,243 | 395,524,902 | 6,320 | 711,574,374 |
| 2012 | 734 | 203,691,614 | 4,933 | 377,565,829 | 5,667 | 581,257,443 |
| 2011 | 586 | 157,087,812 | 5,144 | 466,193,085 | 5,730 | 623,280,897 |
| 2010 | 467 | 107,288,665 | 5,041 | 267,126,934 | 5,508 | 374,415,599 |
| 2009 | 248 | 59,240,178 | 4,842 | 183,535,565 | 5,090 | 242,775,743 |
| 2008 | 617 | 159,861,048 | 7,232 | 503,751,188 | 7,849 | 663,612,236 |
| 2007 | 1,514 | 388,899,310 | 8,518 | 505,347,410 | 10,032 | 894,246,720 |
| 2006 | 2,200 | 618,290,028 | 8,004 | 463,781,522 | 10,204 | 1,082,071,550 |
| 2005 | 2,712 | 639,717,589 | 7,167 | 602,899,368 | 9,879 | 1,242,616,957 |
| 2004 | 2,684 | 632,354,567 | 7,019 | 507,650,671 | 9,703 | 1,140,005,238 |

Source: Cobb County Building Inspections Department.
(1) As of June, 2015.

**Commercial and Savings Bank Deposits**

According to the Federal Deposit Insurance Corporation (2009 through 2013) and the Georgia Department of Banking and Finance (other years), as of June 30 of the years indicated, the aggregate bank deposits for financial institutions within the County were as follows:

**Combined Financial Institutional Statistics**

| Year | Total Deposits (in thousands) |
|---|---|
| 2014 | $ 10,933,235 |
| 2013 | 10,269,243 |
| 2012 | 10,102,532 |
| 2011 | 9,489,929 |
| 2010 | 9,467,972 |
| 2009 | 10,542,221 |
| 2008 | 10,739,032 |
| 2007 | 10,026,064 |
| 2006 | 9,368,719 |
| 2005 | 8,478,070 |

**(Remainder of Page Intentionally Left Blank)**

**Employment by Industrial Sector**

Following is a table showing the estimated employment in the County during calendar year 2014 and the percentage of employment distribution in the County for each major sector of the local economy.

**Percentage of Total Employees**
**Distribution in Cobb County by Sector**

| Industry | Number of Jobs Filled | Percentage of Total Employment Distribution |
|---|---|---|
| Construction | 28,790 | 6.44 % |
| Manufacturing | 20,640 | 4.61 |
| Wholesale Trade | 27,320 | 6.11 |
| Retail Trade | 44,850 | 10.03 |
| Transportation, Warehousing & Utilities | 13,580 | 3.04 |
| Real Esate | 26,610 | 5.95 |
| Finance, Insurance & Information | 33,680 | 7.53 |
| Professional, Technical & Management | 53,070 | 11.86 |
| Administrative | 46,250 | 10.34 |
| Educational Services | 8,350 | 1.87 |
| Health Care Services | 39,760 | 8.89 |
| Other Services | 66,100 | 14.77 |
| Miscellaneous | 710 | 0.16 |
| Total Private Sector | 409,710 | 91.58 |
| State and Local | 32,600 | 7.29 |
| Federal | 5,070 | 1.13 |
| Total Government | 37,670 | 8.42 |
| Total Private Sector & Government | 447,380 | 100 % |

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Source: Woods & Poole Economics, 2014 Data Pamphlet.

**Economic Outlook**

The County is highly-regarded for its pro-business environment, a product of careful planning, cooperation with other local governments, and progressive leadership which, over the years, has generated a strong and diverse economy that is not dependent on one industry or sector. The past several years have proven challenging, however, as the County, like the rest of the nation, experienced increased levels of unemployment, declines in real estate values and new construction (both residential and commercial), and a rise in foreclosure activity to unprecedented levels. Over the last two years, however, the County's economic indicators have stabilized and, in some cases, improved. Unemployment rates have improved from an average high of 9.3% in 2010 to 6.0% in 2014; the value of residential and commercial permits have more than doubled to $595.7 million in 2014 from $242.8 million in 2009; foreclosure rates have stabilized at pre-financial crisis levels; and the County's net General Fund Tax Digest, down 4.37% from 2009, increased 3.22% from FY14 to FY15.

The County continues to focus its efforts and resources to pursue and encourage development and redevelopment activities in many areas of the County. Examples of the success of these efforts include an award to the County of approximately $3.5 million through the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program Round 3 to address abandoned and foreclosed property in eligible areas of the County. The Board also has approved the expansion of the enterprise zone in the southwestern area of the County in an effort to stimulate redevelopment and rehabilitation activities. Additionally, the Board has approved the creation of a special services district in the Six Flags area. The tax proceeds generated by the creation of this special services district will be used to support redevelopment projects and needed public infrastructure improvements in the area.

Over the last few years, working with the State, the County's six cities and the Cobb County Chamber of Commerce, there have been new business announcements estimated to bring nearly 3,900 new jobs and over $150 million of new investment from companies such as Gas South (utilities), The Home Depot Call Center and its Information Technology Facility, Greenway Health, LLC (a health information solutions company), Comcast (cable TV provider), PRAMAC Group (power generation and material handling equipment), Assurant (an insurance product provider) and Vonage Business Solutions (communications provider).

Set forth below are the ten largest employers located in the County, their industries, and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County, or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed below.

**TEN LARGEST EMPLOYERS**
**at December 2014**

| Employer | Industry | Employees |
|---|---|---|
| Home Depot | Retail | 20,000 |
| Cobb County Schools | Government | 14,100 |
| Wellstar Health System | Healthcare | 13,498 |
| Lockheed Martin | Aircraft/Defense | 6,000 |
| Kennesaw State University | Education | 5,146 |
| Cobb County Government | Government | 5,068 |
| Publix Super Markets | Retail | 3,574 |
| Kroger Co. | Retail | 2,226 |
| Six Flags Over Georgia | Theme Park | 2,464 |
| Marietta City Schools | Government | 1,151 |

May include full-time, part-time and temporary employees.
Source: Cobb County Department of Economic Development and Cobb County Chamber of Commerce.

**Unemployment**

Set forth below are the unemployment rates for the County for the past ten calendar years, with comparative data for the State of Georgia.

**Unemployment Rates**

| Year | Cobb County | State of Georgia |
|---|---|---|
| 2015* | 5.3% | 6.3% |
| 2014 | 6.0% | 7.2% |
| 2013 | 6.8% | 8.2% |
| 2012 | 7.8% | 9.2% |
| 2011 | 8.9% | 10.2% |
| 2010 | 9.3% | 10.5% |
| 2009 | 9.1% | 9.9% |
| 2008 | 5.6% | 6.2% |
| 2007 | 4.0% | 4.5% |
| 2006 | 4.3% | 4.7% |
| 2005 | 4.8% | 5.3% |

The above unemployment rates are averages during each of the calendar years as reported by United States Department of Labor Bureau of Labor Statistics
* 2015 Data is an average for the calendar year through June 30.

**County Amenities**

The most significant services and facilities provided by the County are explained below.

*Water and Wastewater.* The Cobb County Water System, the County's water and wastewater utility, provides retail water and wastewater service to the unincorporated areas of the County and to the cities of Acworth and Kennesaw, while the other incorporated cities provide retail water and wastewater service within their respective jurisdictions. The Cobb County-Marietta Water Authority, a regional governmental authority, treats raw water and sells treated water on a wholesale basis to the retail distribution systems of the Cobb County Water System and the cities of Austell, Marietta, Powder Springs and Smyrna, as well as customers outside Cobb. The Cobb County-Marietta Water Authority has a treatment capacity of 158 million gallons daily and a treated water storage capacity of 35.6 million gallons. The Cobb County-Marietta Water Authority has completed construction of the Hickory Log Creek Reservoir that will be used to supplement Allatoona Lake as a raw water source, providing up to 33 million gallons daily of supplemental water resources on an annual average. Though completed and filled, actual use of the reservoir is pending approval by the Army Corps of Engineers of a proposed storage accounting methodology. The Cobb County-Marietta Water Authority has recently received a modified withdrawal permit from the State of Georgia allocating flows released from the Hickory Log Creek Reservoir to the Cobb County Marietta Water Authority, and Cobb County Marietta Water Authority staff continues to negotiate with the Army Corps of Engineers on this issue. The Cobb County Water System currently has the permitted capacity to treat over 112 million gallons of wastewater per day for its retail customers, for the cities of Austell, Marietta, Powder Springs and Smyrna within Cobb County, and for portions of Bartow, Douglas, and Fulton counties and the city of Atlanta outside Cobb County.

In the 1950s, the Buford Dam was constructed to create Lake Lanier from the flow of waters from the Chattahoochee River. A 2009 decision by a Federal judge had the potential to place 250 million gallons of water per day of the water supply to Metropolitan Atlanta, including Cobb County, in jeopardy if the states of Georgia, Alabama and Florida did not reach an agreement as to the amount of water flow required downstream from the dam along the length of the River to the Gulf of Mexico. In 2011, the United States 11$^{th}$ Circuit Court of Appeals overturned that decision and asked the Army Corps of Engineers to take the issue under advisement and make a decision as to how much water the Atlanta area could use without negatively impacting the requirements of the downstream users. The Army Corps of Engineers is updating the Water Control Manual for the Apalachicola-Chattahoochee-Flint River Basin and will decide how water is distributed and utilized within the basin among the three states. A draft plan is anticipated by September 2015. In February 2012, the states of Florida and Alabama and the Southeastern Federal Power Customers filed an appeal to have this decision reversed. In July, 2012 the U.S. Supreme Court declined to hear the case, leaving the appellate decision intact. In October 2013 the State of Florida filed a lawsuit against the State of Georgia in the U.S. Supreme Court, claiming that Georgia's excessive use of water from the Chattahoochee and Flint Rivers are causing the near collapse of the Apalachicola Bay fishery business due to increased salinity caused by reduced fresh water flow into the Gulf of Mexico and asking for equitable apportionment of the water. The U.S. Supreme Court accepted the case, and assigned a Special Master, who has set an ambitious schedule to decide the case.

In November 2014, the Atlanta Regional Commission, the Cobb County-Marietta Water Authority and the State of Georgia filed lawsuits against the Army Corps of Engineers in the U.S. District Court for the Northern District of Georgia seeking to compel the Army Corps of Engineers to make a determination on the requested reallocation of Allatoona Lake for water supply dating back to 1981 and renewed several times since. In May 2015, the Army Corps of Engineers issued a Record of Decision on the Final Environmental Impact Statement and Water Control Manual for the Alabama-Coosa-Tallapoosa River Basin, commenting that there is no final decision as to water supply. Shortly thereafter, the State of Alabama and the Alabama Power Company filed separate suits under the Administrative Procedures Act, asking the U.S. District Court for the District of Columbia to set aside the Final Environmental Impact Statement and Water Control Manual.

While it is not known at this time what the impact of this litigation or any attempt at federal legislation will be on the State of Georgia or the Atlanta region, Cobb County remains confident that it will continue to have access to a water supply sufficient for the ongoing well-being of its citizens and economy.

*Police and Fire.* The County provides police protection services mainly to the unincorporated areas of the County, while the incorporated cities provide additional police protection services within their respective jurisdictions. Informal automatic response agreements are a matter of policy between the County and the six municipalities. The County provides fire protection services to the unincorporated areas of the County and to the cities of Acworth, Kennesaw, and Powder Springs. The cities of Austell, Marietta and Smyrna provide independent fire protection services and emergency medical services within their respective jurisdictions. The County has county-wide "911" service. The Insurance Services Office has assigned a Class 3 insurance rating to unincorporated Cobb County. (ISO classifications range from one to ten, with one representing the highest level of service.)

*Libraries.* The County operates a main library in Marietta and 15 branch libraries throughout the County, with nearly 1.2 million volumes and other media items. The city of Smyrna operates its own independent municipal library system.

*Transportation*. The County's transit service, Cobb Community Transit (CCT), operates a local and regional bus service and connects to the Metropolitan Atlanta Rapid Transportation Authority. During FY14, CCT carried over 3.5 million passengers, an average weekly ridership of approximately 67,000, a decrease of 3.6% from FY13 ridership. The County owns and operates McCollum Airport, a general aviation reliever airport to Hartsfield-Jackson Atlanta International Airport. McCollum Airport consists of 320 acres with one concrete runway and a full parallel taxiway. It can accommodate 95 percent of all general aviation aircraft. McCollum Airport is one of the busiest single runway general aviation facilities in the State. The State completed an Economic Impact Study in 2011 that determined that activity at McCollum Airport contributes approximately $112 million of annual economic impact to the local community. A new Air Traffic Control Tower is under construction and expected to begin operations in February 2016. A Customs Inspection Facilities is also under construction and will allow the arrival of international flights to McCollum Airport beginning the summer of 2016.

*Recreation.* The County currently owns and maintains 77 properties aggregating approximately 5,500 acres that are dedicated to the recreational and cultural needs of its citizens.

*Conference Centers and the Arts.* The Cobb-Marietta Coliseum and Exhibit Hall Authority owns and operates, among other assets, the Cobb Galleria Center, a 320,000 square foot convention center; the Atlanta Galleria Complex, an 88 acre mixed-use development consisting of six high-rise office buildings containing 2 million square feet of space, the Galleria Specialty Mall containing 201,000 square feet of retail, entertainment and dining establishments, and the 521 room Renaissance Waverly Hotel; and the Cobb Energy Center for the Performing Arts, a 150,000 square foot complex that includes a 2,750 seat main theater, conference rooms, a banquet kitchen and large dining rooms, and a 1,000 space parking deck.

## OPERATING AND FINANCIAL DATA

### Accounting and Budgeting

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: (i) the safeguarding of assets against loss from unauthorized use or disposition; and (ii) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (i) the cost of control should not exceed the benefits likely to be derived; and (ii) the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary control is achieved and maintained pursuant to statutes of the State of Georgia which require the County to operate under an annual balanced budget adopted by local resolution. Expenditures may not legally exceed appropriations at the fund level. Budgetary control is maintained at the sub-function level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of sub-function balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at year-end for governmental funds.

The budgeting process for the County is administered by the County's Office of Management and Budget ("OMB") which is under the supervision of the Finance and Economic Development Department. The development of each County department budget is broken down into four segments: the Capital Improvement Program Update, the Management Plan, the Continuation Financial Plan and the New Facilities Request. Each County department completes and submits a budget request on a form designed by OMB. OMB reviews and analyzes each County department's budget request based on historical data, the justification provided by the department, and any special circumstances anticipated to occur during the fiscal year. OMB then meets with each department head, and develops a mutually agreed budget request. The recommended budget is then presented to the County Manager. OMB works with the County Manager and the Chairman of the Board of Commissioners to finalize recommended changes to departmental budgets. The proposed budget is then presented to the Board of Commissioners for their review. After advertising for and holding public hearings, the budget is adopted by the Board of Commissioners.

**Revenues, Expenditures and Fund Balance – General Fund**

The following table shows the County General Fund revenues, expenditures and fund balances for each of the five most recent fiscal years ended September 30. The information was derived from the audited financial statements of the County.

| | Fiscal Years Ended September 30, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| **REVENUES:** | | | | | |
| Taxes | $ 215,809,376 | $ 227,881,087 | $ 227,081,944 | $ 237,266,998 | $ 248,467,017 |
| Licenses and permits | 16,658,146 | 20,422,226 | 20,732,504 | 22,075,597 | 23,197,530 |
| Intergovernmental revenue | 6,197,273 | 4,189,101 | 4,793,533 | 3,794,620 | 3,037,887 |
| Charges for services | 45,296,018 | 34,967,577 | 39,729,613 | 39,250,325 | 35,755,270 |
| Fines and forfeitures | 13,761,213 | 12,842,713 | 10,963,315 | 12,368,031 | 12,736,005 |
| Interest and dividends | 1,220,350 | 1,019,020 | 746,391 | 792,979 | 586,258 |
| Miscellaneous | 4,683,508 | 4,852,384 | 5,091,547 | 5,650,073 | 7,557,903 |
| TOTAL REVENUES | 303,625,884 | 306,174,108 | 309,138,847 | 321,198,623 | 331,337,870 |
| **EXPENDITURES:** | | | | | |
| Current: | | | | | |
| General government | 115,610,242 | 110,729,422 | 115,360,177 | 120,558,751 | 121,147,235 |
| Public safety | 130,423,920 | 125,952,953 | 127,752,460 | 132,185,015 | 134,360,480 |
| Public works | 18,150,785 | 12,852,637 | 12,776,755 | 13,297,328 | 14,111,785 |
| Health and welfare | 6,878,472 | 5,046,633 | 3,953,986 | 3,731,620 | 3,842,174 |
| Culture and recreation | 32,940,757 | 28,542,815 | 29,551,166 | 30,890,947 | 31,925,989 |
| Housing and development | 7,887,626 | 6,973,385 | 6,998,080 | 7,488,475 | 7,565,385 |
| Debt service | 561,301 | 361,827 | 228,064 | 167,740 | 88,773 |
| TOTAL EXPENDITURES | 312,453,103 | 290,459,672 | 296,620,688 | 308,319,876 | 313,041,821 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | (8,827,219) | 15,714,436 | 12,518,159 | 12,878,747 | 18,296,049 |
| **OTHER FINANCING SOURCES (USES):** | | | | | |
| Proceeds from lease purchase obligations | 280,310 | - | - | - | - |
| Sale of capital assets | 1,870,415 | 330,000 | 8,236 | 102,837 | 381,122 |
| Transfers-in | 20,445,492 | 29,357,927 | 18,351,568 | 18,090,819 | 16,891,777 |
| Transfers-out | (22,023,892) | (20,837,042) | (16,671,477) | (23,451,976) | (27,022,636) |
| TOTAL OTHER FINANCING SOURCES (USES) | 572,325 | 8,850,885 | 1,688,327 | (5,258,320) | (9,749,737) |
| Net change in fund balance | (8,254,894) | 24,565,321 | 14,206,486 | 7,620,427 | 8,546,312 |
| Fund balance beginning of year | 47,934,444 | 39,709,878 | 64,275,199 | 78,481,685 | 86,102,112 |
| Restatement (2) | 30,328 | - | - | - | - |
| **FUND BALANCE END OF YEAR (1)** | $ 39,709,878 | $ 64,275,199 | $ 78,481,685 | $ 86,102,112 | $ 94,648,424 |

(1) Fund balance includes funds reserved for inventories, encumbrances, and for subsequent year expenditures. The unassigned and undesignated fund balance in 2010 was $29,130,898, in 2011 was $35,375,643, in 2012 was $44,213,159, in 2013 was $54,675,608, and in 2014 was $61,577,669.

(2) Represents Senior Services Fund Balance at September 30, 2009 combined into General Fund in 2010.

**Management's Discussion and Analysis – General Fund**

***Revenue Trends, Comparing FY14 and FY10.*** Total revenues including operating transfers-in increased by $22.3 million or 6.86%, which is principally due to an increase of $32.6 million in taxes. Most other variances netted to near zero but are summarized below.

Several factors contributed to the $32.6 million, 15.13% increase in taxes. A 1.59% reduction in the General Fund net tax digest was largely offset by a 7.3% increase in the millage rate. Additionally, a state law change in the method of billing sales taxes on motor vehicle transactions was implemented in FY13. Effective March 1, 2013, HB386 created the Title Ad Valorem Tax Fee (TAVT), which replaced the annually assessed ad valorem tax on vehicles with a one-time fee whenever title to a vehicle changes hands. During the period this fee was in place it generated approximately $21.9 million in revenue, more than offsetting the ad valorem taxes it was designed to replace by approximately $19 million. Another significant contributor to the increase in tax revenue was a greater than $1.6 million growth in cable television franchise taxes. Also, insurance premium taxes collected by the State and remitted to the County increased by $1.3 million.

Licenses and permits increased by $6.5 million or 39.26% as residential/commercial permitting and business license revenues improved by $2.4 million and $2.9 million, respectively. Liquor licenses, Sunday liquor sales permits and pistol permits combined to contribute an additional $789,000 in FY14 when compared to FY10.

Intergovernmental revenues decreased by approximately $3.1 million from FY10 to FY14. The major contributor was a $1.3 million decline in the amount the State pays the County for holding inmates in State custody at the County's detention center. Another significant contributor was a $596,000 decline in Georgia Emergency Management Funds related to the floods that occurred in 2009.

Charges for services decreased by approximately $9.5 million from FY10 to FY14. $4.6 million of this decline was due to the decision in FY11 to account for streetlight operations in a separate streetlight district fund. Administrative costs charged to other funds decreased by $2.9 million mostly due to the assimilation of Senior Services into the General Fund ($952,000), Fire Fund ($918,000), and Water Funds ($595,000). Commissions on tax collections are less by approximately $2.3 million due to reduced commissions on the Board of Education's Tax Collections. The Tax Commissioner is allowed to keep a commission on taxes collected for the Board of Education. The tax digest has decreased 1.59% from FY10 and as a result the commissions on the collections have dropped as well. Certain court revenues have decreased by $1.3 million as a result of increased filing fees in the State Court. This resulted in a shift of cases filed in State Court to Magistrate Court where there is a lower filing cost. Offsetting these decreases have been a $1 million increase in deed and intangible recording fees, $683,000 increase of fee revenue attributable to the collection of the new Title Ad Valorem Tax, $258,000 increase in Magistrate Court fees, a $211,000 increase in parks and recreation fees due to FY12 rate increases, and $201,000 increase in animal shelter fees.

Fines and forfeitures decreased by approximately $1 million, principally a result of reduced traffic fines ($2.2 million), reduced court fines ($303,000), reduced inmate housing ($252,000), partially offset by $1.9 million from a new revenue source, school bus camera violations.

Interest and dividends decreased by $634,000 due to the continuing low interest rate environment.

Miscellaneous income and financing sources other than transfers-in increased by approximately $2.9 million due mainly to the settlement reached in a class action lawsuit between Cobb Electrical Membership Corporation and its current and former members including the County.

Operating transfers-in decreased approximately $5.3 million, more than half of which is due to a $2.8 million reduction in the Water Fund's subsidy to the General Fund. While the gross available subsidy has grown over the years, due to the improving economy, the decision was made beginning in late FY12 to transfer less than the total available.

***Revenue Trends, Comparing FY14 and FY13.*** Total revenues including transfers-in increased approximately $9.2 million or 2.7%. Taxes, licenses and permits, and miscellaneous income were the most significant contributors to this increase, but there were negative variances in other categories which offset much of the increase.

The most significant contributor to the increase came from taxes, which increased $11.2 million from FY13. The largest increase in the taxes category was property taxes associated with the previously explained Title Ad Valorem Tax on motor vehicle sales that generated a net $5.6 million in FY14 when accounting for the lost revenues from the annually assessed ad valorem tax on motor vehicles. Other property taxes, less property taxes on motor vehicles, increased $4.4 million after the Board's decision to lower the General Fund millage rate from 7.52 in FY13 to 7.32 in FY14 largely due to a net increase in the General fund tax digest of 3.6% in FY14.

Another category that registered improvement in FY14 was licenses and permits increasing $1.1 million. The economy has continued to recover throughout the year and, as such, business licensees have increased $904,000.

Miscellaneous income increased $1.9 million from FY13 in large part from the settlement reached in a class action lawsuit between Cobb Electrical Membership Corporation and its current and former members, including the County.

Charges for services and intergovernmental revenues declined the most in FY14 at $3.4 million and $757,000, respectively. Charges for services declined mainly from a $1.2 million reduction in intangible recording fees. Other significant contributors to this decrease include administrative fees charged to other funds which declined by $850,000 from FY13 due to reductions in the amounts charged to the SPLOST, Fire Fund, and Water Funds in FY14. Commissions on tax collections are less by approximately $719,000 due to reduced commissions on the Board of Education's tax collections. The Tax Commissioner is allowed to keep a commission on taxes collected for the Board of Education. Offsetting these decreases was an improvement of approximately $342,000 of fee revenue attributable to the collection of the new Title Ad Valorem Tax. Intergovernmental revenues declined by approximately $757,000 mainly a reduction of $467,000 in the jail subsidy that the State pays the County's detention center for housing inmates in State custody. The remainder of the decline in intergovernmental revenues came from various other sources.

***Expenditure Trends, Comparing FY14 to FY10.*** The period of FY14 through FY10 was particularly challenging, but it was in FY09 that the County took aggressive measures to address economic uncertainties and restrict expenditures. The measures taken had an immediate positive impact that continues today.

Expenditures and operating transfers-out increased by $5.5 million or 1.67% when comparing FY14 to FY10. Operating transfers-out increased by approximately $4.8 million or 22.1% as increased payments to Capital Projects, mainly for the construction of a Department of Driver Services building ($3.4 million), and the subsidy to Cobb Community Transit ($3 million). These increases were offset partially by $4.3 million transfer to the Debt Service Fund in FY10 to resolve a structural imbalance in the Debt Service Fund as a result of declining property tax values as a result of the poor economic conditions at that time.

Expenditures other than operating transfers-out decreased by $589,000 or 0.19% when comparing FY14 to FY10. Overall personal services costs decreased approximately $2.4 million as an increase in pension contributions of $5.7 million were more than offset from a $3.9 million reduction in an incentive retirement option in FY10, $2.1 million reduction in salaries and statutory payroll costs, and a $2.2 million reduction in health benefit payments from implementing the Extend Health program in FY14. FY14 was the second year since FY08 that employees were granted a merit increase, but the effect of this increase was more than offset by attrition, an incentive retirement option in FY10, and an overall slightly younger workforce at lower pay.

From an operating expense standpoint FY14 was approximately $448,000 less than FY10. The more significant captions impacted were: accountable equipment (increase of $1.1 million due to an upward change in limit); claims (increase of $1.6 million); school bus camera contractual payments (increase $1.1 million); annual maintenance costs ($1.1 million increase); street light district expenditures, moved to a separate fund in FY11 ($4.0 million decrease); meal service fees for inmates ($828,000 decrease).

Debt-related expenditures were lower in FY14 than in FY10 by approximately $472,000 due to a reduced tax anticipation note issue at more favorable interest rates as well as reduced capital lease payments.

**2010:** FY10 expenditures and transfers-out were virtually unchanged, increasing by only $250,000. Additional personal service costs were incurred due to offering an incentive retirement option to employees who met certain criteria (accepted by 236 employees). Though the cost of this program was approximately $5.4 million in FY10, it resulted in reduced personnel costs in the latter part of the year. Transfers-out were approximately $8.3 million lower in FY10 than in FY09. Reduced subsidies to Senior Services ($4.3 million), Solid Waste ($4.8 million due to the 2009 privatization), Cobb Community Transit ($1.2 million), road improvements ($1.2 million) and grants ($700 thousand) were offset by $4.3 million transferred to the FY11 general obligation debt service year-end reserve.

**2011:** FY11 expenditures and transfers-out were $23.2 million or 6.9% less than FY10, substantially all of which was attributable to expenditure reductions of $22 million. All areas of the County's operations contributed to these decreases. Personnel services costs were reduced through the imposition of five furlough days, the full-year benefit of personal services cost savings that resulted from the 2010 incentive retirement program (accepted by 236 employees), and the non-recurrence of the cost of the incentive retirement program itself, which was approximately $3.9 million in FY10. Additionally, as has been the case since FY08, no merit pay increases were granted to employees in FY11. Service and supplies expenditures were closely monitored and all departments were mandated to make 5% or greater reductions in these costs throughout the year. Transfers-out were reduced by $1.2 million as increases to Cobb Community Transit ($3.4 million) and the solid waste operation ($1 million) were more than offset by reduced contributions to the capital projects fund ($1.7 million) and the general obligation debt service fund ($4.3 million).

**2012:** FY12 expenditures and transfers-out were approximately $2 million or 0.6% greater than in FY11. Transfers-out decreased by $4.2 million. Approximately $5.5 million less was transferred to Cobb Community Transit in FY12 as the transit operation received federal grant funds totaling approximately $7 million, and approximately $762,000 less was transferred to Solid Waste which required a smaller subsidy in the current year. Offsetting these reductions were an increase in funding to the Capital Projects fund of $1.25 million and a one-time transfer to the Water System of approximately $1.1 million representing the return of excess subsidy funds from years prior to FY11.

Expenditures other than transfers-out, increased by $6.2 million or 2.1%. Overall personnel services costs remained virtually unchanged from FY11. While no merit increases were granted to employees in FY12, there was some negative impact due to there being no mandate of five furlough days in FY12 as had been the case in FY11. An increase in pension expense of $3 million was offset by a $1 million reduction in premiums for health insurance in FY11.

In FY11 all departments were required to cut 5% of service and supply expenditures, which reduced expenditures in that year. While expenditures continued to be very closely monitored in FY12, there was not the extreme urgency in FY12 and overall costs increased roughly in line with inflation. More significant increases in FY12 occurred in gas and diesel fuels, motor vehicle parts, uniforms, professional services, annual maintenance costs for software, hardware and other equipment, and contributions, including the General Fund's portion of the discretionary pension contribution.

**2013:** FY13 expenditures and transfers-out were approximately $18.5 million or 5.9% greater than FY12. The largest increase in expenditures occurred in operating transfers-out which increased by $6.8 million. Transit Fund grant revenues were down significantly in FY13 necessitating an additional $5.3 million subsidy. Also, $2.5 million more were transferred in FY13 to the Capital Projects Fund due principally for upgrades to the County's court IT systems.

Personnel services were approximately $6.1 million greater in FY13. The majority of this variance is attributable to an increase in retirement contributions of $3.5 million that is mostly related to an increase in the County's mandatory annual retirement contribution calculation. Salaries and statutory payroll costs were $3.5 million greater in FY13 principally due to the 3% merit increase that was awarded in January of FY13, the first such increase since FY08. Offsetting these increases were approximately $2.7 million of reductions in health benefit payments mainly due to the implementation of the stipend program for retirees.

Operating expenditures, which contains approximately 150 accounts, were $5.9 million greater in FY13 than in FY12. There were numerous increases and decreases, some of the more significant of which include: professional services ($1.2 million increase); school bus camera contractual payments ($883,000 increase); contributions, including the General Fund's portion of discretionary pension contributions ($1 million increase); casualty and liability insurance accruals ($971,000 increase); library materials ($457,000 increase); inmate medical costs ($315,000 increase); maintenance of buildings/roads/infrastructure ($886,000 increase); and accountable equipment ($1.3 million increase due to a upward revision in the dollar limit of such equipment).

**2014:** FY14 expenditures and transfers-out were approximately $8.2 million or 2.5% greater than FY13. The largest increase in expenditures occurred in operating transfers-out which increased by $3.5 million. Several renovation and construction projects were completed in FY14 which required a transfer of $2.0 million to the Capital Projects Fund. Also, there were upgrades to existing IT services totaling approximately $2.9 million which also required a transfer to the Capital Projects Fund.

Personnel services were approximately $1.7 million greater in FY14. The majority of this variance is attributable to an increase in salaries and statutory payroll costs of $3.1 million principally due to a merit increase awarded in February of FY14 and the addition of new positions throughout FY14. Offsetting these increases were approximately $1.5 million of reductions in health benefit payments mainly due to the implementation of the stipend program for retirees.

Operating expenditures, which contains approximately 150 accounts, were essentially flat from FY13 to FY14. The largest decline in operating expenditures came from contributions which were down approximately $3.0 million mainly from an additional $3.5 million discretionary pension contribution made in FY13. Offsetting this reduction were inmate medical costs ($739,000 increase); legal fees ($432,000 increase); annual maintenance contracts ($350,000 increase); gas and electric utilities ($347,000 increase); roadway maintenance ($331,000 increase); contractual fees ($299,000 increase).

Capital expenditures were approximately $3.0 million greater than FY13. The main contributors to this increase were additional vehicle purchases ($1.2 million increase); recreational equipment ($1.1 million increase); and site acquisition ($802,000 increase).

**Comparison of Actual to Budget – General Fund**

The following table compares the General Fund revenues and expenditures as budgeted with the actual results (on a budgetary basis – see note on A-18) for the fiscal year ended September 30, 2014. The information was derived from the audited financial statements of the County.

**Cobb County, General Fund**
**Statement of Revenues and Expenditures**
**Comparison of Budget to Actual (Budgetary Basis)**

| | Fiscal Year Ended September 30, 2014 | | | |
|---|---|---|---|---|
| | Adopted Budget | Amended Budget | Actual | Favorable (Unfavorable) |
| **REVENUES:** | | | | |
| Taxes | $ 231,609,293 | $ 231,609,293 | $ 248,467,017 | $ 16,857,724 |
| Licenses and permits | 21,303,000 | 21,327,569 | 23,197,530 | 1,869,961 |
| Intergovernmental | 3,664,000 | 3,762,834 | 3,037,887 | (724,947) |
| Charges for services | 36,958,136 | 37,602,222 | 35,755,270 | (1,846,952) |
| Fines and forfeits | 9,479,998 | 12,063,465 | 12,736,005 | 672,540 |
| Interest earned | 776,820 | 777,520 | 586,258 | (191,262) |
| Miscellaneous | 3,161,015 | 4,326,818 | 7,557,903 | 3,231,085 |
| TOTAL REVENUES | $ 306,952,262 | $ 311,469,721 | $ 331,337,870 | $ 19,868,149 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | $ 118,984,739 | $ 126,404,217 | $ 122,689,368 | $ 3,714,849 |
| Public safety | 131,049,404 | 136,268,711 | 134,803,521 | 1,465,190 |
| Public works | 14,246,534 | 15,756,180 | 15,217,059 | 539,121 |
| Health and welfare | 3,517,117 | 3,844,356 | 3,843,855 | 501 |
| Culture and recreation | 30,282,012 | 34,248,484 | 32,384,401 | 1,864,083 |
| Housing and development | 7,164,808 | 7,615,695 | 7,571,621 | 44,074 |
| Debt service: | | | | |
| Principal retirement | 75,930 | 75,930 | 71,218 | 4,712 |
| Interest and fiscal charges | 251,292 | 251,292 | 17,555 | 233,737 |
| TOTAL EXPENDITURES | $ 305,571,836 | $ 324,464,865 | $ 316,598,598 | $ 7,866,267 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 1,380,426 | $ (12,995,144) | $ 14,739,272 | $ 27,734,416 |
| **OTHER FINANCING SOURCES (USES):** | | | | |
| Transfers in | $ 18,280,488 | $ 19,864,852 | $ 16,891,777 | $ (2,973,075) |
| Transfers out | (14,157,915) | (28,553,150) | (27,022,636) | 1,530,514 |
| Proceeds from sale of capital assets | 149,996 | 205,026 | 381,122 | 176,096 |
| TOTAL OTHER FINANCING SOURCES (USES) | $ 4,272,569 | $ (8,483,272) | $ (9,749,737) | $ (1,266,465) |
| NET CHANGES IN FUND BALANCES | $ 5,652,995 | $ (21,478,416) | $ 4,989,535 | $ 26,467,951 |

***Budget vs. Actual for Fiscal Year 2014.*** Revenues and expenditures were carefully monitored throughout the fiscal year. The county's conservative approach to budgeting revenue and expenditures generally results in favorable variances in most categories. Some of the more significant variances include taxes (property tax and title ad valorem tax), licenses and permits (business licenses and commercial and residential permits), and miscellaneous revenue (other income related to the Cobb Electrical Membership Corporation settlement) all of which were favorable. Charges for services (intangible recording fees and administrative services) were less than favorable. Most personal service and operational expenditures were favorable to budget due to deferring hiring in open positions and the continued effect of the significant expenditures cuts of previous years. More specifically, the largest savings in operational expenditures were mainly from road maintenance contracts for median mowing that were not utilized, professional services for a compensation study that did not take place until late in the fiscal year and carried over into FY15, and meal fees for inmates in the detention center which currently has a low inmate population. Transfers-out were favorable to budget as a lower subsidy was required by the County's solid waste operation. Also, the personnel match required for the Senior Services Fund was lower than anticipated. The most significant unfavorable variance was in transfers-in principally due to a $1.7 million reduction in the water system subsidy received.

***Budgetary Basis***: Please note that the actual results of operations on the budgetary basis are presented in the table above as well as in the subsequent tables below in order to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and GAAP is that encumbrances are recognized as expenditures for budgetary purposes. All encumbered appropriations are carried forward in the following year's budget. Accordingly, encumbrances are included as budgetary expenses in two different years.

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**Budget Summary**

Statutes of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. A budget is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. Expenditures may not legally exceed appropriations at the fund level.

Over the last several years, the County has experienced the negative effects of the national economic downturn, the manifestations of which have included increased unemployment, increased home foreclosures, and a reduction in permits issued for construction of new single family residences. The County's management team has addressed these issues by freezing salaries and non-essential hiring, deleting vacant positions, mandating furlough days, restricting capital improvement and replacement projects and mandating expenditure reductions. As a result, the County has maintained a sufficient workforce, avoided layoffs and provided a continued high quality level of service.

The 2015 General Fund budget which appears below was adopted by the Board on August 26, 2014. Subsequent to the preparation of the adopted budget for FY15 and with the knowledge that there were no significant issues discovered during the FY14 audit process, the Board took action to appropriate reserve funds for the following purposes:

**GENERAL FUND**

| | | |
|---|---|---|
| Accountable and capital Equipment | $ | 4,459,740 |
| Solid waste debt service for FY15 | | 2,025,000 |
| Various building maintenance projects | | 1,477,300 |
| Professional and consulting services | | 658,610 |
| Security system upgrades to county building and parking deck | | 1,221,590 |
| Additional Vehicle Acquisition (Replacements) | | 4,008,640 |
| Various expenditure categories and projects ranging | | |
| from < $1,000 to > $ 350,000 | | 1,969,015 |
| Various technology projects | | 2,549,464 |
| Community Improvement Grant | | 285,000 |
| FY14 Tax Collections in excess of 95% | | 4,500,000 |
| Landfill - Methane Gas Remediation / Ground Water Management | | 178,651 |
| | $ | 23,333,010 |

These items are reflected in the table below in the Amended 2015 column. The Board is consistently apprised of the financial performance of these funds and is prepared to take actions necessary to sustain satisfactory levels of operating cash and fund balance.

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**Cobb County, Georgia**
## Cobb County, General Fund
## Comparison of 2015 and 2014 Amended Budgets

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Adopted 2015 | Amended 2015 | Final 2014 | (Negative) |
| Revenues | | | | |
| Taxes | $ 209,983,723 | $ 210,033,723 | $ 191,593,493 | $ 18,440,230 |
| Penalties & Interest | 4,361,000 | 4,361,000 | 4,561,800 | (200,800) |
| Other Taxes | 36,984,000 | 36,984,000 | 36,054,000 | 930,000 |
| Licenses and Permits | 21,821,700 | 21,835,620 | 21,327,569 | 508,051 |
| Intergovernmental Revenues | 3,115,500 | 3,179,986 | 3,762,834 | (582,848) |
| Charges for Services | 35,527,182 | 36,014,656 | 37,602,222 | (1,587,566) |
| Fines and Forfeitures | 9,995,000 | 11,925,031 | 12,063,465 | (138,434) |
| Interest Revenue | 71,100 | 71,602 | 177,520 | (105,918) |
| Contribution and Donations | - | 380,074 | 391,635 | (11,561) |
| Miscellaneous Revenue | 3,192,825 | 3,692,248 | 3,935,835 | (243,587) |
| Other Financing Sources | 172,200 | 172,200 | 222,284 | (50,084) |
| Transfers In | 15,564,031 | 15,922,268 | 19,864,852 | (3,942,584) |
| Fund Balance | - | 34,657,337 | 32,706,889 | 1,950,448 |
| Total Revenues | $ 340,788,261 | $ 379,229,745 | $ 364,264,398 | $ 14,965,347 |
| Expenditures | | | | |
| Personnel Services | $ 243,168,041 | 244,154,102 | 236,027,577 | 8,126,525 |
| Operating | 75,763,563 | 83,318,499 | 80,455,713 | 2,862,786 |
| Capital | - | 9,688,349 | 7,666,161 | 2,022,188 |
| Debt Service | 100,000 | 100,000 | 327,222 | (227,222) |
| Transfers Out | 15,235,537 | 19,222,341 | 28,553,150 | (9,330,809) |
| Contingencies | 6,521,120 | 22,746,454 | 11,234,575 | 11,511,879 |
| Total Expenditures | $ 340,788,261 | $ 379,229,745 | $ 364,264,398 | $ 14,965,347 |

The FY15 amended budget for the General Fund is approximately $14.9 million above the FY14 final budget. The significant changes to the budget are discussed below.

In the revenue section, taxes are budgeted to increase by approximately $18.4 million principally due to the increase in current year property tax collection. The FY15 budget was adopted assuming no change in FY14 millage rate of 7.32 mills, but a projected 2.85% increase in the General Fund taxable digest. Also, title ad valorem taxes which were passed during FY13 are budgeted to increase $6.1 million. Other taxes are $930,000 greater in FY15 from an increase in real estate transfer taxes and the insurance premium tax of $250,000 and $500,000 respectively. Licenses and permits are expected to increase approximately $500,000 in FY15 as the County anticipates an increase in business license fees ($450,000) and residential permits ($100,000). Charges for services are planned to decrease $1.6 million as the County reduced the budget in FY15 for intangible recording fees ($795,000) and deed recording fees ($397,400). Transfers in are budgeted to decline from a reduction in the Water Fund transfer. In FY14, the General Fund was budgeted to receive a transfer in from the Water Fund for 10% of the previous year’s water revenues collected, and in FY15 that percentage was reduced to 7%.

In the expenditure section, personnel services are greater in FY15 by approximately $8.1 million. A majority of the variance is the result of the addition of 58 new full-time positions with the adoption of the FY15 budget. Salaries, including full-time, part-time per day/hourly, and overtime, along with statutory payroll costs increased $3.2 million In addition, there was merit increase awarded during FY14 that caused the FY15 personnel budget to increase as a result. Also in the personnel services category, there was a $4.8 million increase in various benefits the largest of which was related to the County’s pension contribution which increased from 16.38% to 18.62% in order to reach the annual required contribution. As a result, the budget for the County’s portion of the pension contribution increased by approximately $3.5 million. Medical interfund transfers for employee health care costs were also budgeted to increase by $795,000 in FY15.

The operating expenditure budget is greater in FY15 by $2.7 million mainly from an increase in the County's contributions to incorporated cities within the County in relation to the renegotiation of HB 489 which offsets the cities' costs of duplicated services.

The capital expenditure budget is greater in FY15 by $2.0 million. The increase comes from the allocation of additional funds to replace and add to Cobb County's fleet of vehicles. Transfers out are approximately $9.3 million less in FY15 as several large capital projects in three major categories (IT improvements, new construction, and building repairs) and a decrease in existing subsidies to other funds. The three categories decrease the transfers out budget by approximately $9.2 million. The decrease in IT comes mostly from a $1.5 million upgrade of the Tyler Technology system used by the Tax Assessor and Tax Commissioner, a $1.4 million upgrade to the County's financial management system, and the addition of new Business License Application Software ($725,000) that were all budgeted in FY14 and not in FY15. New construction budged in FY14 and not in FY15 includes the design and construction of a Department of Driver Services building budgeted at $3.45 million, a building at 277 Fairground Rd. budgeted at $807,000, and the local match for a new Air Traffic Control Tower ($877,000). Building renovations / repairs includes the parking deck foundation repair ($170,000) and various roof replacements ($504,000). The decrease to existing subsidies totals $1.6 million with $593,000 for the Transit Fund and $999,000 for the Solid Waste Fund. Offsetting some of these decreases was a $1.7 million IT enhancement for the County's Content Management System in FY15 and $1.1 million for security system upgrades at Main Government Office and the parking decks and the relocation of the purchasing department.

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**Cobb County General Fund**
**Comparison of 2015 and 2014 Revenues and Expenditures**
**for Nine Months Ended June 30, 2015 and June 30, 2014**

| Revenues | Jun-15 Actual | Jun-14 Actual | Variance |
|---|---|---|---|
| Taxes | $ 28,372,170 | $ 30,507,371 | $ (2,135,201) |
| Penalties & Interest | 3,019,701 | 3,477,381 | (457,680) |
| Other Taxes | 35,746,750 | 33,793,132 | 1,953,618 |
| Licenses and Permits | 25,078,143 | 19,994,467 | 5,083,676 |
| Intergovernmental Revenues | 2,087,516 | 2,231,801 | (144,285) |
| Charges for Services | 27,975,488 | 26,347,586 | 1,627,902 |
| Fines and Forfeitures | 8,166,571 | 8,998,157 | (831,586) |
| Interest Revenue | 134,678 | 114,449 | 20,229 |
| Contribution and Donations | 205,511 | 373,167 | (167,656) |
| Miscellaneous Revenue | 4,871,081 | 4,430,088 | 440,993 |
| Other Financing Sources | 243,660 | 334,915 | (91,255) |
| Transfers In | 15,854,165 | 15,652,382 | 201,783 |
| Fund Balance | - | - | - |
| Total Revenues | $ 151,755,434 | $ 146,254,896 | $ 5,500,538 |
| | | | |
| Expenditures | | | |
| Personnel Services | 176,946,204 | 167,781,859 | 9,164,345 |
| Operating | 58,291,368 | 53,709,746 | 4,581,622 |
| Capital | 5,892,124 | 2,261,664 | 3,630,460 |
| Debt Service | 2,806 | 84,343 | (81,537) |
| Transfers Out | 4,249,712 | 6,149,994 | (1,900,282) |
| Total Expenditures | $ 245,382,214 | $ 229,987,606 | $ 15,394,608 |
| | | | |
| Change in Fund Balance | $ (93,626,780) | $ (83,732,710) | |

As of the month ended June 2015, General Fund revenues were $5.5 million more than in June 2014, which decreased from May's positive variance of $7.1 million. The decrease in positive variance was due to timing, because of improved technology and efficiencies the County was able to collect business license fees earlier in FY15. As the County gets closer to its fiscal year end of September 30, the Licenses and Permits variance should continue to reduce; however, business license fees is only one of fourteen revenue sources under Licenses and Permits, and all but two have positive variances. The increase in commercial and residential permits accounts for $3.7 million of the Licenses and Permits positive variance. The majority of the increase in Charges for Service was due to an increase of $998,000 for the commission on taxes from the Board of Education.

Despite the positive variance discussed above, there are a few revenue sources that are down compared to prior year. The Property Taxes and Penalties and Interest on Taxes categories both had a negative variance through June. The higher tax collection rate in FY14 caused prior year property tax collections and the penalties and interest on taxes to decrease in FY15. The Fines and Forfeitures category continued to generate a negative variance through June, and the variance continues to increase slightly each month. These revenue sources will be closely monitored for the remainder of FY15.

General Fund expenditures were $15.4 million more than June FY14. The largest components of the increase were in the Personnel Service, Operating Expenditures, and Capital Expenditure categories. Personnel Services for June FY15 were $9.2 million more than June FY14. Salaries, including part-time hourly and per day positions, were $5.1 million higher than in June FY14. A majority of the variance is the result of the addition of 58 new full-time positions with the adoption of the FY15 budget. In addition, there were 40 police officers added to the roster in April FY14 that were vacant June FY14 that are now filled. Also, a merit increase was awarded in February FY15 resulting in a salary increase to employees from 1%-4% based on performance. Lastly, there was a $4.1 million increase in various benefits the largest of which was related to the County's pension contribution which increased from 16.38% to 18.62% in order to reach the annual required contribution.

Operating expenditures through June FY15 were $4.6 million more than the same period in FY14. A majority of the variance can be attributed to four expenditure accounts. The largest variance in operating expenditures comes from contributions to incorporated cities within Cobb County relating to HB 489 which offsets the cities' costs of duplicated services accounting for $2.4 million of the variance. Medical & Dental Services were approximately $722,000 more than the same period in FY14. The majority of these expenditures are generated from treating inmates detained in the County's detention facility. These expenditures have the ability to fluctuate greatly based on the level of inmates needing treatment on a month to month basis. While it is assumed that this variance will be mitigated in the coming months this object will continue to be monitored to determine if variance will persist throughout the year. Road Maintenance contracts are also $589,000 higher than this time last year. The reason for this increase is that roadway maintenance began earlier in FY15 when compared to FY14 and this variance should continue in FY15. Lastly, Accountable Items increased $404,000 from June FY14. The budget for Accountable Items is approximately $422,000 higher in FY15 than FY14; therefore, it is expected that this variance should persist through the fiscal year.

Capital expenditures through June FY15 were $3.6 million more than the same period in FY14. A large majority of the variance comes from vehicle replacements. In addition to the $1.5 million of vehicle replacement funds approved by the Board for the past three years, an additional amount of $4.0 million was added to the FY15 budget as part of the reserve process.

The large negative change in fund balance shown in the table above is a result of timing with tax receipts received by the County. The millage rate for FY15 is set in July and tax bills will be mailed out in August 2015. The majority of all property tax revenues recorded for FY15 are expected to be received by the County between August and October 2015.

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**Property Tax Rates**

Ad valorem taxes are levied each year in August by the Board of Commissioners for the County and, according to the budget request of the Board of Education, for the Cobb County School System. Ad valorem taxes for the cities are levied by each of their respective governing bodies. Moneys collected by the Cobb County Tax Commissioner are paid to the County, the Board of Education and each of the respective cities as received. The following table sets forth the various tax rates per $1,000 of assessed value levied by the State of Georgia, the County, the Board of Education and each of the respective cities within the County.

**COBB COUNTY**
**Property Tax Rates**

| | Fiscal Years Ended September 30, | | | | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** |
| **MILLAGE RATES BY CATEGORY** | | | | | |
| State of Georgia | 0.250 | 0.250 | 0.200 | 0.150 | 0.100 |
| County Operations: | | | | | |
| Incorporated | 6.820 | 7.720 | 7.720 | 7.520 | 7.320 |
| Unincorporated | 6.820 | 7.720 | 7.720 | 7.520 | 7.320 |
| County Debt Service (Bonds) | 0.220 | 0.330 | 0.330 | 0.330 | 0.330 |
| School: | | | | | |
| Maintenance Operations | 18.900 | 18.900 | 18.900 | 18.900 | 18.900 |
| Fire Districts: | | | | | |
| Unincorporated | 2.560 | 3.060 | 3.060 | 3.060 | 3.060 |
| City Rates: | | | | | |
| Acworth | 7.600 | 7.600 | 7.600 | 7.600 | 7.600 |
| Austell | 3.123 | 3.123 | 4.000 | 4.000 | 3.060 |
| Kennesaw | 9.500 | 9.500 | 9.500 | 9.500 | 9.500 |
| Marietta | 23.203 | 23.203 | 23.203 | 22.728 | 24.016 |
| Powder Springs | 8.500 | 8.500 | 8.500 | 8.500 | 8.500 |
| Smyrna | 8.990 | 8.990 | 8.990 | 8.990 | 8.990 |
| Galleria Community Improvement District | 5.000 | 5.000 | 5.000 | 5.000 | 5.000 |
| Town Center Community Improvement District | 5.000 | 5.000 | 5.000 | 5.000 | 4.000 |
| Cumberland Special Service District II | - | - | - | - | 2.700 |
| | | | | | |
| **COMBINED MILLAGE RATES:** | | | | | |
| Cobb County with Fire | 28.750 | 30.260 | 30.210 | 29.960 | 29.710 |
| Cobb County without Fire | 26.190 | 27.200 | 27.150 | 26.900 | 26.650 |
| Cities: | | | | | |
| Acworth | 36.350 | 37.860 | 37.810 | 37.560 | 37.310 |
| Austell | 29.313 | 30.323 | 31.150 | 30.900 | 29.710 |
| Kennesaw | 38.250 | 39.760 | 39.710 | 39.460 | 39.210 |
| Marietta | 30.493 | 31.503 | 31.453 | 30.728 | 31.766 |
| Powder Springs | 37.250 | 38.760 | 38.710 | 38.460 | 38.210 |
| Smyrna | 35.180 | 36.190 | 36.140 | 35.890 | 35.640 |
| Galleria Community Improvement District | 33.750 | 35.260 | 35.210 | 34.960 | 37.410 |
| Town Center Community Improvement District | 33.750 | 35.260 | 35.210 | 34.960 | 33.710 |
| Cumberland Special Service District II | - | - | - | - | 32.410 |

Source: Cobb County Tax Commissioner's Office.

**Tax Digest, Millage, Levy and Collections**

The following tables set forth information concerning the assessed value of the property subject to taxation by the County for maintenance and operations of the County's General Fund and for the General Obligation Bond Sinking Fund below. Also presented below are the millage rates and information regarding the amount of taxes levied for each of the past five fiscal years and tax collections for such periods for the respective funds.

**General Fund and General Obligation Bond Sinking Fund**

| | Fiscal Years Ending September 30, | | | | |
|---|---|---|---|---|---|
| **TAX DIGEST** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Real property | $24,189,161,887 | $23,431,085,591 | $22,894,737,899 | $24,168,780,974 | $25,842,620,221 |
| Personal property | 2,990,728,676 | 2,901,783,664 | 3,005,768,196 | 3,072,303,669 | 3,285,988,674 |
| Public service corporation | 713,662,016 | 783,320,524 | 871,395,434 | 928,432,959 | 909,689,631 |
| Timber | - | - | 6,200 | 25,813 | - |
| Heavy Duty Equipment | 910,898 | 1,530,517 | 1,061,793 | 2,575,170 | 2,543,288 |
| Motor vehicle and mobile homes | 1,816,222,157 | 1,882,307,134 | 2,041,608,679 | 1,751,544,440 | 1,238,215,612 |
| GROSS TAXABLE DIGEST (1) | 29,710,685,634 | 29,000,027,430 | 28,814,578,201 | 29,923,663,025 | 31,279,057,426 |
| Exemptions (2) | 1,478,323,020 | 1,357,726,618 | 1,397,654,013 | 1,289,633,533 | 1,482,427,103 |
| GENERAL OBLIGATION BOND DIGEST | 28,232,362,614 | 27,642,300,812 | 27,416,924,188 | 28,634,029,492 | 29,796,630,323 |
| Exemptions(2) | 3,199,594,018 | 2,831,924,116 | 2,696,108,310 | 3,024,444,618 | 3,361,552,359 |
| GENERAL FUND TAX DIGEST | $25,032,768,596 | $24,810,376,696 | $24,720,815,878 | $25,609,584,874 | $26,435,077,964 |
| **TAX MILLAGE** | | | | | |
| General fund(2) | | | | | |
| Property and public Service corporation | 7.72 | 7.72 | 7.52 | 7.32 | 7.12 |
| Motor vehicle and mobile homes | 6.82 | 7.72 | 7.72 | 7.52 | 7.32 |
| General obligation bonds (3) | | | | | |
| Property and public Service corporation | 0.33 | 0.33 | 0.33 | 0.33 | 0.33 |
| Motor vehicle and mobile homes | 0.22 | 0.33 | 0.33 | 0.33 | 0.33 |
| TAX LEVY AND COLLECTIONS - GENERAL* | | | | | |
| Tax levy - current year (4) | $ 173,715,584 | $ 170,946,054 | $ 163,987,106 | $ 167,826,073 | $ - |
| Tax collection (5) | | | | | |
| Current year's levy | $ 87,262,326 | $ 60,328,905 | $ 55,813,788 | $ 50,189,934 | $ - |
| Prior years' levies | 116,242,433 | 86,577,604 | 110,987,382 | 108,574,310 | - |
| TOTAL TAX COLLECTIONS | $ 203,504,759 | $ 146,906,509 | $ 166,801,170 | $ 158,764,244 | $ - |
| Taxes uncollected | | | | | |
| Current year's levy | $ 86,453,258 | $ 110,617,149 | $ 108,173,318 | $ 117,636,140 | $ - |
| Prior years' levies | 3,150,607 | 2,950,355 | 2,473,909 | 2,011,687 | - |
| TOTAL TAXES UNCOLLECTED | $ 89,603,865 | $ 113,567,504 | $ 110,647,227 | $ 119,647,827 | $ - |

*Tax Levy and Collections – General: Information for Fiscal Year ending September 30, 2015 was not available at the time this document was prepared.

**(See notes on A-26)**

## Notes to Charts on Preceding Two Pages

(1) Georgia law requires that all property in the State be returned for taxation at its fair market value. Certain real property devoted to "bonafide agricultural purposes" may be eligible for either Preferential Assessment or Conservation Use Valuation (CUVA). Properties receiving Preferential Assessment are assessed at 30% of fair market value. Properties receiving CUVA are subject to a 10 year covenant and are valued at fair market value but are taxed based on a land schedule published each year by the Department of Revenue. These programs are subject to certain ownership, use, and acreage requirements. Standing Timber is assessed at one time, following its sale or harvest, at 100% of its fair market value. The Department of Revenue determines the fair market value of Motor Vehicles, Mobile Homes and Public Utilities. The counties determine the fair market value of real estate and personal property. Each year the counties submit their real and personal property digest to the Department of Revenue for approval.

(2) Georgia law provides for a homestead exemption from all taxes of $50,000 of assessed valuation for disabled veterans meeting certain income restrictions and a disabled veterans motor vehicle tax exemption. The law also provides for a homestead exemption of $4,000 of assessed valuation for persons 65 or over meeting certain other income restrictions.

Voters in November 1986 approved a constitutional amendment increasing the $2,000 homestead exemption for the County maintenance and operation to $6,000 for the tax year beginning January 1, 1987 and to $10,000 for tax years 1988 and thereafter. This homestead exemption is available to all qualifying persons except disabled veterans as provided above.

Effective beginning in tax year 2001 any resident who occupies their property as their legal residence and receives homestead exemption will also benefit from the Cobb County Property Taxpayer Reassessment Relief Act. In case of a property reassessment, this Act increases the homestead exemption amount allowed for the county maintenance and operation taxes in an amount equal to the amount that the assessed value increases.

These exemptions are not cumulative and must be applied for by eligible persons.

The County also provides a Freeport Inventory Exemption for eligible manufacturers and distributors. For manufacturers, the exemption applies to raw material, work in process, and finished goods (not over one year old) on hand January 1 of each year. For distributors, goods destined for sale outside of the State on hand January 1 of each year are eligible for the Freeport Exemption. The exemption can be from 0% to 100%, but must be in multiples of 20%. Once set, the exemption may not be reduced for 10 years. Since 1987, the Board of Commissioners has set the exemption at 100%.

(3) For vehicles purchased prior to March 1, 2013, Motor Vehicle taxes are due throughout the entire year and their billing and collection is staggered from January through December based on the birth date of the owner. Effective March 1, 2013, HB386 created the Title Ad Valorem Tax Fee which replaced the "birthday tax" with a one-time fee whenever title to a vehicle changes hands. The fee is assessed on new and used vehicles purchased at dealerships or in private party sales and on vehicles moved into Georgia from out of state.

Mobile Home taxes are also levied based on the previous year's millage rates. These taxes are billed January 1st and are due by May 1st of each year.

(4) Taxes are generally billed in August of each year and are due when billed. Taxes become past due and late penalties are assessed 60 days later.

(5) Tax collections are net of errors and releases include "Not on digest" collections. Taxes paid after 60 days are subject to a 5% penalty plus 1% interest per month on the unpaid balance thereof calculated on the principal plus the 5% penalty. FiFa charges are added January 1 in the amount of $5.50 on taxes due of $100 or less and in the amount of $10.50 for taxes due over $100. Tax collections do not include penalties and interest.

When property taxes become delinquent, state law requires that a written notice be mailed to the respective owners of the property upon which taxes have become delinquent. This notice gives 30 days notice of the County's intention to sell property in order to recover taxes due. At the end of the 30-day period, a mass recording of a general execution document is filed on personal property. Any taxes remaining uncollected on personal property are turned over to a private collection agency in March of each year.

In addition to the 30-day notice, delinquent taxes on real property must also be published in the local paper with a notice of the County's intention to sell the property for overdue taxes. After this published notice, another 60 days is required before the County can proceed further. Additionally, delinquent taxes on real property are listed from highest to lowest amounts owed. Employees in the delinquent tax collections department then make other attempts by mail or telephone to contact the property owners and collect delinquent taxes due.

A summary of General Fund and General Obligation Bond Sinking Fund delinquent taxes receivable at September 30, 2014 is as follows:

| | |
|---|---|
| 2013 | $830,647 |
| 2012 | 374,134 |
| Prior | 889,258 |
| Total | $2,094,039 |

**Principal Taxpayers**

The following are the ten largest payers of ad valorem taxes in the County for fiscal year 2014. There can be no assurance that any of these taxpayers will continue to own and pay taxes on property located in the County. No independent investigation has been made of, and no representation can be made as to, the financial conditions or stability of the taxpayers shown below.

**Cobb County, Georgia**

**<u>Principal Taxpayers</u>**

| Taxpayer | Type of Business | Taxes Levied (1) | Percentage of Total Taxes Levied |
|---|---|---|---|
| Georgia Power Co. | Utilities | $ 14,620,355.00 | 2.28 % |
| Home Depot | Retail | 7,201,395.00 | 1.13 |
| Lockheed Martin Corp | Aircraft Manufacturing | 4,340,189.00 | 0.68 |
| BellSouth Telecommunication | Telecommunications | 3,397,879.00 | 0.53 |
| Cobb EMC | Utilities | 3,124,996.00 | 0.49 |
| Ohio Teacher's Retirement Fund | Retirement Plan | 3,085,634.00 | 0.48 |
| Atlanta Gas Light | Utilities | 2,229,742.00 | 0.35 |
| CP Venture Five, LLC | Real Estate | 1,675,581.00 | 0.26 |
| Inland Properties | Real Estate | 1,626,265.00 | 0.25 |
| Walton Communities | Real Estate | 1,485,799.00 | 0.23 |
| Others | | 597,778,506.00 | 93.32 |
| Total Taxes Levied | | $ 640,566,341.00 | 100.00 % |

__________

Source: Cobb County Tax Commissioner

(1) Total tax levied for Cobb County Government and Cobb County Board of Education.

**Summary of Indebtedness and Contractual Obligations**

***General Obligation Bonds and Notes:***

Presented below is a table of General Obligation Bonds and Notes payable from General Fund and General Obligation Bond Sinking Fund revenues as of September 30, 2014.

| Description | Amount Authorized | Amount Outstanding on September 30, 2014 |
|---|---|---|
| General Obligation Bonds | | |
| Refunding Bonds - 2005 | $ 18,345,000 | $ 6,315,000 |
| Park Bonds - 2007 | 25,000,000 | 11,790,000 |
| Park Bonds - 2008 | 15,000,000 | 7,960,000 |
| Tax Anticipation Notes -2014 | 19,760,000 | 19,760,000 |
| | $ 78,105,000 | $ 45,825,000 |

The original principal amount of general obligation bonds and notes payable from General Fund and General Obligation Bond Sinking Fund revenues at September 30, 2014 are comprised of the following individual issues:

***Tax Anticipation Notes:***

$19,760,000 Cobb County Tax Anticipation Notes, Series 2014, interest rate 0.50%, were paid in full on November 28, 2014. The $19,760,000 represented the General Fund's Portion of a $52,000,000 issue, the remainder of which is payable by the Fire District. On July 29, 2015, the County issued its $30,000,000 Cobb County Georgia General Obligation Tax Anticipation Notes, Series 2015, which bear interest at a rate of 0.17% with a final maturity of October 30, 2015

***General Obligation Bonds (General Obligation Bond Sinking Fund):***

$18,345,000 2005 General Obligation Refunding Bonds due in remaining annual installments of $2,015,000 to $2,200,000 through January 1, 2017; interest at 4.00% to 5.00%.

$25,000,000 2007 General Obligation Park Bonds due in remaining annual installments of $3,735,000 to $4,130,000 through January 1, 2017; interest at 4.25% to 5.00%.

$15,000,000 2008 General Obligation Park Bonds due in remaining annual installments of $1,875,000 to $2,185,000 through January 1, 2018; interest at 3.25%.

**(Remainder of Page Intentionally Left Blank)**

***Revenue Bonds, Notes Payable Secured by Pledge of Contractual Obligations and Certificates of Participation:***

Presented below is a table of Revenue Bonds and Notes Payable that are payable from the revenues of the financed facilities and other available funds and are also secured by a pledge of general obligation intergovernmental contractual instruments of the County whereby the County (1) has agreed to make payments to the extent that amounts on deposit from dedicated revenue sources and other available funds are insufficient to satisfy the principal and interest payments as they become due and (2) has pledged its full faith and credit to secure its contractual payment obligations.

| Description | Amount Authorized | Amount Outstanding on September 30, 2014 |
|---|---|---|
| Revenue Bonds Secured by Pledge of Contractual Obligations: (1) | | |
| Kennestone Hospital Authority | | |
| Revenue Anticipation Certificates, Series 2014 | $ 6,315,000 | $ 6,315,000 |
| Cobb-Marietta Coliseum and Exhibit Hall Authority | | |
| Junior Lien Revenue Refunding Bonds - 2009 | 14,335,000 | 11,155,000 |
| Cobb-Marietta Coliseum and Exhibit Hall Authority | | |
| Revenue Bonds - 2013 | 41,635,000 | 41,635,000 |
| Cobb County Solid Waste Management Authority | | |
| Revenue Refunding Bonds - 2004 (2) | 19,285,000 | 2,000,000 |
| Notes Payable Secured by Contractual Obligations | | |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2008 | 35,000,000 | 27,162,079 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2009 | 35,000,000 | 16,761,410 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2010 | 25,000,000 | 21,035,774 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2010 | 6,000,000 | 4,940,538 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2011 | 25,000,000 | 21,390,348 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2011 | 35,000,000 | 31,452,946 |
| Georgia Environmental Facilities Authority Clean Water | | |
| State Revolving Funds Notes - Series 2012 | 35,000,000 | 33,341,592 |
| Certificates of Participation Secured by Pledge on Contractual Obligation: | | |
| Association County Commissioners of Georgia Leasing Program | | |
| Certificates of Participation - Series 2010 | 10,730,000 | 9,670,000 |
| | $ 288,300,000 | $ 226,859,687 |

(1) On April 14, 2015, the County adopted a Resolution indicating its intent to enter into an intergovernmental contract with the South Cobb Redevelopment Authority ("SCRA") wherein the County would agree, among other things, to pay the SCRA amounts necessary to enable it to pay debt service on bonds not exceeding an original par amount of $10,000,000 to provide funds for, among other things, certain redevelopment projects in the area comprising the SCRA.

(2) On January 1, 2015, the County paid in full the outstanding Cobb County Solid Waste Management Authority Revenue Refunding Bonds, Series 2004.

As of the date of this Official Statement the revenues generated by the financed facilities and other revenues earmarked by the issuer or the County always have been sufficient to pay the amounts due under the County's intergovernmental contracts pledged to secure the following issues of bonds and, thus, sufficient to pay debt service on the related bonds/notes/certificates of participation when due. The County has never been called upon to exercise its general obligation taxing authority under such intergovernmental contracts pledged to secure the following:

$6,315,000 2014 Kennestone Hospital Authority Revenue Anticipation Certificates, Series 2014 due in remaining annual installments of $245,000 to $410,000 through July 1, 2035; interest at 2.00% to 3.25%.

$14,335,000 2009 Cobb-Marietta Coliseum and Exhibit Hall Authority Junior Lien Revenue Refunding Bonds due in remaining annual installments of $730,000 to $1,130,000 through July 1, 2026; interest at 3.00% to 4.00%.

$41,635,000 2013 Cobb-Marietta Coliseum and Exhibit Hall Authority Refunding Revenue Bonds due in annual installments of $1,580,000 to $4,155,000 through January 1, 2029; interest at 4.00% to 5.00%.

$35,000,000 2008 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $1,505,473 to $2,289,982 through December 1, 2028; interest at 3.00%.

35,000,000 2009 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $1,797,217 to $2,284,021 through October 1, 2022; interest at 3.00%.

$25,000,000 2010 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $1,016,132 to $1,592,117 through August 1, 2030; interest at 3.00%.

$6,000,000 2010 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $248,003 to $388,739 through February 1, 2030; interest at 3.00%.

$25,000,000 2011 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $956,553 to $1,544,936 through August 1, 2031; interest at 3.00%.

$35,000,000 2011 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in remaining annual installments of $1,363,464 to $2,269,120 through January 1, 2032; interest at 3.00%.

$35,000,000 2012 Georgia Environmental Facilities Authority Clean Water State Revolving Fund Notes due in annual installments of $1,424,006 to $2,088,684 through January 1, 2033; interest at 2.13%

$10,730,000 2010 Association County Commissioners of Georgia Leasing Program Certificates of Participation due in remaining annual installments of $320,000 to $780,000 through January 1, 2031; interest at 2.50% to 4.50%.

**Debt Service Information**

The following table sets forth the amounts which the County must provide to pay combined debt service on its outstanding general obligation indebtedness (excluding the TANs) and the solid waste facility contractual obligation for which it is the primary payor during each fiscal year ending September 30.

| | General Obligation Debt | | Contractual Obligation | | |
|---|---|---|---|---|---|
| **September 30** | **Principal** | **Total Principal and Interest** | **Principal** | **Total Principal and Interest** | **Combined Total Principal and Interest** |
| 2015 | $ 7,625,000.00 | $ 8,554,237.50 | $ 2,000,000.00 | $ 2,050,000.00 | $ 10,604,237.50 |
| 2016 | 7,950,000.00 | 8,557,412.50 | - | - | 8,557,412.50 |
| 2017 | 8,305,000.00 | 8,562,118.75 | - | - | 8,562,118.75 |
| 2018 | 2,185,000.00 | 2,220,506.25 | - | - | 2,220,506.25 |
| | $ 26,065,000.00 | $ 27,894,275.00 | $ 2,000,000.00 | $ 2,050,000.00 | $ 29,944,275.00 |

Information relating to the County's capital lease obligations is included in note 7 to the County's financial statements for fiscal year 2014 included as Appendix F hereto. The present value of minimum lease payments at September 30, 2014 was approximately $1,115,021.

**Direct and Overlapping Debt and Contractual Obligations***

| Cobb County | Direct and Overlapping Debt and Contractual Obligations Years Ended September 30 | | | | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** |
| Tax Anticipation Notes | $ 113,500,000 | $ 110,250,000 | $ 98,000,000 | $ 67,000,000 | $ 52,000,000 |
| Direct General Obligation Debt | 53,480,000 | 47,070,000 | 40,370,000 | 33,375,000 | 26,065,000 |
| Direct Contractual Obligations | | | | | |
| Cobb County Solid Waste Management Authority | 10,030,000 | 8,000,000 | 6,150,000 | 4,050,000 | 2,000,000 |
| Total Direct Debt and Contractual Obligations | 177,010,000 | 165,320,000 | 144,520,000 | 104,425,000 | 80,065,000 |
| Overlapping General Obligation Debt | | | | | |
| City of Austell | 5,205,000 | 5,205,000 | - | - | - |
| City of Kennesaw | 13,015,000 | 12,580,000 | 12,125,000 | 11,650,000 | 11,155,000 |
| City of Marietta | 61,360,706 | 59,423,790 | 53,564,180 | 47,970,914 | 105,140,000 |
| City of Powder Springs | 9,021,038 | 9,021,038 | 8,015,000 | 7,560,000 | 7,085,000 |
| Total Overlapping General Obligation Debt | 88,601,744 | 86,229,828 | 73,704,180 | 67,180,914 | 123,380,000 |
| Overlapping Contractual Obligations (2): | | | | | |
| Downtown Marietta Development Authority | 43,490,000 | 55,844,438 | 30,085,000 | 27,895,000 | 25,510,000 |
| Downtown Smyrna Development Authority | 37,105,000 | 51,740,000 | 50,370,000 | 48,945,000 | 47,025,000 |
| Downtown Acworth Development Authority | 10,655,000 | 10,655,000 | 9,757,117 | 7,950,000 | 10,645,000 |
| Downtown Kennesaw Development Authority | 4,050,000 | 3,790,000 | 3,515,000 | 3,230,000 | 2,930,000 |
| Kennesaw Urban Redevelopment Agency | 4,200,000 | 4,070,000 | 3,930,000 | 3,785,000 | 7,313,492 |
| Total Overlapping Contractual Obligations | 99,500,000 | 126,099,438 | 97,657,117 | 91,805,000 | 93,423,492 |
| Total Direct Debt, Overlapping General Obligation Debt and Overlapping Contractual Obligations | $ 365,111,744 | $ 377,649,266 | $ 315,881,297 | $ 263,410,914 | $ 296,868,492 |
| **Cobb County Debt Per Capital** | | | | | |
| Tax Anticipation Notes | $ 164.95 | $ 158.63 | $ 139.60 | $ 94.50 | $ 71.54 |
| Direct General Obligation Debt | 77.72 | 67.73 | 57.51 | 47.07 | 35.86 |
| Direct Contractual Obligations | 14.58 | 11.51 | 8.76 | 5.71 | 2.75 |
| Overlapping General Obligation Debt | 128.77 | 124.07 | 104.99 | 94.75 | 169.75 |
| Overlapping Contractual Obligations | 144.61 | 181.44 | 139.11 | 129.49 | 128.53 |
| Total Debt Per Capital | $ 530.63 | $ 543.38 | $ 449.97 | $ 371.52 | $ 408.43 |
| Population (1) | 688,078 | 695,000 | 702,000 | 709,000 | 726,850 |

(1) 2009 is from U.S. Census Intercensal Estimates of Residential Population for Counties of Georgia and are as of July 1 of each year. 2010 is the U.S. Census count as of April 2010. 2011-2013 are estimated by the Cobb County Finance Department based on 2010 plus 1% growth in each year. 2014 data is from Woods and Poole.
(2) The cities and the respective development authorities are situated entirely within the geographic boundaries of the County.
* Does not include the contractual obligations reflected on A-29 which have a designated revenue source.

**Constitutional Debt Limitation**

The present constitutional limitation on direct general obligation debt for the County is an amount equal to 10% of the assessed valuation of all taxable property for debt service purposes within the County. The following table sets forth the legal debt margin of the County as of September 30, 2014:

| | |
|---|---|
| Gross Assessed Valuation for Debt Service Purposes | $ 29,923,663,025 |
| | |
| Debt Limit of 10% of Assessed Value | $ 2,992,366,303 |
| Amount of debt applicable to debt limit: Outstanding general obligation debt | 26,065,000 |
| Legal Debt Margin | $ 2,966,301,303 |

# APPENDIX B

# CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS

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# APPENDIX B

## CERTAIN DEFINITIONS AND SUMMARIES OF CERTAIN BOND DOCUMENTS

The following are certain definitions from the Intergovernmental Agreement, the Indenture and certain documents related to the development and operation of the Project, and a summary of certain provisions of the Intergovernmental Agreement and the Indenture, which summary does not purport to be definitive or a complete statement of the terms thereof. Reference is hereby made to the documents for complete recitals of the terms and provisions thereof.

## CERTAIN DEFINITIONS

"**Act**" means an Act creating the Cobb-Marietta Coliseum and Exhibit Hall Authority, approved March 26, 1980 (Ga. laws 1980, p. 4091), as amended by an Act approved April 9, 1981 (Ga. laws 1981, p. 4350), and as amended by an Act approved March 28, 1986 (Ga. laws 1986, p. 5549), and as amended by an Act approved March 27, 1991 (Ga. laws 1991, p. 3531), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4286), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4495).

"**Additional Bonds**" means any revenue bonds of the Authority ranking on parity with the Series 2015 Bonds that may be issued in accordance with the Revenue Bond Law and the terms of the Indenture to provide additional financing with respect to the Project, provided that such Additional Bonds may be issued only with County Board Approval.

"**Administrative Services Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Affiliate**" of a specified Person means any corporation, partnership, limited liability company, sole proprietorship or other Person that directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the Person specified. The terms "control", "controlled by", or "under common control" mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person.

"**ANLBC**" means the Atlanta National League Baseball Club, Inc., a Georgia corporation and the owner and operator of the Atlanta Braves, and its successors and assigns.

"**ANLBC Contribution**" means no less than Two Hundred Thirty Million Dollars ($230,000,000). The ANLBC Contribution will automatically be increased by the interest accrued in the ANLBC Contribution Account relating to the ANLBC Contribution. The ANLBC Contribution may be increased by all or a portion of the ANLBC Discretionary Amount if and only if ANLBC elects, in its sole discretion, to contribute all or a portion of the ANLBC Discretionary Amount to the ANLBC Contribution. The ANLBC Contribution may be made by one or more of the Braves Parties.

"**ANLBC Contribution Account**" means the trust account by that name created and held by the Trustee within the Construction Fund under the Indenture.

"**ANLBC Discretionary Amount**" means up to Fifty Million Dollars ($50,000,000) which may be contributed (or not contributed) in ANLBC's sole and absolute discretion. The ANLBC Discretionary Amount may be contributed or not contributed by one or more of the Braves Parties in its sole and absolute discretion.

"**Applicable Law**" means any and all laws (including all statutory enactments and common law), constitutions, treaties, statutes, codes, ordinances, charters, resolutions, orders, rules, regulations, guidelines, orders, standards, governmental approvals, authorizations, or other directives or requirements of any governmental authority enacted, adopted, promulgated, entered, implemented, ordered or issued and in force or deemed applicable by or under the authority of any governmental authority.

"**Architect**" means Populous, Inc. as the architect for the Project approved by the County and ANLBC, or any replacement or successor architect for the Project approved by the County and ANLBC.

"**Assurance Agreement**" means the Assurance Agreement, dated as of May 27, 2014 by and among the Authority, the County and ANLBC, whereby ANLBC guaranties all payment obligations and performance obligations of affiliates of ANLBC related to the Project, as the same may be modified, supplemented or amended from time to time in accordance with its terms.

"**Authority**" means the Cobb-Marietta Coliseum and Exhibit Hall Authority and its successors and assigns under the Indenture.

"**Authority Parking Areas**" means the Authority-owned parking areas located on the Project Site.

"**Authorized Authority Representative**" means the person or persons at the time designated, by written certificate furnished to the County and the Trustee, as the person or persons authorized to act on behalf of the Authority. Such certificate will contain the specimen signature of such person or persons, will be signed on behalf of the Authority by its Chairman, Vice Chairman or Secretary, and may designate an alternate or alternates. An Authorized Authority Representative may, but need not be, an officer or employee of the Authority.

"**Authorized County Representative**" means the person or persons at the time designated, by written certificate furnished by the County to the Authority and the Trustee, as the person or persons authorized to act on behalf of the County. Such certificate will contain the specimen signature of such person or persons, will be signed on behalf of the County by the Chairman or Vice Chairman of the Board of Commissioners of the County and may designate an alternate or alternates. An Authorized County Representative may, but need not be, an officer or employee of the County.

"**Authorized Representative**" of any other party or entity (other than the County and the Authority) means the person or persons at the time designated, by written certificate furnished to the Trustee, the Authority and the County as the person or persons authorized to act on behalf of such party or entity.

"**BCC**" means Braves Construction Company, LLC, a Delaware limited liability company authorized to do business in the State of Georgia.

"**Board of Commissioners**" means the Board of Commissioners of the County.

"**Bond**" means any of, and "Bonds" means all of, the then outstanding bonds authenticated and delivered under the Indenture, including the Series 2015 Bonds, Additional Bonds and Refunding Bonds, all of which will be issued in conformity with the Revenue Bond Law. The term "outstanding" when used with reference to Bonds means, as of any particular time, all Bonds delivered by the Trustee under the Indenture and secured thereby, except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds which are deemed to have been paid in accordance with the Indenture;

(iii) Bonds for the payment or redemption of which money in the necessary amount has been deposited in trust with the Trustee; provided, that if such Bonds are to be redeemed prior to the scheduled payment date thereof, notice of such redemption will have been given as provided in the Indenture, or provision satisfactory to the Trustee will have been made for giving such notice; and

(iv) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the terms of the Indenture.

"**Bond Counsel**" means a firm of attorneys with nationally recognized experience in municipal finance matters selected by the County and appointed by the Authority at the request of the County, and initially means Butler Snow LLP, Atlanta, Georgia.

**"Bond Documents"** means the Indenture and other documents governing or otherwise providing for the terms of and security for the Bonds.

**"Bond Proceeds Account"** means the trust account by that name created and held by the Bond Trustee within the Debt Service Fund under the Trust Indenture.

**"Bondholder"** or **"Bond Owner"** or **"holder"** or **"owner"** means a Person in whose name a Bond is registered in the Register maintained by the Trustee.

"**Braves Parties**" means, collectively, ANLBC, BRED, BSC and BCC.

"**BRED**" means BRED Co., LLC, a Georgia limited liability company.

"**BSC**" means Braves Stadium Company, LLC, a Delaware limited liability company authorized to do business in the State of Georgia.

"**Business Day**" means any day, other than a Saturday or Sunday, on which banking institutions are open in the city in which the Designated Corporate Trust Office is located or on which the payment system of the U.S. Federal Reserve is operational.

"**CA Agreement**" means that certain construction administration agreement by and among the County and BCC pursuant to which BCC will act as the construction administrator for the Project.

"**Calendar Year**" means the twelve-month period extending from January 1 to the next succeeding December 31.

"**CID Contract**" means the Intergovernmental Agreement dated as of May 27, 2014, between the County and the Cumberland CID, with respect to the Cumberland CID's contribution of $10,000,000 to finance in whole or in part the acquisition, construction and equipping of one or more components of the Project in accordance therewith and in accordance with the Indenture, as the same may be modified, supplemented or amended from time to time in accordance with its terms.

**"CID Contribution"** means the contribution or contributions from the CID in the minimum aggregate amount of Ten Million Dollars ($10,000,000) for deposit into the CID Contribution Account within the Construction Fund under the Indenture in accordance with the CID Contract.

**"CID Contribution Account"** means the trust account by that name created and held by the Bond Trustee within the Construction Fund under the Trust Indenture.

"**CM at Risk**" means the construction manager at risk retained by the County pursuant to the Construction Contract for the construction of the Project, initially American Builders 2017, A Joint Venture, composed of M.A. Mortenson Company, Brasfield & Gorrie, Barton Malow Company and New South Construction.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all applicable regulations promulgated thereunder.

"**Completion Certificate**" means the certificate, the form of which is attached to the Indenture, executed by the parties identified in the Indenture and delivered to the County, the Authority and the Trustee pursuant to the Indenture, evidencing completion of the Project, and certain other matters.

"**Completion Date**" means the date of substantial completion of the acquisition, construction and equipping of the Project, as evidenced by the delivery of the Completion Certificate in accordance with the Indenture.

"**Construction Administrator**" means Braves Construction Company, LLC, a Delaware limited liability company authorized to do business in the State.

"**Construction Contract**" means the guaranteed maximum price design-build contract entered into by the County with the CM at Risk pursuant to the Intergovernmental Agreement providing for the construction and equipping of the Project, initially the Stadium Construction Management Agreement, between the County and the CM at Risk, dated May 27, 2014, as the same may be supplemented or amended from time to time, or any substitute contract entered into by the County providing for the design, construction and equipping of the Project.

"**Construction Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Construction Fund Requisition**" means a written requisition substantially in the form of the "Construction Fund Requisition" attached to the Indenture, executed and approved by the parties identified in the Indenture seeking disbursement of money from the Bond Proceeds Account, the CID Contribution Account, or the ANLBC Contribution Account, as applicable, in accordance with the Indenture.

"**Continuing Disclosure Certificate**" means the Continuing Disclosure Certificate, dated as of September 1, 2015, of the County, to be entered into as of the Issuance Date contemporaneously with the issuance of the Series 2015 Bonds, as the same may be modified, supplemented or amended from time to time in accordance with its terms.

"**Contract Payments**" means the payments to be made by the County to or for the account of the Authority to the Trustee pursuant to Section 5.1(a) of the Intergovernmental Agreement, which payments shall be sufficient to enable the Authority to pay the principal and interest on the Bonds when due on each Interest Payment Date and redemption date; the County will receive a credit against such payment obligation for any funds held by the Trustee under the Indenture for such purpose at least three (3) Business Days prior to any such Interest Payment Date or redemption date.

"**Contract Payment Date**" means the second (2nd) Business Day prior to the date on which the Authority is obligated to pay principal or interest on the Bonds, including, without limitation, each Interest Payment Date and each redemption date under the Indenture.

"**Costs of Construction**" means all costs required to be paid under the terms of the Construction Contract or any other contracts for the acquisition, construction, equipping and improvement of the Project approved by an Authorized County Representative, including but not limited to the following:

(i) obligations incurred for labor and materials in connection with the design, acquisition, construction, equipping and improvement of the Project;

(ii) the cost of performance bonds, payment bonds or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Project;

(iii) all costs of engineering, architectural and related services, including the costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, supervising, monitoring, managing (including costs related to the County Project Manager) and auditing construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Project, including costs of preparing and securing all documents related to the acquisition, design, construction, equipping and installation of the Project;

(iv) the cost of the acquisition of the Project Site and the cost of owner's title insurance therefor;

(v) the cost of the acquisition, design, construction, equipping and installation of the Project, including site preparation;

(vi) all costs required to be paid with respect to the Project under the terms of the Construction Contract;

(vii) payment of all other costs which are considered to be a part of the costs of the Project in accordance with generally accepted accounting principles;

(viii) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under the Construction Contract or any other construction related contract; and

(ix) any sums required to reimburse the Authority or the County or a third party for advances by any of them for any of the above items or for any other costs incurred and for work done by any of them that are properly chargeable to the Project, provided such costs are approved for reimbursement by the County.

"**Cost Overrun(s)**" means that amount which is equal to the difference between (a) the Final GMP set forth in the GMP Amendment under the Stadium Construction Management Agreement and (b) the actual cost of the CM at Risk to perform and complete the Work pursuant to the Stadium Construction Management Agreement (but specifically excluding the following: (i) any amounts for which the CM at Risk is responsible in accordance with the Stadium Construction Management Agreement; (ii) any costs caused by the negligent acts or omissions of the County arising under the CA Agreement (expressly excluding from this (ii) negligent acts or omissions that the County would not be responsible for under Applicable Law); (iii) any costs caused by the breach of the CA Agreement by the County that causes a compensable delay to the progress of the Work of the CM at Risk under the Stadium Construction Management Agreement; and (iv) any costs included in any executed Change Order expressly requested by the County).

"**County**" means Cobb County, Georgia, a political subdivision of the State.

"**County Board Approval**" means the approval or consent of the Board of Commissioners as evidenced by (a) a resolution adopted by the Board of Commissioners or (b) a written document executed by the Chairman or Vice Chairman of the Board of Commissioners or another duly authorized official of the County, as applicable, pursuant to authorization from the Board of Commissioners.

"**County Contribution**" means the proceeds of the Series 2015 Bonds deposited into the Bond Proceeds Account within the Construction Fund under the Indenture, the CID Contribution, the Transportation Improvement Contribution and any other funds which may be made available for the Project. In no event will any portion of the County Contribution be used or include funds for the Improvement or alteration of any privately-owned property.

"**County Parties**" means, collectively, the County and the Authority.

"**County Project Manager**" means the Project Manager appointed by the County to perform certain duties on behalf of the County in connection with monitoring the construction and equipping of the Project, as the same shall be identified to the Trustee and the Authority by written certificate of an Authorized County Representative.

"**Cumberland CID**" means the Cumberland Community Improvement District, a public corporation and community improvement district created and existing pursuant to the laws of the State.

"**Debt Service Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Designated Corporate Trust Office**" means the corporate trust office of the Trustee as designated by written notice from the Trustee to the Authority and the County, which initially is U.S. Bank National Association, Corporate Trust Group, 1349 West Peachtree Street, NW, Suite 1050, Atlanta, Georgia 30309.

"**Development Agreement**" means the Development Agreement dated as of May 27, 2014, by and among the Authority, the ANLBC, BRED Co., LLC, a Georgia limited liability company, Braves Stadium Company, LLC, a Delaware limited liability company authorized to do business in the State, and the Construction Administrator.

"**DTC**" means The Depository Trust Company.

"**Electronic Means**" means a written communication sent by electronic means that allows the receiver to create a hard copy thereof and the receipt of which has been confirmed by the sender electronically or otherwise.

**"Equipment"** means the equipment acquired as a part of the Project.

"**Event of Default**" has the meaning set forth in Article VIII of the Indenture.

"**Final GMP**" means the absolute not-to-exceed limit, or guaranteed maximum price, for the cost of the Work for the Project as agreed to by the County and the CM at Risk pursuant to the Stadium Construction Management Agreement.

"**Force Majeure**" means acts of God, natural disaster, accidents, fire or other casualty, earthquake, hurricane, tornadoes, named storms, flood, war, riot, intervention by civil or military authorities of government, insurrection, or other civil commotion, governmental action (except that, as to the County, governmental action will exclude any governmental action or inaction with respect to the granting or withholding of any governmental approvals or permits needed for, among other things, the Project or other areas within the control of the County taken in contravention of Applicable Law), material shortages, industry wide strikes, boycotts, lockouts or labor disputes (including, without limitation, labor disputes involving MLB players that result in missed games), or any other similar or like event or occurrence beyond the reasonable control of a Party hereto, that causes such Party to be delayed or hindered in, or prevented from, the performance of any covenant or obligation thereunder.

"**GMP Amendment**" means the amendment to the Stadium Construction Management Agreement establishing the Final GMP.

"**Improvements**" means all physical construction, development or improvement of any part or component of the Project, but excluding capital maintenance and repairs.

"**Indenture**" means the Trust Indenture dated as of September 1, 2015 between the Authority and the Trustee, as the same may be amended or supplemented from time to time in accordance with the terms thereof.

"**Insurance Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Interest Account**" means the trust account by that name created and held by the Trustee within the Debt Service Fund under the Indenture.

"**Interest Payment Date**" means, with respect to the Series 2015 Bonds, January 1 and July 1 of each year, commencing January 1, 2016, and with respect to any Additional Bonds, the interest payment dates specified therefor in a Supplemental Indenture authorizing the issuance of such series of Additional Bonds, so long as any Bonds are outstanding in the Indenture, on which any interest is payable on the Bonds.

"**Intergovernmental Agreement**" means that certain Intergovernmental Agreement, dated as of May 27, 2014, between the County and the Authority, as the same may be amended or supplemented from time to time in accordance with its terms and the Indenture.

"**Intergovernmental Contracts Clause**" means and refers to Article IX, Section III, Paragraph I of the Georgia Constitution.

"**Issuance Costs**" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the County relating to the issuance of the Bonds, including, but not limited to, all costs paid or incurred by the County or the Authority in connection with the Project at any time prior to or after delivery of the Bonds with respect to the issuance, sale, and delivery of the Bonds, including, but not limited to, initial or acceptance fees and expenses of the Trustee, legal, accounting, financial, rating agency fees and expenses, fees and expenses of the Authority, printing costs, and other fees and costs in connection therewith.

"**Issuance Costs Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Issuance Costs Requisition**" means a written requisition substantially in the form of the "Issuance Costs Fund Requisition" attached to the Indenture and signed and approved by the parties identified in the Indenture seeking disbursement of money from the Issuance Costs Fund in accordance with the Indenture.

"**Issuance Date**" means the date of original issuance and delivery of the respective issue of the Bonds.

"**Lien**" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes.

"**Major League Baseball**" or "**MLB**" or "**Office of the Commissioner**" or "**Office of the Commissioner of Baseball**" means, collectively, the Office of the Commissioner of Baseball, the Commissioner of Baseball, the Major League Baseball clubs, the Ownership Committee of Baseball, and/or any other Person appointed by any of the foregoing, or any successor association or entity and which engages in professional baseball in a manner comparable to Major League Baseball.

"**Net Proceeds**" when used with respect to any performance or payment bond proceeds, or proceeds from policies of insurance, or any condemnation award, or any proceeds resulting from default under the Construction Contract, with respect to the Project, means the amount remaining after deducting all reasonable expenses (including fees and expenses of the Trustee and attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"**Non-Relocation Agreement**" means the Non-Relocation Agreement dated as of May 27, 2014, by and among the Authority, the County, and ANLBC.

"**Notice of Sale**" means the Official Notice of Sale dated August 13, 2015 of the Authority with respect to the competitive sale of the Series 2015 Bonds, as revised and restated by the Revised and Restated Official Notice of Sale dated August 20, 2015, and as further revised and restated by the Second Revised and Restated Official Notice of Sale dated August 21, 2015.

"**Officer's Certificate**" when used with respect to the County means a certificate signed by the Authorized County Representative or, when used with respect to the Authority, the Authorized Authority Representative, and delivered to the Trustee.

"**Official Statement**" means the Official Statement dated August 25, 2015, with respect to the Series 2015 Bonds.

"**Participating Underwriter**" will have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"**Parties**" means the Authority, the County, ANLBC, BCC, BSC, and BRED.

**"Permitted Encumbrances"** means the permitted encumbrances described in the Indenture.

"**Permitted Investments**" has the meaning set forth in Article V of the Indenture.

"**Person**" means an individual, estate, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"**Preliminary Official Statement**" means the Preliminary Official Statement dated August 13, 2015, with respect to the Series 2015 Bonds, as supplemented by the Supplement to Preliminary Official Statement dated August 20, 2015.

**"Primary Documents"** means the Intergovernmental Agreement, the Indenture, the CID Intergovernmental Agreement, the Project Operating Agreement, the Assurance Agreement and the other Bond Documents.

"**Principal Account**" means the trust account by that name created and held by the Trustee within the Debt Service Fund under the Indenture.

"**Principal Corporate Trust Office**" means the corporate trust office of the Trustee as designated by written notice from the Trustee to the Authority and the County, which initially is U.S. Bank National Association, Global Corporate Trust Services, 111 Fillmore Ave E, St. Paul, MN 55107.

"**Principal Payment Date**" means January 1 and July 1 of each year, commencing July 1, 2017.

"**Project**" means the acquisition of the Project Site, and the construction and equipping of, a multi-use sports, athletic games, recreation and public entertainment stadium and coliseum facility of the type permitted by the Act and the Revenue Bond Law and the customary facilities related thereto, including, without limitation, refreshment stands, restaurants, facilities for the purveying of food, beverages, publications, souvenirs, novelties and goods of all kinds, and parking facilities, and which improvements and parking will be located on the Project Site, all to be financed in part with the proceeds of the Bonds and to be owned by the Authority until acquired by the County in accordance with the Intergovernmental Agreement after the Bonds are no longer outstanding. Notwithstanding any provision of the Indenture, the term "Project" shall not include any other property owned by the Authority not located on the Project Site.

"**Project Milestone Schedule**" means the schedule of, among other things, Project activities developed by BCC and updated as set forth in the CA Agreement.

"**Project Operating Agreement**" means the Stadium Operating Agreement, dated as of May 27, 2014, among the Authority, the County and Braves Stadium Company, LLC, as the same may be modified, supplemented or amended from time to time, and in the event of the early termination thereof, any successor project operating agreement then in effect among the Authority, the County and the entity retained to operate the Project.

**"Project Site"** or **"Site"** means that certain parcel or parcels of land situated in Cobb County, Georgia, on which the Project will be constructed, as more particularly described in the Indenture, conveyed to the Authority on the Issuance Date and to be owned by the Authority so long as the Bonds remain outstanding.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"**Record Date**" means, with respect to any Interest Payment Date, the fifteenth (15th) day of the month preceding the Interest Payment Date.

"**Redemption Fund**" means the trust fund by that name created pursuant to the Indenture.

"**Refunding Bonds**" means any revenue bonds of the Authority issued only with County Board Approval in accordance with the Intergovernmental Agreement and pursuant to the Indenture to refund, in whole or in part, the Series 2015 Bonds or other Bonds.

"**Register**" has the meaning set forth in Article II of the Indenture.

"**Reimbursement Requisition**" or "**Reimbursement Requisition from Construction Fund**" means a written requisition substantially in the form of the "Reimbursement Requisition from Construction Fund" attached to the Indenture, executed and approved by the parties identified in the Indenture seeking disbursement of money from the Bond Proceeds Account of the Construction Fund for the purpose set forth therein and submitted to the Trustee for payment in accordance with the Indenture.

"**Retained Rights**" means those rights of the Authority under the Intergovernmental Agreement retained thereby under the Granting Clauses of the Indenture, namely the Authority's rights to certain payments under the Intergovernmental Agreement, its rights to certain fees and expenses under the Intergovernmental Agreement, and its right to receipt of notices given pursuant to the Intergovernmental Agreement or the Indenture and copies of requisitions delivered pursuant to the Indenture.

"**Revenue Bond Law**" means the Revenue Bond Law of the State, codified in the Official Code of Georgia (O.C.G.A.) Sections 36-82-60 *et seq*., as amended.

"**Series 2015 Bonds**" means the Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015, in the original aggregate principal amount of $376,600,000.

**"Site"** or **"Project Site"** shall mean that certain parcel or parcels of land situated in Cobb County, Georgia, on which the Project will be constructed, as more particularly described in the Indenture, conveyed to the Authority on the Issuance Date and to be owned by the Authority so long as the Bonds remain outstanding.

"**Stadium**" means the multipurpose stadium to be constructed on the Project Site suitable for MLB baseball and a broad range of other civic, community, recreational, athletic, educational, and cultural activities, which stadium is to be used and operated by the Braves Parties pursuant to the Stadium Operating Agreement.

"**Stadium Construction Documents**" means the drawings, specifications, and other design documents prepared by the Architect and its subconsultants under the Architectural Services Agreement by and between BCC and the Architect setting forth in detail the requirements for the Work by the CM at Risk for the Project.

"**Stadium Construction Management Agreement**" means the written agreement between the County and the CM at Risk for the performance of the Work.

"**Stadium Costs**" means all costs and expenses incurred or to be incurred in connection with the development, design, construction and completion of the Project pursuant to the Stadium Project Budget.

"**Stadium Design Documents**" means drawings, specifications, and other design documents prepared by the Architect for the Project, leading to the preparation of the Stadium Construction Documents, and which are consistent with the Stadium Program Documents.

"**Stadium Operating Agreement**" means that certain Stadium Operating Agreement dated May 27, 2014, by and between BSC and the County Parties.

"**Stadium Program Documents**" means the drawings, specifications and Project criteria set forth in the Development Agreement.

"**Stadium Project Budget**" means the total sources and uses of funds for, among other things, the Stadium Costs as set forth in the Development Agreement.

"**State**" means the State of Georgia.

"**Supplemental Indenture**" means a supplemental indenture between the Authority and the Trustee entered into in accordance with the Indenture supplementing or amending the Indenture.

"**Team**" means the Major League Baseball franchise known as the Atlanta Braves.

"**Transportation Improvement Contribution**" means certain transportation improvements made or to be made by the County costing a minimum aggregate amount of Fourteen Million Dollars ($14,000,000) as more particularly described in the Development Agreement.

"**Trustee**" means U.S. Bank National Association, a national banking association and any successor trustee at the time serving as successor trustee under the Indenture.

**"Trust Estate"** has the meaning set forth in the Granting Clauses of the Indenture.

"**Underwriter**" means the underwriter awarded the sale of the Series 2015 Bonds pursuant to the Notice of Sale and whose name is set forth on the front cover page of the Official Statement.

"**Work**" means the construction and other services required by Stadium Construction Documents for the Project.

## SUMMARY OF CERTAIN PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT

### Term

The term of the Intergovernmental Agreement (the "Term") commenced on May 27, 2014 (the "Effective Date") and will extend until the date on which the last of the following occurs: (a) the date on which the principal of, premium, if any, and interest on the Bonds (including any Additional Bonds or any Refunding Bonds) have been paid (or provided for) in full and the Bonds are no longer outstanding in accordance with the Indenture, (b) the discharge of the Indenture, (c) the date of termination of, or expiration of the Term of, the Project Operating Agreement, including any Extension Term thereunder (as such terms are defined therein), and (d) the date on which the Project is conveyed to the County pursuant to the Intergovernmental Agreement, provided, however, in no event shall the Term exceed fifty (50) years after the Effective Date of the Intergovernmental Agreement.

### County's Payment Obligations

Pursuant to the Intergovernmental Agreement, in order to facilitate the financing of the acquisition, construction and equipping of the Project, and in consideration for the Authority's agreements under the Intergovernmental Agreement, the County has agreed to pay to the Authority or for the account of the Authority on or before the second ($2^{nd}$) Business Day prior to each Interest Payment Date and each redemption date for the Bonds so long as the Bonds are outstanding, an amount sufficient to enable the Authority to pay the principal and interest when due on the Bonds on each Interest Payment Date and each redemption date. The County will receive a credit against such payment obligation in the amount of any funds held by the Trustee under the Indenture for such purpose at least three (3) Business Days prior to an Interest Payment Date or a redemption date.

Pursuant to the Intergovernmental Agreement, the County has agreed to pay or cause to be paid to or for the account of the Authority amounts sufficient to enable the Authority to pay all ongoing administrative costs and fees associated with the Bonds (such as reasonable fees and expenses of the Trustee and on-going fees of credit rating agencies), subject to County approval of the service provider and the fees of the service provider, which approval will not be unreasonably withheld, conditioned or delayed.

Furthermore, pursuant to the Intergovernmental Agreement, throughout the initial term of use and occupancy and any extension term of the initial Project Operating Agreement, the County has agreed to pay or cause to be paid to or for the account of the Authority amounts sufficient to enable the Authority to pay the amounts payable by the Authority for deposit into the "Capital Maintenance Fund" created, held and administered pursuant to the Project Operating Agreement, provided such amounts will be subject to the "Authority Annual CMF Cap Amount" set forth in the Project Operating Agreement and also subject to the maximum total amount payable during the initial thirty year term of the Project Operating Agreement set forth therein and any limits set forth therein or otherwise agreed to by the parties with respect to any extension term.

In addition, the County has agreed to pay or cause to be paid to or for the account of the Authority any other reasonable and necessary or appropriate fees and expenses incurred by the Authority in connection with the Bonds, the Project, any of the Primary Documents or any other documents or agreements entered into by the Authority at the request of the County in connection with the Project, including, without limitation, agreements with third parties, and including, without limitation fees and expenses incurred by the Authority in the administration or enforcement of such other agreements related to the Project, provided that such fees and expenses will be expressly approved or accepted by the County, which approval or acceptance will not be unreasonably withheld, conditioned or delayed. The Authority's rights to payment of certain fees and expenses under the Intergovernmental Agreement will constitute Retained Rights of the Authority and will not be collaterally assigned by the Authority to the Trustee under the Indenture.

**Source of Funds for County's Payment Obligations**

The obligation of the County to make payments under the Intergovernmental Agreement constitutes a general obligation of the County, payable out of any funds lawfully available to it for such purpose, from whatever source derived (including general funds). To the extent funds are not otherwise lawfully available for such purpose, the County has covenanted and agreed that it will levy an annual ad valorem tax to the extent necessary on all taxable property located within the territorial limits of the County subject to ad valorem tax for such purpose, as now existent and as the same may hereafter be extended, at such rate or rates, without limit, as may be necessary to produce in each year revenues which will be sufficient to fulfill the County's obligations under the Intergovernmental Agreement, from which revenues the County has agreed to appropriate sums sufficient to pay in full when due all of the County's payment obligations under the Intergovernmental Agreement.

**Pledge of Certain Rights of the Authority under the Intergovernmental Agreement to Secure the Bonds**

The Authority's rights to certain payments to be made by the County pursuant to the Intergovernmental Agreement will constitute revenues derived with respect to the Project, and upon collateral assignment thereof by the Authority to the Trustee under the Indenture, such collaterally assigned rights will constitute security for the Authority's payment obligations on the Bonds under the Indenture. The payment obligations of the County under the Intergovernmental Agreement are absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim, except for payment it may otherwise have against the Authority. The County has agreed that it will not (i) withhold, suspend, abate, reduce, abrogate, diminish, postpone, modify, or discontinue any payments provided for in the Intergovernmental Agreement, (ii) fail to observe any of its other agreements contained in the Intergovernmental Agreement, or (iii) terminate its obligations under the Intergovernmental Agreement for any contingency, act of God, event, or cause whatsoever, including, without limiting the generality of the foregoing, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Intergovernmental Agreement. Pursuant to the Intergovernmental Agreement, nothing contained therein will be construed to release the Authority from the performance of any of the agreements on its part contained in the Intergovernmental Agreement. The Authority has agreed in the Intergovernmental Agreement that it will not take or omit to take any action that would cause the Intergovernmental Agreement to be terminated or that would adversely affect the Project, the Bonds or the security therefor.

Pursuant to the Intergovernmental Agreement, the County consented to the following: contemporaneously with the issuance and delivery of the Series 2015 Bonds, pursuant to the Indenture the Authority will collaterally assign and pledge its rights under and grant a security interest in its rights to payments to be made pursuant to the Intergovernmental Agreement by the County to the Trustee, for the benefit and security of the owners of the Bonds, and the County Board Approval of the Indenture and the Intergovernmental Agreement will constitute the County's consent to such collateral assignment, pledge and grant of security interest to the Trustee. Upon the issuance and delivery of the Bonds, pursuant to the Indenture, all representations, warranties, covenants, assurances, remedies, interests and rights of every kind whatsoever therein conferred upon the Authority with respect to payments under the Intergovernmental Agreement will be deemed to be collaterally assigned to the Trustee and the owners of the Bonds to the extent so provided in the Intergovernmental Agreement and the Indenture, and in such event and to such extent the Trustee and the owners of the Bonds will be deemed to be and are third party beneficiaries of such collaterally assigned payment obligations of the County under the Intergovernmental Agreement.

The Intergovernmental Agreement may not be amended, changed, modified, altered, supplemented or (other than in accordance with its terms) terminated except in writing by a document duly executed and delivered on behalf of the County (with County Board Approval) and the Authority and only as permitted in accordance with the Indenture. The Indenture and the Bonds may not be amended, changed, modified, altered, supplemented or terminated without County Board Approval.

As a result of the collateral assignments to the Trustee acknowledged and consented to in the Intergovernmental Agreement, payments for the account of the Authority under the Intergovernmental Agreement will be made to the Trustee for the account of the Authority.

**Issuance of Series 2015 Bonds**

The Authority has taken and will continue to take all steps reasonably necessary, customary or appropriate to issue the Series 2015 Bonds for the purpose of financing a portion of the costs of the Project in accordance with the Intergovernmental Agreement, the Indenture, the Act and the Revenue Bond Law. Pursuant to the Intergovernmental Agreement, the Authority has covenanted and agreed to apply the proceeds derived from the sale of the Series 2015 Bonds and investment earnings thereon in accordance with the Intergovernmental Agreement and the Indenture to pay a portion of the costs of the acquisition, construction and equipping of the Project, the costs of issuance of the Series 2015 Bonds, and other costs related to the Series 2015 Bonds or the Project approved by the County (which may include, without limitation, fees and expenses of counsel or consultants that may not constitute costs of issuance), subject to the approval by the County Manager or the County Attorney of all costs of issuance and all such additional fees and expenses to be paid with Bond proceeds or investment earnings thereon. The costs of acquisition, construction and equipping of the Project to be paid with Bond proceeds will include, without limitation, the reasonable fees and expenses of the County's Project Manager. The costs of issuance of the Series 2015 Bonds will include, without limitation, the fees and expenses incurred by the County or by the Authority, respectively, in connection with the Intergovernmental Agreement, the Indenture, the Series 2015 Bonds, the other Primary Documents and certain other documents related to the Project to which one or both of the County or the Authority are parties, and will include, without limitation, the reasonable fees and expenses of the County's Financial Advisor, Bond Counsel, Special Project Counsel to the County, any other counsel to the County, special financing counsel to the Authority and general counsel to the Authority.

**Additional Bonds**

Notwithstanding any provision of the Intergovernmental Agreement to the contrary, the Authority may issue Additional Bonds or Refunding Bonds only with prior County Board Approval, and the terms thereof and documents related thereto will be subject to County Board Approval in accordance the Intergovernmental Agreement. Pursuant to the Intergovernmental Agreement, all debt service savings generated by Refunding Bonds will be applied to reduce the County's obligation under the Intergovernmental Agreement to pay amounts to the Authority sufficient to enable the Authority to pay debt service on the Bonds when due. No subordinate bonds will be issued by the Authority with respect to the Intergovernmental Agreement or the Project.

**Construction of the Project**

Pursuant to the Intergovernmental Agreement, the Authority and the County agreed that the County will cause the Project to be constructed on behalf of the Authority, and the Authority will appoint the County as its agent and representative for such purpose. The County agreed to diligently and expeditiously proceed with the development of the Project. The Authority has agreed to make the proceeds of the Series 2015 Bonds to be deposited into the Construction Fund created and held by the Trustee under the Indenture available to pay the costs of constructing and equipping the Project through Construction Fund Requisitions processed for payment in accordance with the Indenture. The County has agreed to cause its County Project Manager to oversee the construction and equipping of the Project and to review and approve each Construction Fund Requisition. Pursuant to the Intergovernmental Agreement, the Authority and the County acknowledged and agreed that pursuant to the Assurance Agreement, ANLBC also will have certain direct payment and performance obligations or guaranty payment and performance obligations with respect to the development, design, construction and financing of the Project, including, without limitation, guaranteeing payment of the balance of the costs of the Project not paid with Bond proceeds, funds provided by the Cumberland CID pursuant to the CID Intergovernmental Agreement and investment earnings thereon.

**Title to the Project**

Pursuant to the Intergovernmental Agreement, the Authority and the County have agreed that so long as the Bonds remain outstanding, the Trust Indenture remains in full force and effect and the Project Operating Agreement remains in full force and effect, title to the Project will be vested in the Authority, subject to (i) the County's right to acquire title to the Project pursuant to the Intergovernmental Agreement upon the last to occur of the date when the Bonds no longer remain outstanding, the date on which the Indenture is discharged and the date on which any Project Operating Agreement has terminated or expired including any extension term thereunder (collectively, the "Conditions Precedent to Transfer") and (ii) the rights of any third party under a Project Operating Agreement to which the County also is a party or which the County has expressly approved by County Board Approval. The Authority has agreed that it will not, without prior County Board Approval, take any action to pledge the Project as security or collateral for any indebtedness or enter into any agreement (other than the Project Operating Agreement described in the preceding sentence) or assume any obligation that impedes or encumbers the alienability or free transfer of the Project or good and marketable title thereto including but not limited to any action to create or enter into any and all liens, operating agreements, management contracts, use agreements, leases, liens, deeds to secure debt or security deeds related to the Project. The Authority has agreed that it will not create or enter into any and all liens, operating agreements, management contracts, use agreements, leases, liens, deeds to secure debt or security deeds related to the Project without prior County Board Approval. The Authority has further agreed that (i) until all Conditions Precedent to Transfer have occurred, the Authority will not dispose of the Project without County Board Approval except pursuant to any option or agreement contained in a Project Operating Agreement as described in the Intergovernmental Agreement, and (ii) upon the occurrence of all Conditions Precedent to Transfer, the Authority will not dispose of or convey the Project to any party other than the County unless otherwise approved by County Board Approval or pursuant to any option or agreement contained in a Project Operating Agreement as described in the Intergovernmental Agreement. The Authority has agreed that except as otherwise approved by County Board Approval, any future Project use or operating agreement or lease or tenancy agreement or any successor thereto will terminate upon full payment or legal defeasance of the Bonds, whereupon no third party will have any right to use or operate the Project. Upon and in consideration of the final payment of Contract Payments by the County under the Intergovernmental Agreement and the final payment or retirement or legal defeasance of the Bonds (whether at maturity or by redemption prior to maturity or legal defeasance), promptly upon the last to occur of all Conditions Precedent to Transfer, the Authority will convey title to the Project to the County, and the County has agreed to accept such conveyance of title to the Project.

**Operation of the Project**

Pursuant to the Intergovernmental Agreement, the Authority and the County have agreed that they will enter into (and they have entered into) the Project Operating Agreement providing for the use, operation and maintenance of the Project. In the event of early termination of the initial Project Operating Agreement, and in the event the Bonds will remain outstanding thereafter, the Authority and the County have agreed that the County will select a new operator for the Project, that the Authority and the County will enter into a new Project Operating Agreement approved by each party (provided such approval will not be unreasonably withheld, conditioned or delayed), and that until such time as the new operator has assumed the operation and maintenance of the Project pursuant to the new Project Operating Agreement, the County will operate and maintain the Project or cause the Project to be operated and maintained and to pay the costs thereof, and in such event, the County will be entitled to retain any revenue therefrom.

**Equitable Remedial Rights of County**

Pursuant to the Intergovernmental Agreement, the Authority has acknowledged and agreed that its covenants and agreements under the Intergovernmental Agreement and the other Primary Documents were material consideration for, and inducement to, the County entering into the Intergovernmental Agreement and undertaking the County's obligations thereunder. The County and the Authority acknowledged and agreed that it would be difficult or impossible to calculate in monetary terms the damage to the County in the event the Authority fails to diligently perform its covenants with respect to the Project and that no remedy at law will fairly or adequately compensate the County in the event of any such failure to perform on the part of the Authority. Accordingly, the Authority and the County have agreed that the County will be entitled to obtain specific performance, mandamus and/or other equitable remedies in the event the Authority fails to perform its covenants under the Intergovernmental

Agreement or any other Primary Document. Pursuant to the Intergovernmental Agreement, the aforesaid remedial rights of the County will not be exclusive and will be in addition to all other rights of the County under the Intergovernmental Agreement, the other Primary Documents or otherwise.

**Equitable Remedial Rights of the Authority**

Pursuant to the Intergovernmental Agreement, the County has acknowledged and agreed that its covenants and agreements under the Intergovernmental Agreement and the other Primary Documents are material consideration for, and inducement to, the Authority entering into the Intergovernmental Agreement and the Indenture and undertaking the Authority's obligations thereunder. The County and the Authority have acknowledged and agreed that it would be difficult or impossible to calculate in monetary terms the damage to the Authority in the event the County fails to diligently perform its obligations and covenants under the Intergovernmental Agreement and that no remedy at law will fairly or adequately compensate the Authority in the event of any such failure to perform on the part of the County. Accordingly, the Authority and the County have agreed that the Authority will be entitled to obtain specific performance, mandamus and/or other equitable remedies in the event the County fails to perform its covenants under the Intergovernmental Agreement or any other Primary Document. Pursuant to the Intergovernmental Agreement, the aforesaid remedial rights of the Authority will not be exclusive and will be in addition to all other rights of the Authority under the Intergovernmental Agreement, the other Primary Documents or otherwise.

**Bonds Limited Obligations of Authority**

Pursuant to the Intergovernmental Agreement, the Bonds will be special and limited obligations of the Authority, will not be general obligations of the Authority, will give rise to no pecuniary liability of the Authority, and will be payable solely from the Trust Estate held by the Trustee under the Indenture. The Bonds will never constitute an indebtedness or general obligation of the State, the Authority, the County or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, nor a pledge of the faith and credit or taxing power of any of the foregoing, nor shall any of the foregoing be subject to any pecuniary liability thereon. No owner or obligee of the Bonds will ever have the right to compel the exercise of the taxing power of the State, the County, or any other political subdivision of the State, to pay the Bonds, or to enforce payment thereof against any property of the foregoing, nor will the Bonds constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the foregoing. The Authority has no taxing power. Neither the members of the Governing Body of the Authority nor any person executing the Bonds will be liable personally on the Bonds by reason of the issuance thereof.

**Limited and Nonrecourse Obligation of the Authority**

Notwithstanding any other provision of the Intergovernmental Agreement to the contrary, the Authority will incur no pecuniary liability under the Intergovernmental Agreement, and no recourse may be had against and the Authority will in no way be obligated to expend, any funds of the Authority other than those funds made available to it by the County pursuant to the provisions of the Intergovernmental Agreement. Without limiting the generality of the foregoing, no recourse may be had by any party to the Intergovernmental Agreement or otherwise against the Authority's other revenues and assets unrelated to the Intergovernmental Agreement or the Project and the amounts received by the Authority from any other source whatsoever, including without limitation amounts received by the Authority from the County pursuant to other intergovernmental agreements not relating to the Intergovernmental Agreement or the Project (whether or not specifically pledged or allocated to secure any bonds).

**No Liability of the Authority and the County Except as Expressly Stated**

Notwithstanding any provision of the Intergovernmental Agreement to the contrary, the Authority and the County will have no liability, responsibility or obligation under the Intergovernmental Agreement except as expressly set forth therein.

## Continuing Disclosure

Pursuant to the Intergovernmental Agreement, the County has covenanted and agreed to perform all of its obligations under and in accordance with the provisions of the Continuing Disclosure Certificate. The Continuing Disclosure Certificate and the Indenture will provide that notwithstanding any other provision of the Intergovernmental Agreement, the Indenture or any other financing document, failure of the County to comply with the Continuing Disclosure Certificate will not be considered an event of default or default under the Intergovernmental Agreement, the Indenture or any document related to the Bonds; however, the Continuing Disclosure Certificate also will provide that any beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Certificate.

## County Board Approval of Future Matters

Notwithstanding any provision of the Intergovernmental Agreement to the contrary, future County Board Approvals, if so authorized and approved by the Board of Commissioners, may establish and approve parameters consisting of, as applicable, not to exceed amounts, not to exceed rates and not to exceed dates, and/or may delegate certain appropriate matters to specified officials of the County.

# SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

## Pledge of Indenture

Pursuant to the Indenture, the Authority will unconditionally and irrevocably collaterally assign to the Trustee its rights to receive the Contract Payments (subject to the Authority's Retained Rights) and its rights to receive other payments derived from or with respect to the Project and the use thereof. As security for the Bonds, the Authority will pledge all right, title, interest, claims and demands of the Authority in and to the Contract Payments to be made by the County pursuant to Section 5.1(a) of the Intergovernmental Agreement and also payments to be made by the County pursuant to Section 5.1(b) of the Intergovernmental Agreement (provided, however, the Authority, under the Indenture, will retain its Retained Rights under the Intergovernmental Agreement to certain fees and expenses, certain other payments and the receipt of notices and copies of requisitions), and any and all other money and obligations held by the Trustee and subject to the lien of the Indenture.

## Source of Payment of Bonds

The Bonds will be payable solely from the Trust Estate, including the Contract Payments pledged under the Indenture for such payments. The Contract Payments that the County has agreed to pay to or for the account of the Authority in accordance with Section 5.1(a) of the Intergovernmental Agreement will be assigned to the Trustee under the Indenture to secure the Bonds and will be remitted directly to the Trustee and deposited into the Debt Service Fund to be applied in accordance with the Indenture. In addition, the payments to be made by the County to or for the account of the Authority in accordance with Section 5.1(b) of the Intergovernmental Agreement will be assigned to the Trustee under the Indenture to secure the Bonds and will be remitted directly to the Trustee and deposited into the Administrative Services Fund to be applied in accordance with the Indenture.

## Limited Obligations

The Bonds will be limited obligations of the Authority and will be payable solely from the Trust Estate pledged under the Indenture, including the Contract Payments, which Trust Estate is pledged and assigned under the Indenture for the equal and ratable payment of the Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in the Indenture. The Bonds will not be payable from, nor a charge upon, any funds other than the revenues of the Authority which are pledged to the payment thereof. The Bonds, together with interest thereon, will not constitute or be deemed to constitute a debt or a pledge of the faith and credit of the County or the State, nor will the County or the State be subject to any pecuniary liability thereon. Neither the full faith and credit nor the taxing powers of the

State, nor any political subdivision of the State, including the County, will be pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Bonds will never constitute a charge against the general credit or taxing powers of the State or any political subdivision of the State, including the County, but will be limited obligations of the Authority as provided in the Indenture and in the form set forth in the Indenture. The issuance of the Bonds will not directly, indirectly or contingently obligate the County or the State to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof. The Bonds will not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the County or the State whatsoever or any property or revenues of the Authority not expressly pledged thereto under the Indenture.

**Funds**

***General***. The Indenture will provide for the establishment of the following funds and accounts to be held by the Trustee in trust:

(1) Debt Service Fund, and therein the following accounts;

(a) Interest Account; and

(b) Principal Account;

(2) Construction Fund, and therein the following accounts;

(a) Bond Proceeds Account;

(b) CID Contribution Account; and

(c) ANLBC Contribution Account;

(3) Issuance Costs Fund;

(4) Redemption Fund;

(5) Administrative Services Fund; and

(6) Insurance Fund.

***Disposition of Proceeds of Sale of Bonds.*** The proceeds of the issuance and delivery of the Bonds will be deposited into the Construction Fund and applied to pay the Costs of Construction; and into the Issuance Costs Fund to be applied to pay Issuance Costs.

***Issuance Costs Fund***. The Trustee will disburse money from the Issuance Costs Fund from time to time upon receipt of an Issuance Costs Fund Requisition substantially in the form attached to the Indenture, executed by the Authority and the County, itemizing in reasonable detail the Issuance Costs to be paid and the persons to whom payment therefrom is to be made. The Trustee may conclusively rely on any fully executed Issuance Costs Fund Requisition and will have no duty or obligation to determine or confirm that any payments made in reliance on any such Issuance Costs Fund Requisition constitute Issuance Costs. Any money remaining in the Issuance Costs Fund after 180 days from the Issuance Date will be withdrawn by the Trustee and deposited into the Interest Account, and the Issuance Costs Fund will be closed.

***Construction Fund***. On the Issuance Date, the County on behalf of the Authority will deliver to the Trustee a Reimbursement Requisition from Construction Fund setting forth the amounts expended prior to the Issuance Date by ANLBC on behalf of the Authority and the County on the acquisition, construction and equipping of the Project for which reimbursement has been approved by the County, and on the Issuance Date the Tustee will pay to ANLBC by federal funds wire the amount requisitioned by such Reimbursement Requisition from funds held in the Bond Proceeds Account of the Construction Fund.

No more frequently than monthly during the construction period of the Project, the Construction Administrator will deliver to the Trustee by Electronic Means followed by a hard copy a Construction Fund Requisition in accordance with the Indenture. The Trustee will fund each Construction Fund Requisition from funds held in the respective three accounts with the Construction Fund as specified in the respective Construction Fund Requisition. The Trustee may conclusively rely on any fully executed Construction Fund Requisition and will have no duty or obligation to determine or confirm that any payments made in reliance on any such Construction Fund Requisition constitute Costs of Construction.

The Trustee will be authorized and directed under the Indenture to disburse money from the Construction Fund to pay the Costs of Construction, upon receipt by the Trustee by Electronic Means followed by hard copy, a Construction Fund Requisition substantially in the form of the Construction Fund Requisition attached to the Indenture signed on behalf of the County, the Construction Administrator and ANLBC, which Construction Fund Requisition will:

(1) set forth each amount of the Costs of Construction to be disbursed and the person or persons to whom said amounts are to be disbursed;

(2) state that each requested payment is a proper charge against the Construction Fund, that each amount to be disbursed constitutes a Cost of Construction (attaching a copy of the applicable invoice) incurred in the acquisition, construction and equipping of the Project, that said amounts are required to be disbursed pursuant to a contract or purchase order entered into therefor by or on behalf of the CM at Risk, or were necessarily and reasonably incurred, and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(3) state that no amount set forth in the Construction Fund Requisition was included in any Construction Fund Requisition previously filed with, and paid by, the Trustee pursuant to the Indenture;

(4) if the Construction Fund Requisition is for Equipment, state (1) that the Equipment has been inspected and is acceptable, (2) if applicable, that the bill of sale conveying title to the Equipment to the Authority has been delivered to the County Project Manager, and (3) if title to the Equipment is required by law to be evidenced by a certificate of title, that a certificate of title (or an application therefor) in the name of the Authority as owner has been delivered to the County Project Manager;

(5) state that each entity certifies that it has no notice of any vendors', materialmen's, mechanics', suppliers', or other similar liens or rights to liens, chattel mortgage or conditional sales contracts, or other contracts or obligations which should be satisfied or discharged before payment is made; and

(6) if the Construction Fund Requisition is the final Construction Fund Requisition, state that all Costs of Construction have been, or are thereupon being paid, except as identified and itemized in an attachment to the Completion Certificate in accordance with the Indenture, and that the Project has been finally accepted in accordance with the Completion Certificate delivered simultaneously therewith.

***Payments into Debt Service Fund***. The Trustee will deposit into the Debt Service Fund, as and when received, the following:

(1) any amount in the Construction Fund to be paid into the Debt Service Fund in accordance with the Indenture;

(2) all Contract Payments payable pursuant to Section 5.1(a) of the Intergovernmental Agreement;

(3) any other amount to be deposited therein pursuant to the Indenture; and

(4) all other money received by the Trustee and accompanied by written directions to deposit such money into such Debt Service Fund or to the effect that such money is to be applied to pay debt service on the Bonds.

The aforesaid payments will be deposited into the Interest Account and the Principal Account in accordance with written directions accompanying such payments or, in the absence of such written directions, into the Interest Account to the extent of the amount of interest due on the Bonds on the next Interest Payment Date, and any remaining amount shall be deposited into the Principal Account.

***Disbursements from Debt Service Fund***.

(1) Money in the Debt Service Fund will be used solely for the payment of principal and interest on the Bonds; provided, however, any amounts remaining in the Debt Service Fund or any other Fund established under the Indenture after payment or provision for payment in full of the principal and interest on the Bonds, amounts due the Trustee, and all other amounts required to be paid under the Indenture will be paid to the County into such fund or account of the County as the County directs in writing.

(2) The Debt Service Fund will be in the custody of the Trustee but in the name of the Authority, and the Authority, under the Indenture, will irrevocably authorize and direct the Trustee to withdraw sufficient funds from the Debt Service Fund on each Interest Payment Date and redemption date to pay principal and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee will accept under the Indenture.

(3) Money in the Interest Account will be used solely for the payment of interest on the Series 2015 Bonds on each Interest Payment Date and redemption date.

(4) Money in the Principal Account will be used solely for the payment of principal on the Series 2015 Bonds on each Principal Payment Date and redemption date.

***Contract Payments; Notice to County and Authority of Shortfall; Notice of Nonpayment.*** On the tenth (10th) Business Day prior to each Interest Payment Date and each redemption date for the Bonds, the Trustee will determine whether the amount on deposit in the Debt Service Fund is sufficient to pay principal and interest on the Bonds as the same become due and payable on such Interest Payment Date or such redemption date. To the extent that the amount on deposit in the Debt Service Fund is less than the amount necessary to pay principal and interest on the Bonds as the same become due and payable on such Interest Payment Date or such redemption date, then the Trustee will notify the County and the Authority by telephone and by Electronic Means of the amount of such shortfall. On the fifth (5th) Business Day prior to such Interest Payment Date or such redemption date, the Trustee again will determine whether the amount on deposit in the Debt Service Fund is sufficient to pay principal and interest on the Bonds as the same become due and payable on such Interest Payment Date or such redemption date. To the extent that the amount on deposit in the Debt Service Fund is less than the amount necessary to pay principal and interest on the Bonds as the same become due and payable on such Interest Payment Date or such redemption date, the Trustee again will notify the County and also the Authority by Electronic Means of the shortfall and of the amounts required to be paid by the County as Contract Payments in accordance with Section 5.1(a) of the Intergovernmental Agreement. The amount required to be paid by the County as Contract Payments will be equal to the amount of such deficiency, and in accordance with Section 5.1(a) of the Intergovernmental Agreement, the County is required to deposit such funds with the Trustee, for the account of the Authority, not less than two (2) Business Days prior to such Interest Payment Date.

The Trustee will notify the County and the Authority by Electronic Means as soon as practicable, but in no event later than one (1) Business Day after the applicable Contract Payment Date, in the event any Contract Payments, or portion thereof, are not paid when due on the applicable Contract Payment Date and will specify the amount of the Contract Payments not so paid.

***Administrative Services Fund.*** The Trustee will deposit into the Administrative Services Fund payments made by the County for the account of the Authority pursuant to Section 5.1(b) of the Intergovernmental Agreement to pay Trustee fees, rating agency fees (to the extent payable by the Authority under the Indenture) and any other similar administrative services costs and fees payable by the Authority. The Trustee will apply money in the Administrative Services Fund to pay any such administrative services provided the Trustee has received written confirmation from the County of the amount of such payments (other than the Trustee fees).

***Use of Money in Insurance Fund.*** All Net Proceeds of performance or payment bonds, proceeds from policies of insurance required by the Intergovernmental Agreement, condemnation awards, or any proceeds resulting from a default under the Construction Contract with respect to the Project that are received by the Trustee will be deposited into the Insurance Fund. The County will file an Officer's Certificate with the Trustee within ninety (90) days after the occurrence of the event giving rise to money being deposited into the Insurance Fund, which Officer's Certificate (together with any supplemental Officer's Certificate) will direct the application and disbursement of such funds as follows:

> (1) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Project if such Officer's Certificate states that the funds in the Insurance Fund, together with any other funds lawfully available to the County or the Authority for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, and the Trustee will be directed and authorized under the Indenture to disburse money from the Insurance Fund as so directed by an Authorized County Representative upon receipt of a written Construction Fund Requisition in substantially similar form to the form of Construction Fund Requisition attached to the Indenture; or
>
> (2) to the redemption, in whole or in part, of the Bonds in accordance with the Indenture, and the Trustee will be authorized thereunder to withdraw money from the Insurance Fund and deposit such funds into the Redemption Fund established in accordance with the Indenture to be applied to such redemption as directed by the County in accordance with the Indenture.

Notwithstanding the foregoing, if an Event of Default exists, the County will direct the application of money in the Insurance Fund.

**Permitted Investments**

Any money held as part of the funds and accounts created under the Indenture will be invested and reinvested by the Trustee, at the written direction of the County in any of the following permitted investments, to the extent permitted by law (collectively, "Permitted Investments"):

(1) Bonds or obligations of the State or of other states or of counties, municipal corporations, and political subdivisions of the State;

(2) Bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(3) Obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(4) Bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency or municipal corporation

in the United States which are fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

(5) Certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian or trustee for any such bond proceeds; the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or of any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in paragraph (ii) above, obligations of the agencies and instrumentalities of the United States government included in paragraph (iii) above, or bonds, obligations or project notes of public housing agencies, urban renewal agencies or municipalities included in paragraph (iv) above;

(6) Securities of or other interests in any no load, open end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(a) The portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (2) and (3) above and repurchase agreements fully collateralized by any such obligations;

(b) Such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(c) Such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(d) Securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State;

(7) Interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least $50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least $50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys;

(8) The local government investment pool created pursuant to the Local Government Investment Pool Act, Section 36-83-1 *et seq*., of the Official Code of Georgia Annotated, as amended, and sponsored by the State for the investment of local government funds; and

(9) Any other investment securities hereafter permitted by applicable law.

The Trustee may rely conclusively upon the County's written instructions as to both the suitability and legality of the directed investments. Ratings of investments will be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee will have no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. In the absence of written investment instructions from the County, the Trustee will hold such amounts uninvested in cash, without liability for interest.

Although the Authority and the County each will recognize that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Authority and the County will agree under the Indenture that confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered, unless requested in writing by the Authority or the County. No statement will need be rendered for any fund or account if no activity occurred in such fund or account during such month.

**Method of Valuation and Frequency of Valuation**

In computing the amount in any fund or account, investments will be valued at the "Value" thereof. "Value," which will be determined as of the end of each month, means that the value of any investments will be calculated as follows:

(1) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;

(2) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(3) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(4) as to any investment not specified above: the fair market value thereof or the value thereof established by prior agreement between the Authority and the Trustee.

**Discharge of Lien**

If the Authority will pay or cause to be paid, or there is otherwise paid or provision for payment made from any source, to or for the Bondholders the principal and interest at the times and in the manner stipulated therein, and if the Authority is not then in default in any of the other covenants and promises in the Bonds and in the Indenture expressed or as to be kept, performed and observed by it or on its part, and if the County is not then in default in any of its covenants and promises in the Intergovernmental Agreement expressed or as to be kept, performed and observed by it or on its part, and if the Authority will pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, the Intergovernmental Agreement (including all amounts owed to the Trustee under the Indenture), then all rights and obligations of the Authority, the County, and the Trustee (except the Trustee's obligation to pay principal and interest on the Bonds) under the Indenture and the Intergovernmental Agreement will terminate and be of no further force and effect and the Trustee will cancel and discharge the Indenture and the Authority and the County will terminate the Intergovernmental Agreement and execute and deliver to the Authority and the County such instruments in writing required to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Authority any and all of the estate, right, title and interest in and to any property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except amounts in any fund under the Indenture required to be paid to the County.

Any Bond will be deemed to be paid, or any portion thereof will be deemed to be paid, within the meaning of the Indenture when payment of the principal and interest on the Bonds either (i) has been made or was caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment when due and payable, (1) money sufficient to make such payment or (2) Governmental Obligations (provided that such deposit does not, and is not then reasonably expected to, adversely affect the tax exempt status of the interest on the Bonds, or cause any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148 of the Code), as defined in the Indenture, which are not callable prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient (such sufficiency to be verified by written Verification report required under the Indenture) money to make such payments when due and payable, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds and all other liabilities of the County under the Intergovernmental Agreement have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such time as a Bond is deemed to be paid under the Indenture, as aforesaid, it will no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such money or Governmental Obligations.

For purposes of the Indenture the term "Governmental Obligations" will mean (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (iv) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

Notwithstanding any provision of any other section of the Indenture which may be contrary to the provisions of Article VII thereof, all money or Governmental Obligations set aside and held in trust pursuant to the provisions of Article VII of the Indenture for the payment of principal and interest on the Bonds will be applied to and used solely for the payment of the particular Bonds with respect to which such money and Governmental Obligations have been so set aside in trust.

Anything in Article XI of the Indenture to the contrary notwithstanding, if money or Governmental Obligations have been deposited or set aside with the Trustee pursuant to Article VII of the Indenture for the payment of principal and interest on the Bonds and such principal and interest has not in fact been actually paid in full, no amendment to the provisions of Article VII will be made without the consent of the holder of each of the Bonds affected thereby.

The Bonds will not be deemed to be paid pursuant to the Indenture until there has been delivered to the Trustee (i) a written report satisfactory to the County and Bond Counsel verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement reasonably acceptable in form and substance to the Bond Counsel rendering the opinion required by the Indenture, (iii) an opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Bonds; the aforesaid Verification and defeasance opinion will be reasonably acceptable in form and substance to the Authority and the County, and addressed to the Authority, the Trustee and the County.

If a forward supply contract is employed in connection with a refunding, (i) the required Verification report will expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments in the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement will provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement will be controlling.

**Events of Default and Remedies**

***Events of Default***. The occurrence of any of the following events will constitute an "Event of Default" under the Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Bond when the same becomes due and payable, whether at the stated maturity thereof or upon proceedings for redemption; or

(b) Default in the payment of any installment of interest with respect to any Bond when the same becomes due and payable; or

(c) The failure by the Authority or the County to observe and perform any covenant, condition, or agreement in the Indenture on its part to be observed or performed other than as referred to in the Indenture for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, will have been given to the County or the Authority by the Trustee, unless the Trustee will agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County or the Authority within the applicable period and diligently pursued until the default is corrected.

***Remedies.*** The Authority will agree under the Indenture that when any Event of Default thereunder has occurred and is continuing, but subject always to Article IX thereof, the Trustee will have all the rights and remedies with respect to the Trust Estate, including the Contract Payments, as the Authority, as issuer, has against the Project under the pertinent provisions of the Intergovernmental Agreement and subject to the restrictions and limitations therein provided. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee will be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds and any recovery of judgment will be for the equal and ratable benefit of the holders of the then outstanding Bonds.

***Rights of Bondholders to Direct Proceedings***. The holders of a majority in aggregate principal amount of the Bonds then outstanding will have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture; provided that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture.

***Waiver of Event of Default***. The Trustee may, in its discretion (which may be based upon an opinion of counsel), waive any Event of Default under the Indenture and its consequences, and will do so upon the written request of the holders of a majority in aggregate principal amount of Bonds then outstanding; provided, however, that there will not be waived without the consent of the owner of each Bond so affected (a) any Event of Default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bond unless, prior to such waiver or rescission, all arrears of interest, as in the Indenture provided on overdue interest or all arrears of payments of principal when due, as the case may be, and all costs and expenses (including reasonable attorney's fees, costs and expenses, if any) of the Trustee in connection with such Event of Default will have been paid or provided for. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such Event of Default have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee, the County, and the Bondholders will be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission will extend to any subsequent or other default, or impair any right consequent thereon.

**Resignation and Removal of Trustee**

The Trustee may resign and be discharged from the trusts created by the Indenture by delivering sixty (60) days prior written notice thereof, by first class mail postage prepaid, to the Authority and all holders of the Bonds at the time outstanding. Such resignation will take effect only upon the appointment of a successor trustee and the acceptance of such appointment by such successor trustee.

The Trustee may be removed at any time, upon thirty (30) days written notice, with or without cause prior to an Event of Default and with cause after an Event of Default, by an instrument or instruments in writing executed by (i) the County or the Authority, so long as no Event of Default exists, or (ii) if an Event of Default exists, by the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding delivered to the Trustee with a copy to the County, specifying the removal, and such removal will take effect only upon the appointment of a successor trustee and the acceptance of such appointment by such successor trustee.

**Supplemental Indentures**

***Without Bondholders' Consent***. The Authority and the Trustee from time to time and at any time with the consent of the County, without the consent of or notice to any Bondholders and subject to the restrictions in the Indenture contained, may enter into an indenture or indentures supplemental thereto and which thereafter will form a part thereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Authority;

(b) to subject to the lien of the Indenture additional Property acquired by the Authority and intended to be subjected to the lien of the Indenture and to correct and amplify the description of any Property subject to the lien of the Indenture;

(c) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) in connection with the issuance of Additional Bonds; or

(e) to make any change that, in the judgment of the Trustee (which may be based upon an opinion of counsel), will not materially adversely affect the interest of any Bondholder;

and the Authority will covenant to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Authority may, except as otherwise provided in the Indenture, be waived or modified by such supplemental indentures, or otherwise.

***Waivers and Consents by Bondholders; Supplemental Indentures with Bondholders' Consent Required***. Upon the waiver or consent of the holders of at least a majority in aggregate principal amount of the Bonds then outstanding (a) the Authority and Trustee may take any action prohibited, or omit the taking of any action required, by any of the provisions of the Indenture or any indenture supplemental thereto, or (b) the Authority and the Trustee may enter into an indenture or indentures supplemental thereto for the purpose of adding, changing or eliminating any provisions of the Indenture or of any indenture supplemental thereto or modifying in any manner the rights and obligations of the holders of the Bonds and the Authority; provided, that no such waiver or supplemental indenture will (i) impair or affect the right of any holder to receive payments or redemptions of principal and interest on its Bond, as therein provided and as provided in the Indenture, without the consent of such holder, (ii) permit the creation of any Lien with respect to any of the Trust Estate, without the consent of the holders of all the Bonds at the time outstanding, (iii) effect the deprivation of the holder of any Bond of the benefit of the lien of the Indenture upon all or any part of the Trust Estate without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to the Indenture, without the consent of the holders of all of the Bonds at the time outstanding, (v) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the holders of all of the Bonds at the time outstanding, or (vi) cause the interest on the Bonds (if tax exempt Bonds) to be included in the holders' gross income for federal income tax purposes.

**Amendments to Intergovernmental Agreement**

***Amendments to Intergovernmental Agreement Not Requiring Consent of Bondholders.*** The Authority and the County may, with the written consent of the Trustee, but without the consent of or notice to the Bondholders, amend the Intergovernmental Agreement (a) whenever, in the opinion of counsel satisfactory to the Trustee and the County, the contemplated amendment is necessary to cause the Intergovernmental Agreement to comply with Georgia law or to cause the interest on the Bonds to be or remain exempt from federal income taxation; (b) whenever the effect of such amendment is solely to clarify or add further, additional or improved security to the rights thereunder assigned to the Trustee and the Bondholders; (c) for the purpose of curing any ambiguity or formal defect or omission in the Intergovernmental Agreement; (d) in order to more precisely identify the Project or to add additional improvements or properties thereto; (e) in connection with the issuance of Additional Bonds; or (f) for any other purpose that, in the judgment of the Trustee (which may be based upon an opinion of counsel), will not materially adversely affect the Bondholders. Notice of any amendments to the Intergovernmental Agreement will be given to the rating agencies then rating the Bonds.

***Amendments to Intergovernmental Agreement Requiring Consent of Bondholders.*** Except for the amendments, changes, or modifications as provided in the preceding paragraph, no other amendment, change, or modification of the Intergovernmental Agreement will be made without mailing of notice and the written approval or consent of the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding given as provided in the Indenture. If at any time the Authority and the County request the consent of the Bondholders to any such proposed amendment, change or modification of the Intergovernmental Agreement, the Trustee will, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change, or modification to be mailed as required by the Indenture with respect to supplemental indentures. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the Designated Corporate Trust Office of the Trustee for inspection by all Bondholders. Notice of any amendments to the Intergovernmental Agreement will be given to the rating agencies then rating the Bonds at least ten (10) days prior to the effective date thereof.

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# APPENDIX C

# CERTAIN INFORMATION ON THE PROJECT AND SUMMARIES OF CERTAIN PROJECT DOCUMENTS

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# APPENDIX C

## CERTAIN INFORMATION ON THE PROJECT

The Project, located in the southeastern portion of the County near the interchange between Interstate Highways 285 and 75, will be the new home stadium of the Atlanta Braves, a Major League Baseball franchise (the "Atlanta Braves") and will have approximately 41,500 seats. Atlanta National League Baseball Club, Inc. ("ANLBC"), the owner of the Atlanta Braves, has entered into a naming rights agreement with SunTrust Bank, and the Project will be named "SunTrust Park". There will be a 90-feet-wide canopy around the top of the stadium and air conditioning on each level. The Project will include three premium clubs totaling approximately 42,000 square feet that will feature state-of-the-art technology and memorabilia displays. The clubs will include upscale and casual restaurants. Premium seating sections totaling approximately 2,100 seats located between the dugouts on the lower levels will have access to the clubs. The most premium club will feature wide, high-back upholstered padded seats and include in-seat service with all inclusive food, beverage and premium parking. The right field of the stadium will face a mixed-use development and plaza that is expected to include shops, restaurants, offices, residences and entertainment venues. ANLBC has committed to have a minimum of 6,000 parking spaces available for stadium events, and there will be a number of off-site parking lots within close proximity to the Project. There are current plans for a pedestrian and bus bridge linking off-site parking decks to the Project Site. The total cost of the Project is estimated to be approximately $672,000,000, and it is expected to be completed by opening day of the 2017 Major League Baseball season in April of 2017.

As of August 10, 2015, the construction of the Project is on schedule. This schedule calls for the Project to be substantially complete on January 14, 2017 with a final completion certificate of February 24, 2017. All significant slab on grade structures are in place. Structural concrete progress ranges from field level column work on the first base line, terrace level columns and deck at home plate to upper level columns and deck from left center field up the third base line. Mechanical, plumbing and sprinkler systems are underway on the field level. Underground work is close to complete inside the stadium, and utilities outside are underway. The concrete structure is expected to be complete in November 2015. The Final GMP is over 90% contracted out, with the remaining amount represented by some finish trades and standard allowances.

## SUMMARIES OF CERTAIN PROJECT DOCUMENTS

For the purposes of this Appendix C, capitalized terms used and not defined herein will have the meanings ascribed to them in Appendix B under the subheading "**CERTAIN DEFINITIONS**". The following summaries do not purport to be definitive or a complete statement of the terms thereof. Reference is hereby made to the documents for complete recitals of the terms and provisions thereof.

## DEVELOPMENT AGREEMENT

### Delivery of Project Site

Pursuant to the Development Agreement, the Parties agreed that BRED will convey to the Authority on the Issuance Date, by limited warranty deed, legal title to the Project Site free and clear of all encumbrances other than the encumbrances permitted by the Development Agreement and granting the County Parties reasonable right of access to the Project Site. On the date that BRED conveys the Project Site to the Authority, an ALTA owner's policy of title insurance (or binder as the Authority may elect) will be issued to the Authority in an amount equal to the value of the land comprising the Project Site as described in the Stadium Project Budget plus the amount of any Improvements located or to be located thereon (with the actual amount to be determined upon receipt of a final survey of the Project Site) insuring title to the Project Site as being vested in the Authority and subject only to the Permitted Exceptions issued by a title company and underwriter reasonably acceptable to the Authority.

Prior to the conveyance of title to the Project Site to the Authority, the Braves Parties will deliver to the County Parties a Phase I environmental site assessment with an effective date not more than one hundred eighty (180) days prior to the date on which title to the Project Site is to be conveyed to the Authority (the "Project Site ESA") covering the Project Site, which Project Site ESA will be in form and content acceptable to the County

Parties and containing no recognized environmental conditions, by Kimley-Horn and Associates, on which the County Parties will be entitled to rely. The Project Site ESA will satisfy ASTM 1527-13, the U.S. Environmental Protection Agency's "all appropriate inquiries" rule, and any other requirement necessary to entitle the Authority to qualify for the "bona fide purchaser" defense under CERCLA and/or similar defenses or protections under Applicable Law.

**Financing and Funding of the Project**

A portion of the Project will be funded by the Series 2015 Bonds, together with investment earnings on the proceeds of the Series 2015 Bonds. A portion of the Project will be funded by the CID Contribution, to be paid by the CID to the Trustee in four (4) equal annual installments, with the first such installment to be paid to the Trustee on the Issuance Date and the annual installments payable thereafter on or before December 31, 2015, December 31, 2016, and December 31, 2017, each such installment to be deposited by the Trustee into the CID Contribution Account, together with investment earnings thereon.

Following the expenditure of all proceeds of the Series 2015 Bonds deposited into the Bond Proceeds Account, together with the investment earnings thereon, all CID Contribution Funds deposited into the CID Contribution Account, together with investment earnings thereon, 100% of each Construction Fund Requisition and all remaining costs of the Project will be paid by ANLBC Contribution Funds, except where such costs arise out of negligent actions or omissions of the Authority or the County, or any change order requested by the County.

The balance of the Project (other than specified amounts to be funded pursuant to the Development Agreement) will be funded by the ANLBC Contribution to be contributed by ANLBC and paid to the Trustee for deposit into the ANLBC Contribution Account in the amounts and at the times required in order to fully fund that portion of any Construction Fund Requisition identified in such Construction Fund Requisition as the amount to be funded by the ANLBC Contribution (the "ANLBC Contribution Portion"), as further provided in the Development Agreement; as provided in the Indenture, the ANLBC Contribution Account, any money held therein from time to time and any investment earnings thereon will not constitute a part of the Trust Estate securing the Bonds. Notwithstanding the above, the timing and order of ANLBC Contribution advanced will not determine the ultimate application of contributions to particular asset classes.

In addition, the County has agreed to contribute certain transportation improvements benefitting the Project to be funded by the Transportation Improvement Contribution.

***Cost Overruns.*** The Braves Parties will be responsible for payment of any Cost Overrun, which payment will be made upon demand by the County or at such earlier time as may be necessary to ensure the payment or performance, as the case may be, of the subject task or expense itemized in the Stadium Project Budget within the applicable timeframe contained in the Stadium Construction Documents, including the Project Milestone Schedule.

## STADIUM OPERATING AGREEMENT

**Grant of License**

Pursuant to the Stadium Operating Agreement, BSC has a license interest in, right of entry onto and usufruct in, and other rights to, the Stadium, the Project Site, and the Authority Parking Areas. During BSC's use and occupancy of the Stadium, the Project Site and/or the Authority Parking Areas under the Stadium Operating Agreement, BSC will have and be entitled to the quiet enjoyment with respect to the use and occupancy of the Stadium, the Project Site and/or the Authority Parking Areas and the privileges therein granted as a usufruct without interruption or interference by the County Parties, except to the extent that certain rights to use the Stadium, the Project Site and/or the Authority Parking Areas may be specifically reserved by the County Parties in strict accordance with the Stadium Operating Agreement or as required by Applicable Law.

**Term and Termination**

***Term***. Subject to the termination rights specifically set forth in the Stadium Operating Agreement, the term of the Stadium Operating Agreement will commence as of May 27, 2014 and will continue until December 31, 2046. Pursuant to the Stadium Operating Agreement, upon the Completion Date (as defined in the Development Agreement), BSC agreed to enter into any agreements with ANLBC necessary to cause the Team to play all of its regular season and postseason home games at the Stadium commencing with the 2017 MLB season through the conclusion of the Team's 2046 season, subject to BSC's termination rights and certain exceptions specifically set forth in the Stadium Operating Agreement and in the Non-Relocation Agreement.

***Event of Default***. The following will be deemed an "Event of Default" under the Stadium Operating Agreement:

(a) either party's failure to pay any amount due and owing under the Stadium Operating Agreement within ten (10) Business Days after written notice from the non-defaulting party;

(b) either party's failure to perform any material agreement, covenant, term or provision of the Stadium Operating Agreement and such failure continues for a period of thirty (30) days after written notice from the non-defaulting party; provided, however, if such failure is not reasonably capable of being cured within such thirty (30) day period as a result of a Force Majeure or otherwise, the non-performing party will have an additional, reasonable period of time to cure such default not to exceed an additional ninety (90) days if such non-performing party promptly commences to cure within such thirty (30) day period and diligently pursues such cure thereafter to its completion;

(c) ANLBC defaults under any material term of the Assurance Agreement beyond any applicable cure periods; or

(d) A Non-Relocation Default (as such term is defined in the Non-Relocation Agreement) has occurred beyond any applicable cure periods.

Upon any Event of Default, the Parties will have all rights and remedies available at law or in equity and the right to terminate the Stadium Operating Agreement; provided, however, with respect to any Event of Default caused by a Non-Relocation Default, the County Parties will have, in addition to the right to terminate the Stadium Operating Agreement, all other remedies available under the Non-Relocation Agreement.

***BSC Extension Right***. Provided no Event of Default, or event, act or omission that with the notice and the passage of time may be an Event of Default, has occurred and is continuing, BSC will have the option to extend the term of the Stadium Operating Agreement through December 31, 2051 (the "Extension Term"), by providing written notice to the Authority on or before April 1, 2045. During such Extension Term, BSC will continue to pay Stadium License Fee in such amounts, in such manner, and subject to such limitations in the Stadium Operating Agreement.

***Surrender of the Stadium***. Upon the expiration or termination of the Stadium Operating Agreement, BSC will surrender the Stadium to the Authority in good order and repair, reasonable wear and tear excepted, and will deliver to the Authority all keys, access cards or similar devices providing access to the Stadium. The Braves Parties will have the right to remove the ANLBC Stadium Property which is legally and beneficially owned by any of the Braves Parties at its or their discretion, subject to the Braves Parties' responsibility to pay for the reasonable costs of removal and restoration of all areas affected by such removal to a safe and reasonably reusable condition. If the removal of a specific item of the ANLBC Stadium Property will result in the Stadium (or any material component thereof ) not being susceptible to use in its normal and customary manner as a multi-use sports facility, then the Braves Parties will have no right to remove that item of ANLBC Stadium Property.

**Stadium Revenues**

BSC will have the sole and exclusive right to retain all revenues, fees, and other amounts generated by BSC pursuant to the Stadium Operating Agreement. The County Parties disclaimed any right to private revenues that are not revenues of the Project (including Stadium events utilizing the Authority Parking Areas), and BSC disclaimed any right to revenues of the County from public facilities, services or functions.

**Stadium License Fee and Additional License Fee**

***Stadium License Fee***. In consideration of the exclusive rights granted to BSC and its Affiliates under the Stadium Operating Agreement, commencing in calendar year 2017 (provided that the Issuance Date of the Series 2015 Bonds has occurred and subject to BSC's termination rights under the Stadium Operating Agreement) and for each year thereafter during the term of the Stadium Operating Agreement (and the Extension Term if applicable), BSC will pay to the Authority an annual license fee in the amount of Three Million and 00/100 Dollars ($3,000,000.00) (the "Stadium License Fee"), payable in equal, semi-annual payments of One Million Five Hundred Thousand and 00/100 Dollars ($1,500,000.00) on May 15 and October 31 of each year. The Stadium License Fee first will be used to fund scheduled debt service on the Series 2015 Bonds.

***Additional License Fee***. Commencing in calendar year 2017 (provided that the Issuance Date of the Series 2015 Bonds has occurred and subject to BSC's termination rights under the Stadium Operating Agreement) and for each year during the term of the Stadium Operating Agreement in which the Series 2015 Bonds remain outstanding, BSC has also agreed to pay to the Authority an additional license fee in the amount of Three Million One Hundred Thousand and 00/100 Dollars ($3,100,000.00) (the "Additional License Fee"), payable in equal, semi-annual payments of One Million Five Hundred Fifty Thousand and 00/100 Dollars ($1,550,000.00) on May 15 and October 31 of each year, such Additional License Fee to be funded by a source or sources identified by BSC in its discretion which may include, without limitation, naming rights revenues, parking revenues or Stadium marquee advertising revenues. The Additional License Fee is also guaranteed by ANLBC pursuant to the terms of the Assurance Agreement. The Additional License Fee will be used solely to fund debt service on the Series 2015 Bonds (including any refunding bonds or other refinancing of the Series 2015 Bonds, provided any such refinancing will not result in the modification of any financial obligations of the Braves Parties). Once the Series 2015 Bonds have been retired, BSC's obligation to pay the Additional License Fee shall terminate. No Additional License Fee shall be payable during the Extension Term.

**Naming Rights**

Subject to certain limitations set forth in the Stadium Operating Agreement, BSC has the exclusive right to sell naming rights to the Stadium and to retain all revenues derived from such sale.

**County Events**

During the Term, the County will have the right to conduct up to three (3) special events per year for an aggregate period not to exceed ten (10) days per calendar year (but excluding concerts and other professional sporting events which rights are reserved for BSC) (the "County Events") at the Stadium. The net revenues received from County Events at the Stadium may be used solely to fund debt service on the Series 2015 Bonds until such debt service is retired.

**Option to Purchase and First Right of Refusal**

***County Parties' Rights***. The County Parties acknowledge and agree that they do not have the right, individually or collectively, to sell or transfer their interest in the Stadium, the Project Site or the Authority Parking Areas, without the prior, written consent of BSC. If, however, during the term of the Stadium Operating Agreement, the County Parties desire to sell their interest in the Stadium, the Project Site and/or the Authority Parking Areas to a third-party, the County Parties will send to BSC a written offer to sell their interest in the Stadium, Project Site and/or the Authority Parking Areas specifying the terms and conditions on which the County Parties propose to sell their interest in the Stadium, the Project Site and/or the Authority Parking Areas to a third-party. BSC will have a period of one hundred twenty (120) days to accept or reject such offer.

***BSC Rights***. If at any time during the term of the Stadium Operating Agreement, and subject to the full repayment of the Series 2015 Bonds and BSC's rights set forth the Stadium Operating Agreement, BSC desires to purchase the interest of the County or the Authority in the Stadium, the Project Site and/or the Authority Parking Areas, BSC will make a written offer to the County or the Authority as applicable and such party agrees to negotiate exclusively and in good faith with BSC to sell its interest in the Stadium, the Project Site and/or the Authority Parking Areas for a period of ninety (90) days in order to enter into a definitive agreement for purchase and sale of such property. Pursuant to the Intergovernmental Agreement, in order to implement the above, the seller to BSC of any such interest (prior to the retirement of the Series 2015 Bonds) will be the Authority, but the County will convey its interest to the Authority for such purpose. However, all sale proceeds will be paid to the County.

## NON-RELOCATION AGREEMENT

### Covenant to Play at the Stadium

***Covenant to Play at Stadium***. Subject to the exceptions set forth in the Non-Relocation Agreement, ANLBC covenanted and agreed that throughout the Non-Relocation Term (as used in the Non-Relocation Agreement, "Non-Relocation Term" means the period commencing with the Completion Date (as defined in the Development Agreement) and ending on the termination of the Non-Relocation Agreement):

(a) ANLBC will maintain and operate its MLB franchise in the County and use the Stadium as its home stadium and will not volunteer for contraction of the Team;

(b) the Team will play all of its scheduled and rescheduled regular season and postseason (including World Series) MLB home games (collectively, "Home Games") at the Stadium; and

(c) ANLBC will not enter into any contract or agreement, or make any request or application to MLB, to (i) relocate or operate its franchise outside of the County in violation of the Non-Relocation Agreement or (ii) have the Team play any Home Game in any location other than the Stadium in violation of the Non-Relocation Agreement, provided that ANLBC may take the actions otherwise prohibited in the Non-Relocation Agreement during the last three (3) years of the term of the Stadium Operating Agreement in connection with any proposed relocation or playing of the Team's Home Games that would not be played until following the conclusion of the term of the Stadium Operating Agreement. ANLBC will notify the County Parties promptly after entering into any such contract or agreement, or making any such request or application. The covenants by ANLBC in the Non-Relocation Agreement are collectively referred to therein as the "Non-Relocation Covenants" and any violation of any of such covenants is referred to as a "Non-Relocation Default."

***Exceptions***. The Team will be permitted to play what would otherwise be a Home Game at a location other than the Stadium:

(a) in the case of an Alternate Site Condition as provided in the Non-Relocation Agreement and as described herein under the heading "**Alternate Site Condition**";

(b) in any consecutive three (3) year period, up to six (6) regular season Home Games (not including any games played in different locations as provided in the Non-Relocation Agreement) in an international or other location as requested by MLB, provided that, ANLBC will provide written notice, as specified in the Non-Relocation Agreement, to the County Parties not later than January 1 of any operating year of such Home Game scheduled for the upcoming MLB season;

(c) in the case of postseason games, at any location required by MLB; and

(d) in the case of MLB games other than regular season and postseason games, at any location it chooses to the extent permitted or required by MLB.

If the Completion Date (as defined in the Development Agreement) occurs during an MLB season following the later to occur of the date of the MLB All-Star Game or the date on which one-half of the Team's regular season games have been played, the covenants in Section 1 will not become effective until the start of the succeeding MLB season. Without limiting the generality of any other provision of the Non-Relocation Agreement, the Non-Relocation Covenants will not apply: (i) if, pursuant to a County Board Approval, the County consents to any action(s) otherwise prohibited under such section, provided, however, any actions which would allow the Team to permanently relocate from the County will also require the approval of the Authority as well as all applicable MLB Approvals; and (ii) at any time after the termination of the Non-Relocation Agreement.

**Alternate Site Condition**

As used in the Development Agreement, "Alternate Site Condition" means the existence of any one of the following:

(a) MLB determines the condition of the Stadium is or may be (e.g., due to an impending or recently occurring storm) such that MLB Rules and Regulations (including, without limitation, a specific MLB directive) prohibits the playing of Home Games at the Stadium in a written direction, declaration or ruling addressed to ANLBC and provided ANLBC has forwarded a copy of such written direction, declaration or ruling to the County;

(b) all or a significant portion of the Stadium is damaged or destroyed by fire or other casualty as described in the Stadium Operating Agreement; or

(c) a governmental authority determines the use or occupancy of any material portion of the Project is (a) not permitted under any Applicable Law or (b) is unsafe for customary usage.

**Remedies**

***Non-Relocation Default***. Upon the occurrence of a Non-Relocation Default, the County will have the option to pursue any of the remedies set forth in the Non-Relocation Agreement that may be applicable. Upon the occurrence of any other breach or misrepresentation in this Agreement by ANLBC, the County will have the option to pursue the remedies set forth in Non-Relocation Agreement.

***Declaratory or Injunctive Relief***. Upon the occurrence of an ongoing Non-Relocation Default, the County will be entitled to seek injunctive relief prohibiting or mandating action by ANLBC in accordance with, or declaratory relief with respect to, the Non-Relocation Covenants. The Parties agreed and irrevocably stipulated that (a) the rights of the County to injunctive relief pursuant to the Non-Relocation Agreement will not constitute a "claim" pursuant to section 101(5) of the United States Bankruptcy Code (the "Bankruptcy Code") and will not be subject to discharge or restraint of any nature in any bankruptcy proceeding involving ANLBC, (b) the Non-Relocation Agreement is not an "executory contract" as contemplated by section 365 of the Bankruptcy Code, and (c) action(s) taken by the County pursuant to the Non-Relocation Agreement will not in any way prejudice any other rights or remedies that the County may have under the Non-Relocation Agreement or under the other documents related to the Project if a court of competent jurisdiction fails to provide injunctive or other equitable relief prohibiting ANLBC's violation of the Non-Relocation Covenants or, in the case of the remedies set forth in the Non-Relocation Agreement, fails to award liquidated damages thereunder.

## ASSURANCE AGREEMENT

**Guaranty**

Subject to the terms set forth in the Assurance Agreement, ANLBC, as primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guaranteed to the County Parties the following:

(a) The prompt payment and performance of all obligations of the Braves Parties under any of the documents related to the Project, including, but not limited to, the Stadium License Fee and the Additional License Fee under the Stadium Operating Agreement;

(b) Prior to the Issuance Date of the Series 2015 Bonds, payment of all obligations of the County pursuant to and as required by the CM Agreement.

(c) From and after the Issuance Date of the Series 2015 Bonds, the full payment of (i) Cost Overruns and (ii) any other Stadium Costs which exceed the amount of the County Contribution, excluding those Stadium Costs for which the County is responsible as a result of the County's negligence (but expressly excluding negligent acts or omissions that the County would not be responsible for under Applicable Law) or willful misconduct in the fulfillment of obligations of the County under the CM Agreement.

All amounts due, liabilities and payment and performance obligations described in (a) through (c) above, whether liquidated or unliquidated, fixed or contingent, now existing or hereafter arising, of any kind or nature whatsoever, are referred to as the "Guaranteed Obligations."

The payment portion of the Guaranteed Obligations of ANLBC under the Assurance Agreement constitutes a guaranty of payment and not of collection, notwithstanding anything to the contrary contained in the Assurance Agreement.

**Extension and Reinstatement of Guaranteed Obligations**

The Assurance Agreement will continue to be effective, or be reinstated, as the case may be, if at any time after its termination any payment of any of the Guaranteed Obligations is or is sought to be rescinded or must otherwise be restored or returned by the County Parties upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Braves Party or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for any Braves Party, all as though such performance had not been accomplished.

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## APPENDIX D

## PROPOSED FORM OF OPINION OF BOND COUNSEL

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## APPENDIX D

**SET FORTH BELOW IS THE PROPOSED FORM OF THE APPROVING OPINION OF BOND COUNSEL FOR THE SERIES 2015 BONDS; THIS PROPOSED FORM IS SUBJECT TO CHANGE PRIOR TO THE DELIVERY OF THE SERIES 2015 BONDS**

September __, 2015

Cobb-Marietta Coliseum and Exhibit Hall Authority
Atlanta, Georgia

U.S. Bank National Association, as Trustee
Atlanta, Georgia

Cobb County, Georgia
Marietta, Georgia

Re: $376,600,000 Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority"), a public body corporate and politic duly and legally created and validly existing under the laws of the State of Georgia (the "State"), of the Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015, in the original aggregate principal amount of $376,600,000 (the "Series 2015 Bonds") on the date hereof.

In our capacity as Bond Counsel, we have examined the following: (a) the Constitution of the State of Georgia of 1983, as amended (the "Constitution") and the applicable laws of the State, including specifically the provisions of an Act of the General Assembly of the State approved on March 26, 1980 (Ga. laws 1980, p. 4091), as amended by an Act approved April 9, 1981 (Ga. laws 1981, p. 4350), and as amended by an Act approved March 28, 1986 (Ga. laws 1986, p. 5549), and as amended by an Act approved March 27, 1991 (Ga. laws 1991, p. 3531), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4286), and as amended by an Act approved March 30, 1993 (Ga. laws 1993, p. 4495), as amended (collectively, the "Authority's Act") and the Revenue Bond Law, O.C.G.A. Sections 36-82-60 *et seq*., as amended (the "Revenue Bond Law"); (b) certified copies of the resolutions of the duly authorized governing body of the Authority adopted on May 27, 2014 and September 2, 2015 (collectively, the "Bond Resolution"); (c) certified copies of the resolutions of the duly authorized Board of Commissioners of Cobb County, Georgia (the "County") adopted on May 27, 2014 and September __, 2015 (collectively, the "County's Resolutions"); (d) executed counterparts of the Trust Indenture, dated as of September 1, 2015 (the "Indenture"), between the Authority and U.S. Bank National Association, Atlanta, Georgia, as trustee (the "Trustee"); (e) executed counterparts of the Intergovernmental Agreement, dated as of May 27, 2014 (the "Intergovernmental Agreement"), between the Authority and the County; (f) a certified copy of the transcript of the bond validation proceedings with respect to the Series 2015 Bonds concluded in the Superior Court of Cobb County, Georgia on July 25, 2014 and affirmed by order of the Supreme Court of Georgia on June 29, 2015; and (g) such other documents as we have deemed necessary or appropriate in order to deliver this opinion letter. For the purposes of this opinion letter, the Bond Resolution, the County's Resolutions, the Indenture and the Intergovernmental Agreement are referred to herein collectively as the "Financing Documents". In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed, photographic or electronic copies, and as to certificates of officials of the Authority, the County and other public officials, we have assumed the same to have been properly given and to be accurate. For the purposes of this opinion letter, all capitalized terms used, but not defined, herein shall have the meanings assigned thereto in the Indenture.

The Series 2015 Bonds are being issued pursuant to the Constitution, the Authority's Act, the Revenue Bond Law and the Indenture. As provided in the Bond Resolution and the Indenture, the proceeds of the Series 2015 Bonds will be used to finance (a) the acquisition of the Project Site, and the construction and equipping of a multi-use sports, athletic games, recreation and public entertainment stadium and coliseum facility of the type permitted by the Authority's Act and the Revenue Bond Law and customary facilities related thereto, including, without limitation, refreshment stands, restaurants, facilities for the purveying of food, beverages, publications, souvenirs, novelties and goods of all kinds and parking facilities, and which improvements and parking will be located on the Project Site within the geographic boundaries of the County (as described more fully in the Indenture, the "Project"); and (b) the costs of issuance of the Series 2015 Bonds. The Series 2015 Bonds are dated, bear interest, mature and are subject to redemption prior to maturity as provided in the Indenture. Pursuant to, and subject to the requirements of, the Indenture, certain Additional Bonds may be issued to finance the cost of completing the acquisition, construction, installation and equipping of the Project, and if issued, will rank on parity as to the lien of the Indenture with the Series 2015 Bonds. We express no opinion whatsoever herein with respect to any Additional Bonds.

The Authority and the County have entered into the Intergovernmental Agreement, pursuant to which the Authority has agreed, among other matters, to issue the Series 2015 Bonds to finance the Project, and in consideration therefor, the County has agreed, among other matters, to make payments to or for the account of the Authority in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2015 Bonds when due (the "Contract Payments") and to levy (if necessary) an ad valorem property tax on all property in the County subject to such tax, in order to make such payments to the Authority. The County's obligation to make the Contract Payments when due in accordance with the Intergovernmental Agreement and its other obligations thereunder are absolute and unconditional general obligations of the County as therein provided as long as the Series 2015 Bonds remain outstanding.

Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee as security for the payment of the principal of and the interest on the Series 2015 Bonds, all right, title and interest of the Authority in and to (a) the Contract Payments and certain other amounts to be paid by the County under the Intergovernmental Agreement, (b) all amounts held by the Trustee in the funds created under the Indenture and pledged as security thereunder, and (c) all other property of every kind and nature expressly assigned and pledged as additional security under the Indenture (collectively, the "Trust Estate").

In rendering our opinions set forth below, we have (a) relied as to questions of fact material to our opinions, without undertaking to verify the same by independent investigation, upon certified proceedings, certifications, representations and covenants of public officials and representatives of the Authority, the County and others furnished to us, including, without limitation, representations and covenants as to the use and investment of the proceeds of the Series 2015 Bonds and the use and operation of the Project, and (b) assumed continuous compliance by the Authority and the County with their respective representations and covenants contained in the Financing Documents. The Authority and the County, each respectively, has covenanted to comply with all applicable requirements of the Financing Documents, and we have assumed full and continuous compliance with such covenants. In addition, we have relied upon certain opinions of the respective counsel to the Authority and to the County, including, without limitation, with respect to the due authorization, execution, delivery and enforceability of the Series 2015 Bonds and each of the Financing Documents.

Based upon and subject to the foregoing and hereinafter set forth provisions of this letter, we are of the opinion that under present law on the date hereof:

1. The Authority is a public body corporate and politic duly and legally created and validly existing under the laws of the State, and in particular under the Authority's Act, with the power and authority to issue, sell and deliver the Series 2015 Bonds and to execute, deliver and perform its obligations under the Indenture and the Intergovernmental Agreement.

2. The County is a legally created and validly existing political subdivision of the State with the power and authority to enter into and perform its obligations under the Intergovernmental Agreement.

3. The Authority has duly adopted the Bond Resolution and duly authorized, executed and delivered the Indenture and the Intergovernmental Agreement. The Indenture and the Intergovernmental Agreement each constitutes a legal, valid and binding obligation of the Authority.

4. The County has duly adopted the County's Resolutions and duly authorized, executed and delivered the Intergovernmental Agreement. The Intergovernmental Agreement is a legal, valid and binding obligation of the County.

5. The Series 2015 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority enforceable in accordance with the terms thereof and are payable solely from the Trust Estate, including, without limitation, the Contract Payments pledged by the Authority under the Indenture to secure such payment.

6. Under existing law, the interest on the Series 2015 Bonds is exempt from present State of Georgia income tax.

7. Interest on the Series 2015 Bonds is not excluded from gross income for federal income tax purposes.

We express no opinion herein as to any other federal or state tax consequences of buying, holding, owning or selling the Series 2015 Bonds, except as expressly stated hereinabove.

For the purposes of this opinion letter, we have not made any independent investigation into any financial matters of the Authority or the County, and we have not prepared or independently investigated any financial information that has been or may be furnished to any purchaser of the Series 2015 Bonds. Accordingly, we express herein no opinion whatsoever as to the accuracy or completeness of any such financial information furnished in connection with the issuance and sale of the Series 2015 Bonds or any other statements made to any prospective investor or purchaser of the Series 2015 Bonds in connection with the issuance and sale thereof, including, without limitation, no opinion herein with respect to the completeness or sufficiency of the Official Statement related to the Series 2015 Bonds. Nor do we express herein any opinion as to the compliance by the Authority, the County or the Underwriter named therein with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2015 Bonds.

We express herein no opinion whatsoever as to title matters, including, without limitation, no opinion as to the title to, description of, or the existence of any liens, charges or encumbrances on the Project.

The rights of the holders of the Series 2015 Bonds and the enforceability of the Series 2015 Bonds and each of the Financing Documents may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

In rendering this opinion letter, we have not considered the laws of any jurisdiction other than the laws of the State and the federal income tax laws of the United States of America, and we are not rendering any opinion, by implication or otherwise, regarding the laws of any jurisdiction other than the laws of the State and such federal income tax laws.

In connection with the issuance of the Series 2015 Bonds, we have served as Bond Counsel and also have served as special financing and disclosure counsel to the County. We have not served as counsel to the Authority, which is represented by separate counsel, or to the Trustee, which is represented by its in-house counsel. Delivery of this opinion letter to the Authority and the Trustee does not establish an attorney-client relationship between this law firm and the Authority or the Trustee with respect to the issuance of the Series 2015 Bonds.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Very truly yours,

**BUTLER SNOW LLP**

# APPENDIX E

# PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX E

PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (this "Certificate") is dated as of September 1, 2015 for convenience of reference and is made and entered into to be effective as of September __, 2015 (the "Effective Date"), by **COBB COUNTY, GEORGIA** (the "County"), for the benefit of the owners of the **Cobb-Marietta Coliseum and Exhibit Hall Authority Revenue Bonds (Cobb County Coliseum Project), Series 2015** (the "Series 2015 Bonds"), issued on the Effective Date in the original aggregate principal amount of $376,600,000.

**WHEREAS,** on the Effective Date contemporaneously herewith, the Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority") has issued and delivered the Series 2015 Bonds pursuant to that certain Trust Indenture, dated as of September 1, 2015 (the "Indenture"), between the Authority, as issuer, and U.S. Bank National Association, as trustee, for the purpose of providing funds for the acquisition of land for, and the construction and equipping of, a multi-use sports, athletic games, recreation and public entertainment stadium and coliseum facility of the type permitted by the Authority's Act and the Revenue Bond Law and the customary facilities related thereto, including, without limitation, refreshment stands, restaurants, facilities for the purveying of food, beverages, publications, souvenirs, novelties and goods of all kinds, and parking facilities, and which improvements and parking will be located on land owned by the Authority (the "Project"), as such is described more fully in the Indenture, and the costs of issuance of the Series 2015 Bonds approved by the County;

**WHEREAS**, in connection with the issuance of the Series 2015 Bonds, the County and the Authority entered into that certain Intergovernmental Agreement, dated as of May 27, 2014 (the "Intergovernmental Agreement"), whereby, among other matters, the Authority and the County have agreed to the following: the Authority will acquire the Project Site; the County shall serve as the agent and representative of the Authority with respect to the construction, equipping and operation of the Project, and the County, in such capacity, will construct and install, or cause the construction and installation of, the Project on the Project Site and to acquire and install or cause to be acquired and installed the equipment for the Project; the Project will be operated pursuant to a project operating agreement by a third party operator, initially the Braves Stadium Company, LLC, a Delaware limited liability company and an affiliate of the Atlanta National League Baseball Club, Inc., the owner and operation of a major league baseball franchise known as the Atlanta Braves; and the County will make payments to the Authority in amounts sufficient to enable the Authority to pay the principal of and interest on the Series 2015 Bonds when due on each Interest Payment Date and each redemption date (the "Contract Payments");

**WHEREAS**, the Authority and the County have authorized the preparation and distribution of the Preliminary Official Statement dated August 13, 2015, with respect to the Series 2015 Bonds (the "Preliminary Official Statement") and an Official Notice of Sale, dated August 13, 2015 of the Authority with respect to the competitive sale of the Series 2015 Bonds, as revised and restated by the Revised and Restated Official Notice of Sale dated August 20, 2015, and as further revised and restated by the Second Revised and Restated Official Notice of Sale dated August 21, 2015, and the Authority and the County, each respectively, executed and delivered its Rule 15c2-12 Certificate dated as of August 13, 2015, whereby, among other matters, the Authority and the County deemed that the Preliminary Official Statement was final within the meaning of Rule 15c2-12, as amended (as the same may be further amended from time to time, the "Rule"), of the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended;

**WHEREAS**, with the County's approval, the Authority accepted and approved the lowest responsive bid for the purchase of the Series 2015 Bonds submitted by Wells Fargo Bank, National Association (the "Participating Underwriter"), the Authority and the County authorized the preparation and distribution of the Official Statement dated August 25, 2015, with respect to the Series 2015 Bonds (the "Official Statement ");

**WHEREAS**, as a condition precedent to the initial purchase of the Series 2015 Bonds by the Participating Underwriter, the County has agreed to provide for the public disclosure of certain information concerning the Series 2015 Bonds and certain financial and operating data concerning the County on an ongoing basis for so long as the Series 2015 Bonds remain outstanding, as set forth herein;

**WHEREAS,** the Authority has determined that no financial or operating data concerning the Authority is material to any decision to purchase, hold or sell the Series 2015 Bonds, that no such financial or operating data was provided in the Preliminary Official Statement or the Official Statement, that the Authority will not provide any such information in the future with respect to the Series 2015 Bonds, that the Authority will not enter into this Certificate or a comparable continuing disclosure undertaking with respect to the Series 2015 Bonds, and the Authority will have no liability to the beneficial owners of the Series 2015 Bonds or any other person with respect to any financial or operating data or other information provided by the County pursuant to this Certificate or otherwise.

**NOW THEREFORE**, in consideration of the purchase of the Series 2015 Bonds by the Participating Underwriter and all subsequent owners of the Series 2015 Bonds, the County does hereby certify and agree as follows:

**Section 1. Definitions**. (a) For the purposes of this Certificate, all capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed thereto in the Indenture, the Intergovernmental Contract and in the Official Statement.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings for the purposes of this Certificate:

"Accompanying Information" means any identifying information or other information then required to accompany the applicable filing pursuant to the Rule.

"Annual Filing" shall have the meaning set forth in Section 3 hereof.

"Beneficial Owner" or "owner" (when used with respect to the Series 2015 Bonds) means any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Series 2015 Bonds (including persons holding Series 2015 Bonds through nominees, depositories, or other intermediaries) or (ii) is treated as the owner of any of the Series 2015 Bonds for federal income tax purposes.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which banking institutions are open in Atlanta, Georgia during normal business hours for customary full service banking.

"Electronic Means" shall mean a written communication sent by electronic means that allows the receiver to create a hard copy thereof and the receipt of which has been confirmed by the sender electronically or otherwise and as permitted or contemplated by the Rule at the applicable time.

"EMMA" means MSRB's Electronic Municipal Market Access System or any successor thereto. Unless otherwise directed by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website, currently located at http://emma.msrb.org,

"Filing" means, as applicable, any Annual Filing or Listed Event Filing or any other notice or report filed with the MSRB (currently through EMMA) in Required Electronic Format under this Certificate.

"Fiscal Year" means any period of twelve (12) consecutive months adopted by the County as its fiscal year for financial reporting purposes and initially shall mean the period beginning on October 1 of each calendar year and ending on September 30 of the next calendar year.

"Listed Events" and "Listed Event Filings" each shall have the respective meaning set forth in Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor to its functions designated by the SEC for the purposes of the Rule.

"Required Electronic Format" means the electronic format then prescribed by the SEC or the MSRB pursuant to the Rule.

"Third Party Beneficiaries" shall have the meaning set forth in Section 2(c) hereof.

"timely" as used with respect to the filing of Annual Filings, Listed Event Filings or any other filings required under this Certificate for the purposes of the Rule shall have the meaning then required under the Rule.

**Section 2. Scope of this Certificate.** (a) The County has agreed to enter into this Certificate and to undertake its continuing disclosure obligations hereunder as a condition precedent to the Participating Underwriter's purchase and subsequent resale of the Series 2015 Bonds. The obligations of the County under this Certificate relate solely to the Series 2015 Bonds and shall not apply to any other securities issued or to be issued by the County or the Authority.

(b) This Certificate constitutes the agreement of the County to disclose all information related to the Series 2015 Bonds required to be provided in accordance with the Rule. The County will be responsible for preparing each notice or report to be filed with the MSRB by the County in accordance with the terms of the Rule and this Certificate.

(c) Neither this Certificate, nor the performance by the County of its obligations hereunder, shall create any third party beneficiary rights, nor shall this Certificate be enforceable by any third party, nor shall it constitute a basis for a claim by any person except as expressly provided herein and except as required by law, including, without limitation, the Rule; provided, however, the Participating Underwriter and each owner of the Series 2015 Bonds is hereby made a third party beneficiary hereof (collectively, "Third Party Beneficiaries" and each respectively, "Third Party Beneficiary") and shall have the right to enforce the obligations of the County hereunder pursuant to Section 7 hereof.

(d) The County acknowledges that it is an "obligated person" within the meaning of the Rule with respect to the Series 2015 Bonds as a consequence of its obligations to pay Contract Payments to the Authority under the Intergovernmental Agreement.

(e) This Certificate shall terminate upon the legal defeasance, redemption in whole, payment in full or other retirement of all Series 2015 Bonds.

**Section 3. Annual Filings.** (a) The County shall file with the MSRB (currently through EMMA) in Required Electronic Format by no later than March 31 (six (6) months after the last day of the County's Fiscal Year, ending on September 30) and in accordance with Section 5 hereof and containing the CUSIP numbers of the Series 2015 Bonds, which CUSIP numbers current as of the Effective Date hereof are set forth on **Exhibit A** hereto, the following Annual Filings, each for the annual period ending on the last day of the County's immediately preceding Fiscal Year, commencing with the Fiscal Year ending on September 30, 2015, together with any Accompanying Information:

(i) An annual financial and operating data disclosure report with respect to the County, the Series 2015 Bonds and the security for the Series 2015 Bonds, containing financial information and operating data on the County, including, without limitation, financial information and operating data similar to the type of financial information and operating data included in Appendix A – "CERTAIN INFORMATION REGARDING COBB COUNTY, GEORGIA" to the Official Statement, provided that such financial information and operating data need not be set forth in the same or similar format as in such Appendix (collectively, the "Annual Disclosure Report").

(ii) The annual audited financial statements of the County resulting from an audit conducted by a firm of independent certified public accountants in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Governmental Accounting Standards Board, as in effect from time to time, and presented on a two year comparative basis for informational purposes (the "Annual Financials" and, together with the Annual Disclosure Report, the "Annual Filings"). If such audited financial statements are not available by the time the Annual Disclosure Report is required to be filed in accordance with Section 3(a)(i) hereof, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Series 2015 Bonds, and the audited financial statements, together with the audit report thereon, shall be filed in the same manner as the Annual Disclosure Report when they become available.

(iii) If applicable, the Annual Filing also shall contain or incorporate by reference the following: (1) if the accounting principles pursuant to which the Annual Financials are prepared have changed from the previous Fiscal Year, a description of such change and the qualitative impact of the change; and (2) if the Fiscal Year of the County has changed, a statement indicating the new Fiscal Year of the County.

(b) Each Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Certificate. The Annual Financials may be submitted separately from the balance of the Annual Disclosure Report. In the event that the Annual Financials are not included with the Annual Disclosure Report and will be submitted at a later date, the County shall indicate in the Annual Disclosure Report the date on which it expects the Annual Financials will be submitted.

Any or all of the items to be included in the Annual Filings may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

(c) The County also shall file a notice with the MSRB in a timely manner in the event the Annual Filing (or the Annual Financials, if they will be separately submitted) is not available by the date required in Section 3(a) hereof.

**Section 4. Listed Event Filings.** (a) Upon the occurrence of any of the following events with respect to the Series 2015 Bonds (collectively and each respectively, the "Listed Events"), the County shall file with the MSRB (currently through EMMA) in Required Electronic Format, a written notice of the occurrence of each such Listed Event, together with any Accompanying Information (collectively and each respectively, the "Listed Event Filings") in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) substitution of credit or liquidity providers or their failure to perform;

(5) unscheduled draws on credit enhancements reflecting financial difficulties;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015 Bonds, or other material events affecting the tax status of the Series 2015 Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Series 2015 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event with respect to the County. For the purposes of this clause (12), any such event shall be considered to have occurred when any of the following events occur: the appointment of a receiver, fiscal agent or similar officer for an the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) In addition, upon the occurrence of any of the following, the County shall file with the MSRB (currently through EMMA) in Required Electronic Format, together with any Accompanying Information, in accordance with Section 5 hereof written notice of the occurrence thereof in a timely manner:

(1) failure of the County to file with the MSRB (currently though EMMA) in Required Electronic Format the Annual Disclosure Report and/or Annual Financials required under Section 3 hereof by the date required under such Section 3;

(2) any amendment to or modification of this Certificate or the type of financial information (or the presentation thereof) or operating data to be included in the County's Annual Disclosure Report or the accounting principles pursuant to which the Annual Financials are prepared or any change of the County's Fiscal Year; or

(3) any termination of this Certificate in accordance with Section 2(e) hereof.

**Section 5. <u>Content of Reports and Notices</u>.** (a) Each Listed Event Filing shall be filed with the MSRB (currently though EMMA) in Required Electronic Format and shall contain the CUSIP numbers of the Series 2015 Bonds, which CUSIP numbers current as of the Effective Date hereof are set forth on **<u>Exhibit A</u>** hereto and shall otherwise be such form as may comply with the requirements of the Rule. If an item of information required to be contained in any Annual Filing or any Listed Event Filing from the County pursuant to this Certificate would be misleading without additional information, the County additionally shall include such additional information as a part of such Annual Filing or Listed Event Filing as may be necessary in order that the statement and the disclosure item will not be misleading in light of the circumstances in which made; provided, however, notwithstanding any provision herein to the contrary, nothing in this Certificate shall be construed to require the County to interpret or provide an opinion concerning information filed with the MSRB pursuant to this Certificate. Each filing with the MSRB pursuant to this Certificate shall be in the in Required Electronic Format, shall otherwise be such form as may comply with the requirements of the Rule and shall include any Accompanying Information then required by the Rule.

(b) Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Filing or Listed Event Filing, in addition to that which is required by this Certificate. If the County chooses to include any information in any Annual Filing or Listed Event Filing, in addition to the information specifically required by this Certificate, and if the County clearly identifies such additional information as information that will not be updated or included in future reports or notices filed with the MSRB hereunder, then the County shall have no obligation under this Certificate to update such information or include it in any future Annual Filing or Listed Event Filing.

(c) Any report, notice or other filing filed with the MSRB pursuant to this Certificate may consist of a single document or as separate documents comprising a package and may incorporate by reference other clearly identified documents or specified portions thereof previously filed with the SEC or available to the public at the MSRB's EMMA or any successor website established pursuant to the Rule for such purpose or as may otherwise be permitted pursuant to the Rule, provided that any final official statement incorporated by reference must be available to the public from the MSRB.

**Section 6. Default under this Certificate.** (a) The County shall be in default of its obligations hereunder if it fails and refuses to carry out or perform its obligations hereunder and if such failure or refusal continues for a period of ten (10) Business Days following the date such obligation was to be performed hereunder.

(b) If a default occurs and continues beyond the cure period specified above, any Third Party Beneficiary hereof may seek specific performance of the defaulted obligations of the County hereunder as the sole and exclusive remedy available upon any such default. The County and each Third Party Beneficiary hereof hereby acknowledges that monetary damages will not be an adequate remedy at law for any default hereunder, and therefore hereby agrees that the remedy of specific performance will be available to enforce this Certificate.

(c) Notwithstanding any provision of this Certificate, the Indenture or the Official Statement to the contrary, no default under this Certificate shall constitute a default or Event of Default under the Indenture or the Series 2015 Bonds.

**Section 7. Amendment or Modification.** (a) This Certificate shall not be amended or modified except as provided in this Section and may not be amended or modified except in writing executed by the County. No modification, amendment, alteration or termination of all or any part of this Certificate shall be construed to be, or operate as, altering or amending in any way the provisions of the Indenture. The County shall file with the MSRB (currently through EMMA) in Required Electronic Format notice of any amendment or modification of this Certificate in accordance with Section 4(b)(2) hereof.

(b) This Certificate shall be amended or modified from time to time as may be necessary or desirable to conform the terms hereof to the Rule or any official release of the SEC with respect to the Rule, to the extent applicable to the subject matter hereof, provided, however, that (i) this Certificate as so amended would have complied with the Rule at the time of initial issuance and sale of the Series 2015 Bonds, after taking into account any amendments or interpretative releases of the SEC with respect to the Rule and any change in circumstances occurring since such time of initial issuance and sale of the Series 2015 Bonds and (ii) the amendment does not materially impair the interests of the owners of the Series 2015 Bonds, as determined by either (1) an opinion of Bond Counsel or (2) approving vote of the owners of the Series 2015 Bonds in accordance with the procedures and requirements substantially similar to those applicable to amendments to the Indenture (including, without limitation, the percentage of owners whose approval is required).

**Section 8. Miscellaneous.** (a) Representations. The County hereby represents, warrants and certifies that (i) it has duly authorized the execution and delivery of this Certificate by its officers whose signatures appear on the execution page hereto, (ii) it has all requisite power and authority to execute, deliver and perform this Certificate under applicable law and pursuant to the County's approving resolution, (iii) the execution and delivery of this Certificate, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which it or its property or assets is bound, and (iv) there is no litigation or proceeding pending, or, to the best of its knowledge threatened, contesting or questioning its existence, or its power and authority to enter into this Certificate, or its due authorization, execution and delivery of this Certificate, or otherwise contesting or questioning the issuance of the Series 2015 Bonds.

(b) Governing Law. This Certificate shall be governed by and interpreted in accordance with the laws of the State of Georgia and applicable federal law, including, without limitation, the Rule.

(c) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(d) Counterparts. This Certificate may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the County has caused its duly authorized officers to execute this **Continuing Disclosure Certificate** as of the Effective Date set forth hereinabove.

| | |
|---|---|
| **[COUNTY SEAL]** | **COBB COUNTY, GEORGIA** |
| Attest: ______________________ | By: ______________________ |
| James D. Pehrson<br>Finance Director/Comptroller<br>Cobb County, Georgia | Timothy D. Lee<br>Chairman, Board of Commissioners of Cobb County, Georgia |

## EXHIBIT A

### CUSIP NUMBERS UPON INITIAL ISSUANCE

**$376,600,000**
**COBB-MARIETTA COLISEUM AND EXHIBIT HALL AUTHORITY REVENUE BONDS**
**(COBB COUNTY COLISEUM PROJECT), SERIES 2015**
**Originally Issued on September 9, 2015**

| Maturity Date | Principal Amount | CUSIP[1] Number |
|---|---|---|
| July 1, 2017 | $ 3,690,000 | 190760 GV4 |
| January 1, 2018 | 3,710,000 | 190760 GW2 |
| July 1, 2018 | 3,730,000 | 190760 GX0 |
| January 1, 2019 | 3,755,000 | 190760 GY8 |
| July 1, 2019 | 3,790,000 | 190760 GZ5 |
| January 1, 2020 | 3,820,000 | 190760 HA9 |
| July 1, 2020 | 3,860,000 | 190760 HB7 |
| January 1, 2021 | 3,900,000 | 190760 HC5 |
| July 1, 2021 | 3,950,000 | 190760 HD3 |
| January 1, 2022 | 4,000,000 | 190760 HE1 |
| July 1, 2022 | 4,055,000 | 190760 HF8 |
| January 1, 2023 | 4,110,000 | 190760 HG6 |
| July 1, 2023 | 4,170,000 | 190760 HH4 |
| January 1, 2024 | 4,235,000 | 190760 HJ0 |
| July 1, 2024 | 4,300,000 | 190760 HK7 |
| January 1, 2025 | 4,365,000 | 190760 HL5 |
| July 1, 2025 | 4,435,000 | 190760 HM3 |
| July 1, 2026 | 9,095,000 | 190760 HN1 |
| July 1, 2027 | 9,405,000 | 190760 HP6 |
| July 1, 2028 | 9,740,000 | 190760 HQ4 |
| July 1, 2029 | 10,105,000 | 190760 HR2 |
| July 1, 2030 | 10,490,000 | 190760 HS0 |
| January 1, 2047 | 259,890,000 | 190760 HT8 |

[1] Copyright, American Bankers Association; CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers have been assigned by the CUSIP Service Bureau, and are included herein solely for the convenience of bondholders. The County makes no representation as to the selection, accuracy or use now or in the future of such CUSIP numbers, whether contained herein or on the Series 2015 Bonds or elsewhere, and has no responsibility with respect to such CUSIP numbers.

## APPENDIX F

## AUDITED FINANCIAL STATEMENTS OF COBB COUNTY FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014

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# COBB COUNTY GOVERNMENT

Marietta, Georgia

# CAFR

**For Fiscal Year Ended September 30, 2014**

# Comprehensive Annual Financial Report

*Cobb County…Expect the Best!*

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# COBB COUNTY, GEORGIA

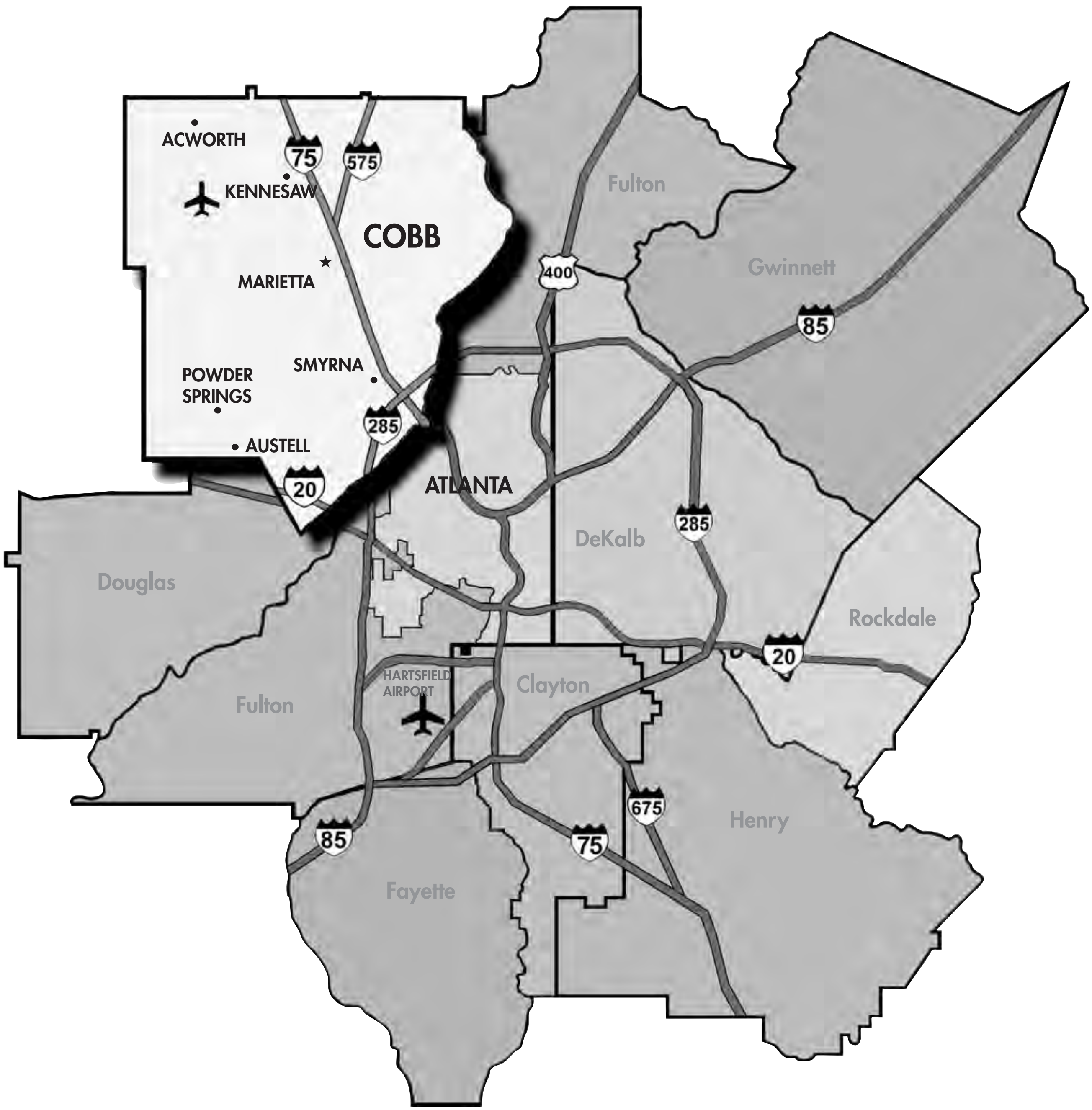
## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2014

James Pehrson, CPA
Director of Finance/Comptroller

Cobb County Finance Department
100 Cherokee Street, Marietta, Georgia 30090

# *Metro Atlanta*



**COBB COUNTY, GEORGIA**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**
**SEPTEMBER 30, 2014**

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**COBB COUNTY, GEORGIA**
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**
**SEPTEMBER 30, 2014**

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## INTRODUCTORY SECTION

The Introductory Section includes a transmittal letter from the Director of Finance/Comptroller, a general government organization chart and a list of principal officials. The transmittal letter is intended to provide users with general information of the County's structure, the County's current and future economic picture as well as its major initiatives and financial accomplishments.

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*From the desk of:*
**JAMES D. PEHRSON, CPA**
DIRECTOR and COMPTROLLER
jpehrson@cobbcounty.org

OFFICE OF FINANCE
& ECONOMIC DEVELOPMENT

www.cobbcounty.org/finance

*100 Cherokee Street, Suite 400*
**MARIETTA, GA 30090**
*Phone*: 770.528.1503
*Fax*: 770.528.1507

March 6, 2015

The Honorable Tim Lee, Chairman
Members of the Cobb County Board of Commissioners
And Citizens of Cobb County

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of Cobb County, Georgia for the fiscal year ended September 30, 2014, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including disclosures, rests with the County. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the County's financial activities have been included.

Crace Galvis McGrath, LLC, Certified Public Accountants, have issued an unmodified opinion on the Cobb County financial statements for the fiscal year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Cobb County receives financial assistance through various federal grant programs. As required by the Single Audit Act of 1984, P.L. 98-502 and amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, audits of programs receiving federal grants have been performed for the fiscal year ended September 30, 2014. The required reports on supplementary information, compliance, internal controls, and various supplementary schedules are included under the Compliance Section.

***Profile of the Government***

Cobb County, Georgia, is a healthy, vibrant community located twenty miles northwest of Atlanta along the scenic Chattahoochee River. Cobb and neighboring Cherokee County were part of the Creek and Cherokee Indian Territories when the first settlers arrived in the early 1800's. The North Georgia Gold Rush brought English and Scotch-Irish settlers in search of riches and farmland. As trade began, enough homesteaders were attracted to the area for the City of Smyrna, one of Cobb's six municipalities, to be settled in 1831. Cobb County was officially organized in December 3, 1832 and named for Thomas Willis Cobb, a United States Senator, Congressman and Superior Court judge. The County seat, Marietta, was officially recognized in

1834. The two cities and the county grew substantially following Reconstruction, especially after World War II with the building of Rickenbacker Field and the Bell Bomber Aircraft Plant – now Dobbins Air Reserve Base and the Lockheed Martin Aeronautical Systems Company.

Cobb's population has grown 18% since 2000 when approximately 607,751 people resided in the County. Based on the U.S. Census estimates as of July 2010 and adding a 1.5% growth factor, Cobb's population is estimated at 726,850. Cobb ranks third in the Atlanta region's population growth.

A five-member Board of Commissioners governs Cobb County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four year staggered terms. A County Manager, who is appointed by and responsible to the Board of Commissioners, directs the daily operation of the County. Services provided to approximately 726,850 Cobb citizens residing in the 340.2 square mile area include: public safety (fire, EMS, police, 911 emergency, animal control, courts and sheriff and detention operations), community development, community services, transportation, and other general governmental services. The County also provides water and sewer. After many years of providing solid waste disposal services to the public, this function was privatized in 2009.

The incorporated areas of Cobb County consist of six municipalities – the cities of Acworth, Austell, Kennesaw, Marietta, Powder Springs and Smyrna. A mayor and city council govern each municipality.

The financial statements contained herein include all activities and functions of Cobb County that are under the jurisdiction of the Board of Commissioners, as set forth in state and local law. Additionally, two component units are included in these financial statements because of its operational and financial relationships to the County. The Cobb-Marietta Coliseum and Exhibit Hall Authority operate a multi-use exhibit hall and convention facility in the County. The Cobb County Board of Health provides a variety of health related services in the County. Additional information on these legally separate entities can be found under the Basic Financial Statements section.

***Local Economy***

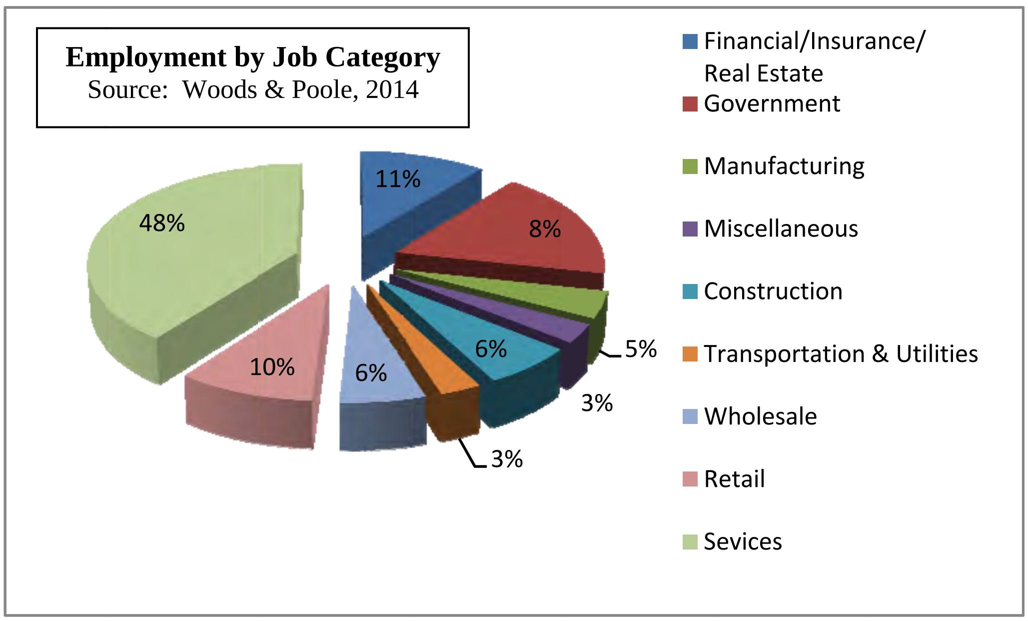
Cobb County is part of a very select group that includes less than 1% of counties nationwide to have achieved a Triple-Triple A credit rating, and this achievement has been accomplished for the sixteenth consecutive year. In 1995, Moody's Investor Services awarded Cobb its first AAA rating citing strong economic growth and strong fiscal management. Cobb was the first county in Moody's eight-state southeast region to achieve this highly coveted rating. In April of 1996, Fitch Investors also awarded Cobb with their top rating…AAA. Cobb was also the first county in Fitch's southeast region to achieve their AAA rating. Standard and Poor's upgraded Cobb to AAA in June of 1997. The Triple A rating is the most highly acclaimed indicator of the overall financial strength of a community. These independent ratings produce significant interest savings and verify that Cobb's sound fiscal policies and conservative management philosophy will guide Cobb into the future.

Thanks in large part to the foresight and stewardship of County leadership, Cobb County continues to prosper. Cobb employs more than 447,380 within its boundaries and currently, there are approximately 30,000 licensed businesses. The County's unemployment rate was 6% which is lower than the State of Georgia (7.4%) and the United States (5.8%).

The County is highly-regarded for its pro-business environment, a product of careful planning, cooperation with other local governments, and progressive leadership which, over the years, has generated a strong and diverse economy that is not dependent on any one industry or sector. Major national and international companies are represented in the County. Some of the top employers in Cobb County include, the Home Depot, Cobb County Schools, WellStar, Lockheed Martin and Kennesaw State University to name a few.

On November 11, 2013, the Atlanta Braves organization announced their partnership with the County that will bring the new world-class Major League Baseball stadium and integrated mixed-use development to Cobb County. The construction of the new stadium began in the second half of 2014 and will be completed by Opening Day 2017. This partnership will bring an estimated 5,227 construction jobs, 3,141 ongoing ballpark jobs, as well as an increase in visitor spending, resulting in 873 jobs to the County.

According to Woods & Poole Economics (2014 Data Pamphlet), the Atlanta Georgia Metro Statistical Area (MSA) will generate the second largest number of jobs of any MSA in the Southeast over the next three decades. Atlanta is a regional center of trade and commerce for much of the Southeast outside of Florida. Employment is expected to increase in transportation, communications, public utilities, retail trade, finance, insurance, and real estate. Hartsfield-Jackson International Airport and an extensive road program have made the Atlanta area a hub for distribution facilities and a regional center for commerce and trade in the Southeast.




In fiscal year 2014, the Cobb Galleria Centre, one of the leading convention centers in the nation, had a net position of $114.6 million. September 2014 marked the seventh anniversary of the grand opening of the Cobb Energy Performing Arts Centre, the first major performing arts facility in the Atlanta area in four decades. The $133 million facility includes the 2,750-seat John A. Williams Theatre, 10,000 square foot ballroom, 3,000 square foot terrace and full catering capabilities. The Centre will have a major impact on the surrounding area, both economically and artistically, because the Centre is a premier venue for opera, concerts, Broadway shows, ballet, educational and family shows and other events. In short, this first class facility will greatly enhance the quality of life in the region.

***Long-term Financial Planning***

Cobb County is recognized as a leader both nationally and locally. Nationally, the three premier bond rating agencies have awarded the County their highest ratings…triple A. Cobb's Water System is the highest rated independent (non-general obligation backed) water system in the nation as they also have a Triple-Triple A rating.

In March 2011, voters approved the Special Purpose Local Option Sales Tax (SPLOST). This one cent sales tax program, which is significantly supported by non-residents, funds various improvements around the County. Since this SPLOST began, the improvements total: $118.1 million for Transportation Projects; $23.8 million for Parks Projects; $11.9 million for Support Services Projects and $8.4 million for Public Safety Projects. This SPLOST program runs from January 2012 until December 2015. A complete list of the projects and further details regarding the program is available at the Web site www.cobbcounty.org/SPLOST. Total revenue generated for the SPLOST program since this SPLOST began is $378.6 million with expenditures totaling $257 million.

In September 2005, voters approved a one cent Special Purpose Local Option Sales Tax (SPLOST) that ceased collections in December 2011. Since this SPLOST began, the improvements total: $109.8 million for the expansion of the Cobb County Adult Detention Center, $157.4 million for thoroughfare improvements, $105.1 million for major roadway safety and operational improvements, $49 million for resurfacing, $34.3 million for miscellaneous municipal projects, $43.8 million for intersection safety and operational improvements, $27.0 million for 800MHz Core Replacement which was interfund transferred to the 800MHz Fund, $29.8 million for bridge rehabilitation\replacement, and $62.4 million for courthouse construction. Total revenue generated for the SPLOST program since this SPLOST began is $837.2 million with expenditures totaling $781 million.

The Debt Service Fund reflects the accumulation of monies for, and the payment of, principal and interest on all General Obligation Debt other than that issued specifically for enterprise activities. The following ratios of net bonded debt per capita are useful indicators of the County's strong debt position:

| | *Amount* | *Debt per Capita* | *Debt to Actual Value* | *Debt to Assessed Value* |
|---|---|---|---|---|
| Net Bonded Debt | $15,134,122 | $20.82 | 0.02% | 0.05% |
| Total General Obligation Direct Debt | $26,065,000 | $35.86 | 0.03% | 0.09% |
| Total Primary Government Debt | $412,580,457 | $567.63 | 0.55% | 1.38% |

Outstanding General Obligation Bonds at September 30, 2014 totaled $26,065,000.

Cobb's legal General Obligation Bond debt limitation by state law is 10% of the taxable digest or $2,992,366,303. Cobb County currently is utilizing .87% of this limitation with its $26,065,000 outstanding General Obligation Bonds.

The available assets of the various funds are pooled to the extent possible for investment purposes. Investments are made in accordance with state law and the County's Investment Policy that requires bank balances be 110% collateralized and all investments be acquired on a "delivery vs. payment" basis, thereby providing maximum protection to the County. The Investment Policy also prescribes selection criteria for financial institutions, investment instruments and maturities of investments.

On March 13, 2007, the Cobb County Board of Commissioners (BOC) authorized the Water System to submit an application to (Georgia Environmental Facilities Authority) GEFA for partial funding of the South Cobb Tunnel construction and related services. This project entails construction of an approximately 30,000 foot long, deep tunnel with a 27-foot excavation diameter; several connecting tunnels 6 to 10 feet in diameter ranging from 500 to 3,200 feet in length, and a 130 mgd lift station at the South Cobb Water Reclamation Facility. The initial loan in the amount of $35 million was authorized by the BOC on March 11, 2008, and the second loan in the amount of $35 million was authorized in FY2009. Two additional loans in the amount of $10 million and $25 million were requested in FY 2010. Two additional loans in the amount of $25 million and $35 million were requested in FY 2011 [however, only $49.9 million was received in FY2011]. One additional loan in the amount of $35 million was requested in FY 2012 [however, only $27.1 million was received in FY2012]. The length of the project will be approximately 6 years with each loan having a 20 year term. The current outstanding balance of these loans from GEFA, as of September 30, 2014, is $156,084,686.

***Major Initiatives***

In order to continue to compete in a global economy and ensure continued economic growth, Cobb County must continue to address the public infrastructure that effectively serves the demands for transportation and air travel, water supply, wastewater treatment and waste disposal. To address these challenges, along with other quality of life issues, Cobb aggressively developed and adopted its first 5-year rolling Capital Improvement Program (CIP) in 1990. Since that time, Cobb County has successfully completed and implemented the Cobb County Greenprint. This is a Geographic Information Systems modeling program that allows staff to manage and prioritize the remaining undeveloped land and sensitive habitat in the county.

*Road to Progress* Cobb County DOT oversees one of Georgia's largest county-owned road networks. During 2014, construction began on the Skip Spann Connector, a new roadway over Interstate 75 connecting Frey Road to Townpark Lane. A 15-foot wide pedestrian-friendly enhanced sidewalk will also be constructed as part of this project and will provide connectivity to Kennesaw State University and retail shopping and dining establishments. Construction was also completed on the Floyd Road Widening and Sidewalk project. This project was constructed to provide roadway safety and operational improvements and sidewalk construction on Floyd Road, from Clay Road to Hicks Road. The purpose of the project was to improve capacity and enhance safety along Floyd Road with two 11-foot wide travel lanes in each direction and a 20-foot wide median. In addition, a ten-foot wide sidewalk was added adjacent to the roadway on the west side and a five-foot wide sidewalk was constructed along the east side of the roadway.

With the SPLOST program proceeding on schedule and on track for completion within eight years, improvements to Cobb County's transportation system steadily move along. The SPLOST program to date has approximately 501 transportation projects that are underway or completed. Of these, 408 have been completed and the County anticipates constructing a portion of the 18 deferred projects from savings from completed projects.

*County-Owned Transit System* Cobb Community Transit (CCT) continues to meet its goals of providing the citizens of Cobb County with a safe, reliable, attractive and cost effective public transportation system. In 2014, CCT riders took nearly 3.5 million trips, displaying a slight decrease in ridership. CCT continues with the Breeze Fare Collection System which allows CCT passengers to be able to easily transfer between CCT and MARTA.

The 2011 SPLOST Program has added various opportunities for DOT to pursue projects not approved during the 2005 SPLOST Program conception phase. Every project funded by the 2011-15 SPLOST will improve the quality of life in Cobb County by maintaining, improving and enhancing County parks, transportation, infrastructure, public safety, libraries, senior services, judicial, and public health facilities. Projects include infrastructure preservation (resurfacing, bridges and drainage), pedestrian improvements, transit, traffic congestion relief, safety and operational improvements (roadways, intersections, and school zones), and federal/state matching funds.

| 2011 SPLOST Transportation Project Updates | |
|---|---|
| ***The Third Year*** | ***Construction projects completed include:***<br>o Burnt Hickory Road Bridge over Mud Creek<br>o Stout Parkway Bridge over Gothards Creek<br>o Cobb Parkway at Mars Hill Road Intersection<br>o Cooper Lake Road Sidewalk<br>o Shallowford Road Sidewalk |
| ***Current On-Going Projects*** | ***Transportation Project Status***<br>o 65 Pre-Construction Projects underway<br>o 23 Construction Projects<br>o 100 Projects completed |
| ***Upcoming Projects*** | ***Current/Upcoming Construction Projects***<br>o Skip Spann Connector<br>o Shiloh Road/Shallowford Road<br>o Ebenezer Road Sidewalks<br>o Floyd Rd (Veterans Memorial to Clay Rd)<br>o Windy Hill Road<br>o Walker Drive Extension |

*Cobb County Public Safety:* Public Safety enhancements include upgrading communication systems, purchase of essential fire, Emergency Medical Services (EMS) and police apparatus and equipment, as well as the renovation of existing facilities.

| 2011 SPLOST Public Safety Project Updates | |
|---|---|
| ***The Third Year*** | ***Fire & Emergency Services completed projects:***<br>o Apparatus (Rescue): 1 Rescue in service June 2014<br>o Extrication Equipment: In Service June 2014<br>o Manual Defibrillators: In Service December 2013 |
| ***Current On-Going Projects*** | ***Fire & Emergency Services projects:***<br>o Apparatus (Engine): 4 on order, delivery March 2015<br>o Thermal Imaging Cameras: Delivery Jan 2015 |
| ***Upcoming Projects*** | ***Fire & Emergency Services projects:***<br>o Apparatus (Hazmat 22 Support Apparatus): Finalize drawings |

*<u>Cobb County Parks, Recreation and Cultural Affairs:</u>* Funding for these projects will be geared toward revitalization of existing parks, and renovations to existing park buildings and facilities to benefit the citizens of Cobb County.

| 2011 SPLOST Parks Recreation & Cultural Affairs<br>Project Updates | |
|---|---|
| ***The Third Year*** | ***Construction projects completed in 2014:***<br><br>o Sewell Park Baseball Fields, Concession Restroom Building<br>o Sewell Park Swimming Pool and Splash Pad<br>o The Art Place Interior Improvements<br>o West Cobb Aquatic Center Roof Replacement, Indoor Air Quality<br>o Lost Mountain Park Paving<br>o South Cobb Recreation Center Roof Replacement<br>o Harrison Park Tennis Center<br>o Fullers Park Recreation Center Interior Improvements<br>o Maintenance buildings at Sewell Park, Wallace Park |
| ***Current On-Going Projects*** | ***Design/Engineering***<br>o Wild Horse Creek Park<br>o Nickajack Park<br>o Bartlett and Cato Dams<br>o Corps Property Bridge<br>o Civic Center CM@Risk<br>o Sweat Mountain Park Improvements<br>o Bells Ferry Park Improvements<br>o Eastern District Office Building at Noonday Creek Park<br>o Groundwater Wells<br><br>***Construction***<br>o Hurt Road Park<br>o Shaw Park<br>o Fullers Park Buildings<br>o Sandy Plains Park<br>o Wild Horse Creek Park Family Aquatic Feature<br>o Kennworth Park<br>o Lions Park<br>o Oregon Park Field #2 and Building #1<br>o Powder Springs Park<br>o Civic Center Message Board and Sign<br>o Rhyne Park<br>o Thompson Community Center<br>o Hyde Farm Historic Building Renovation<br>o Mable House Arts Center Addition<br>o Ward Recreation Center Interior Improvements |

| Upcoming Projects | Construction |
|---|---|
| ***Upcoming Projects*** | ***Construction***<br>o Terrell Mill Park Buildings<br>o Milford Park Rehabilitation<br>o Jim Miller Park<br>    o Site Electrical Improvements<br>    o Dam Rehabilitation<br>    o Midway Restroom<br>    o HVAC in Exhibit Hall B<br>o Kennworth Park Parking Lot – Joint with Acworth<br>o Lost Mountain Park Buildings<br>o Tramore Park Concession Building<br>o Fair Oaks Park Rehabilitation<br>o Fullers Park Maintenance Building |

***Relevant Financial Policies***

Cobb County's goals were developed within the framework of the Financial Policies established by the County that provide a sound basis for future financial planning and conservative management. Briefly stated, they include (1) a balanced annual operating budget, (2) a stable and diversified revenue structure, (3) maintenance of adequate reserves and designations of fund balances, (4) a multi-year capital improvements program, and (5) debt and investment policies that ensure judicious management of the County's credit and available funds.

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 requires estimates and judgments by management.

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

Budgetary control is maintained at the sub-function level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of sub-function balances are not released until additional appropriations are made available. Open encumbrances are reported within restricted, committed, or assigned fund balances at year-end for governmental funds.

***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This represented the twenty-eighth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County 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.

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. We are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the County received its eighteenth consecutive GFOA Award for Distinguished Budget Presentation for its biennial operating budget presented in the FY 13/14 Biennial Budget document. 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.

The Water System Fund received several awards throughout FY14. These awards include the 2014 River Alive Waterway Clean-up Award as well as the 2014 Watershed Award for the County Watershed Stewardship Program. The following water reclamation facilities received platinum awards in 2014; Northwest, Noonday, South Cobb, and R.L. Sutton received a gold award.

We wish to acknowledge the outstanding efforts of the Finance Department staff in the preparation of this report. Their dedication and contributions to the preparation of this report, along with the direction and support of the County Manager's Office, form the basis for responsible and progressive financial management in Cobb County.

We also wish to acknowledge the valuable contribution of the Board of Commissioners in its guidance of the financial affairs of the County.

Most of all, we would like to thank the people of Cobb County. Their noteworthy level of community involvement, extending far beyond personal interest, continues to make Cobb County an exciting place in which to live and work.

Respectfully submitted,

Jim Pehrson, CPA
Director of Finance/Comptroller

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Cobb County**

**Georgia**

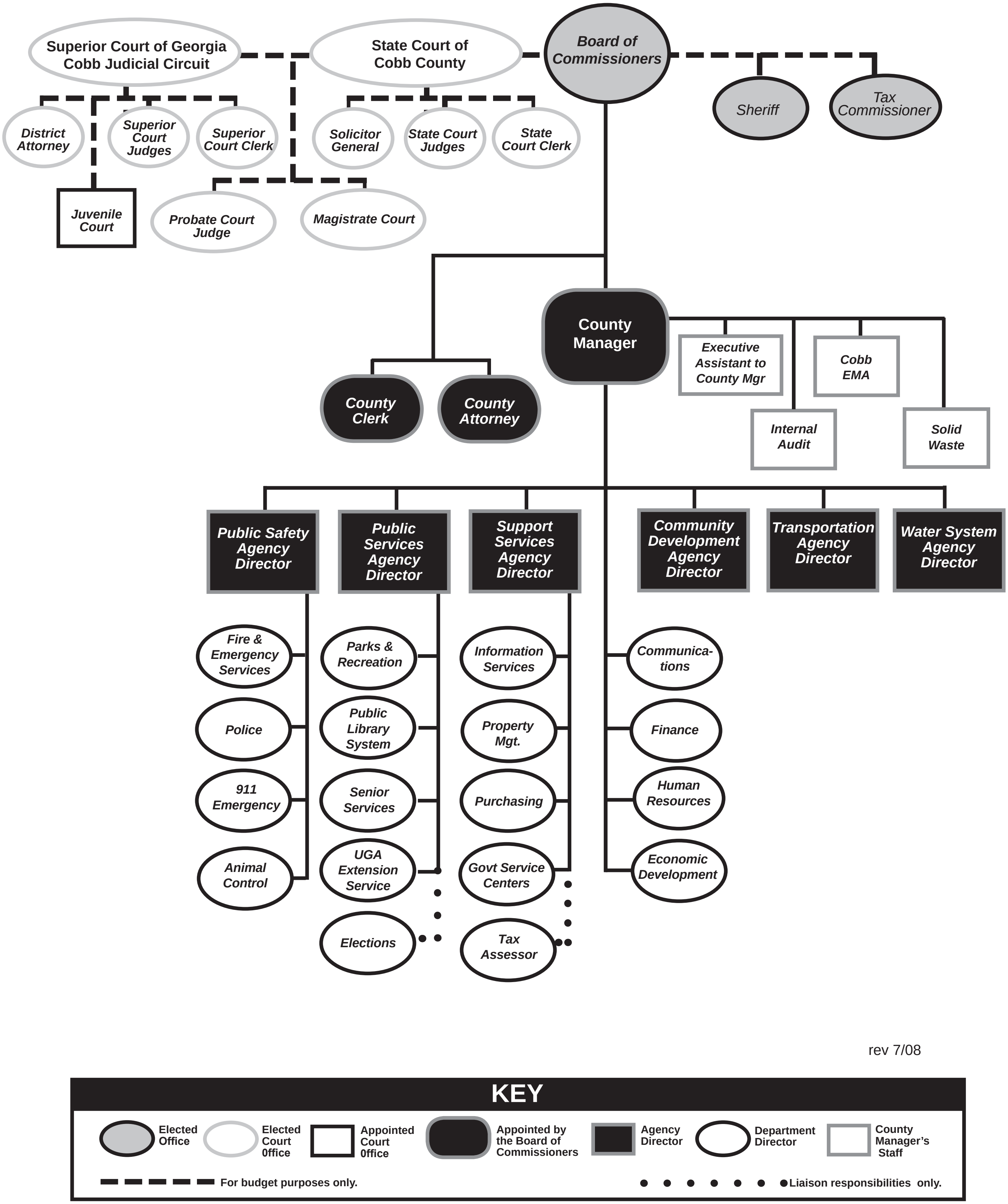
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# Cobb County Government Organizational Chart

Cobb County…Expect the Best!



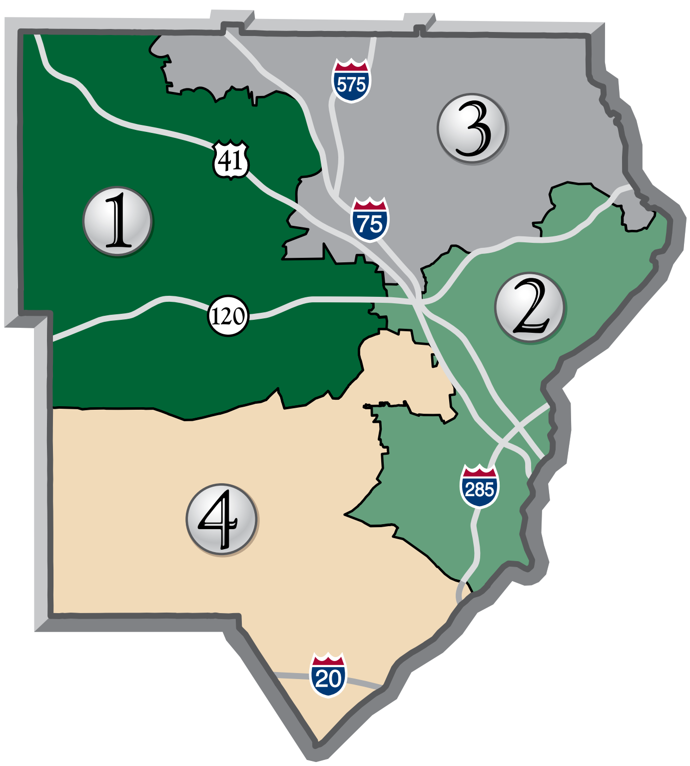
# COBB COUNTY BOARD OF COMMISSIONERS

100 Cherokee Street, Suite 300 Marietta, GA 30090 • 770.528.2600 • fax:770.528.2606 • www.CobbCounty.org

Chairman Tim Lee
770-528-3305
tlee@cobbcounty.org
Assistant: Millie Rogers

District One Commissioner
Helen Goreham
770-528-3313
hgoreham@cobbcounty.org
Assistant: Annette Friant

District Three Commissioner
JoAnn Birrell
770-528-3317
joann.birrell@cobbcounty.org
Assistant: Inger Eberhart




District Four Commissioner
Lisa Cupid
770-528-3312
lisa.cupid@cobbcounty.org
Assistant: Saleemah Johnson

District Two Commissioner
Bob Ott
770-528-3316
bob.ott@cobbcounty.org
Assistant: Thea Powell

County Manager
David Hankerson
770-528-2612
dhankerson@cobbcounty.org
Assistant: Judy Humphries

# Cobb County, Georgia

County Manager
David Hankerson

Finance Department

Director of Finance/Comptroller ................................James Pehrson, CPA

Associate Comptroller .......................................................Bill Volckmann

Treasury Division Manager ....................................................Buddy Tesar

Finance Division Manager......................................................Roxane Rush

Budget Administrator ................................................................Dan Streett

Financial Management Analyst ..............................................Stefani Balli

Accounting Manager................................................................. Tari Phillips

Accounting Manager.....................................................Lindy Tisdel, CPA

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# FINANCIAL SECTION

The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements and Required Supplemental Information (RSI) as well as the independent auditor's report. The MD&A is intended to provide users with a narrative introduction, overview and analysis of the financial statements. The RSI is intended to provide users with budgetary comparisons, infrastructure condition and maintenance data and pension trend data.

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Tim Lee, Chairman
Members of the Cobb County Board of Commissioners
Cobb County, Georgia

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cobb County, Georgia, as of and for the year ended September 30, 2014, 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 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.



Crace Galvis McGrath, LLC | 1825 Barrett Lakes Blvd | Suite 200 | Kennesaw, GA 30144
tel: 770.422.0598 | fax: 678.214.2355 | www.cgmcpa.com

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cobb County, Georgia, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Fire District Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Pension schedule of funding progress and schedule of employer contributions, and the OPEB schedule of funding progress, on pages 4 through 17 and pages 83 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cobb County, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, supplemental information, the statistical section, the schedule of projects constructed with special sales tax proceeds, the water and sewer fund comparative statement of revenues and expenses, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Projects Constructed with Special Sales Tax Proceeds is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basis financial statements.

The combining and individual nonmajor fund financial statements and schedules, supplemental information, the schedule of projects constructed with special sales tax proceeds, the water and sewer fund comparative statement of revenues and expenses, and the schedule of expenditures of federal awards 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 and individual nonmajor fund financial statements and schedules, supplemental information, the schedule of projects constructed with special sales tax proceeds, the water and sewer fund comparative statement of revenues and expenses, and the schedule of expenditures of federal awards 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 March 6, 2015, on our consideration of Cobb County, Georgia'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 Cobb County, Georgia's internal control over financial reporting and compliance.

Crace Galvis McGrath

Crace Galvis McGrath, LLC
Kennesaw, Georgia

March 6, 2015

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# MANAGEMENT'S DISCUSSION & ANALYSIS

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The Management's Discussion and Analysis of Cobb County Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the County's financial statements for the fiscal year ended September 30, 2014. This discussion and analysis is designed to look at the County's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of Cobb County's financial performance.

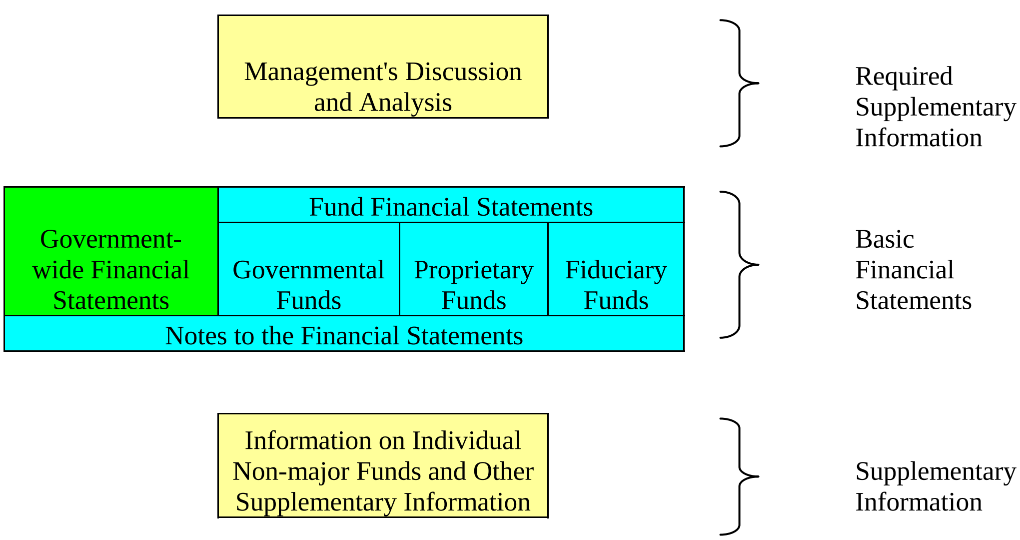
### Financial Highlights

Key financial highlights for FY14 are as follows:

- The County's combined net position totaled $4.7 billion. Of this amount, unrestricted net position of $106.9 million may be used to meet the government's ongoing obligations to citizens and creditors.
- Combined revenue (including special items) totaled $849.5 million of which governmental activities totaled $631.1 million and business-type activities totaled $218.4 million.
- Overall expenses totaled $748.4 million of which governmental activities totaled $553.0 million and business-type activities totaled $195.4 million.
- At the end of September 30, 2014, governmental activities expenses exceeded program revenues, resulting in the use of $419.7 million in general revenues (mostly taxes).
- Cobb County's total long term debt decreased by $29.9 million (5.9%) during the current fiscal year.
- At September 30, 2014, the County's General Fund reported an unassigned fund balance of $61.6 million.

### Overview of the Financial Statements

This is the thirteenth Comprehensive Annual Financial Report (CAFR) Cobb County has issued under the Governmental Accounting Standards Board (GASB) Statement 34. The following illustration is provided as a guide for the financial statements:



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

**Government-wide Financial Statements**

The Government-wide financial statements provide a broad view of the County's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the County's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. There are two Government-wide financial statements, the Statement of Net Position and the Statement of Activities which are described below.

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with residual of all other elements 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 not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the County.

Both of the government-wide financial statements distinguish functions of Cobb County Government that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, public works, health and welfare, culture and recreation and housing and development. The business-type activities include Water and Sewer, Solid Waste Operations, Transit and Golf Course Operations.

The government-wide financial statements include not only Cobb County Government itself but also a legally separate Coliseum and Exhibit Hall Authority and a separate Board of Health for which the government is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds*

Most of the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the County's finances that assists in determining whether there will be adequate financial resources available to meet the County's current needs.

The County maintains four governmental fund types: the General Fund; Special Revenue Funds (Fire District, Street Light District, Law Library, Community Services, Grant, Housing and Urban Development Grant, Hotel/Motel Tax, Emergency 911, Parking Deck Facility, Cumberland Special Service District, and 800 MHz); Debt Service Fund; and the Capital Projects Funds (Public Facilities, SPLOST, and Stadium Construction). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire District Fund and the SPLOST Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 20-25.

*Proprietary Funds*

Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The County has five proprietary funds: Water and Sewer Fund, Solid Waste Disposal Fund, Cobblestone Golf Course Fund, Public Transit System Fund and the Claims Internal Service Fund. The Claims Internal Service Fund, which accounts for services performed by a central service department for other departments or agencies of the governmental unit, is comprised of the Health and Dental Fund, the Casualty and Liability Fund, and the Workmen's Compensation Fund. The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund which is considered to be a major fund of the County. The basic proprietary fund financial statements can be found on pages 26-30 of this report.

*Fiduciary Funds*

The Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other County departments. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the County's operations or programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Cobb County maintains eleven fiduciary funds; nine agency funds for Clerk of State Court, Clerk of Juvenile Court, Sheriff, Clerk of Superior Court, Clerk of Probate Court, Tax Commissioner, Accounts Payable Fund, Payroll Fund, the Child Support, Witness and Jurors' Fees, and two trust funds for the Pension Fund and the Other Post Employment Benefit Fund. The basic fiduciary funds financial statements can be found on pages 31-32 of this report.

*Component Units*

Cobb County has two component units; the Cobb–Marietta Coliseum and Exhibit Hall Authority and the Cobb County Board of Health. The two component units are included in the financial statements because of their operational and financial relationship to the County. The financial statements include the financial data for the County's component units as reflected in their most recent audited financial statements. The information presented for the Cobb–Marietta Coliseum and Exhibit Hall Authority and the Cobb County Board of Health are as of and for the year ended September 30, 2014 and June 30, 2014, respectively.

*Budgetary Comparisons*

Cobb County adopts an annual appropriated budget for the General Fund, Special Revenue Funds, and the Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Fire District Special Revenue Fund and can be found on pages 24-25. Budget to actual comparisons for some of the non-major funds are provided in individual schedules elsewhere in this report.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-82 of this report.

### Government-wide Financial Analysis

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's combined net position (government and business-type activities) totaled $4.7 billion at September 30, 2014.

The following table provides a summary of the County's governmental and business-type net position for fiscal years 2014 and 2013:

**Cobb County, Georgia**
**Statement of Net Position**

| | Governmental Activities 2014 | Governmental Activities 2013 | Business-type Activities 2014 | Business-type Activities 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Current assets | $ 470,473,246 | $ 445,332,419 | $ 49,213,617 | $ 43,359,778 | $ 519,686,863 | $ 488,692,197 |
| Other - noncurrent | 17,458,043 | 14,417,197 | 73,862,163 | 80,028,331 | 91,320,206 | 94,445,528 |
| Capital assets - net | 3,126,479,846 | 3,079,056,056 | 1,620,280,497 | 1,619,170,144 | 4,746,760,343 | 4,698,226,200 |
| Total assets | $ 3,614,411,135 | $ 3,538,805,672 | $ 1,743,356,277 | $ 1,742,558,253 | $ 5,357,767,412 | $ 5,281,363,925 |
| **Deferred Outflows of Resources** | | | | | | |
| Deferred charges on bond refunding | $ 106,700 | $ 159,143 | $ - | $ - | $ 106,700 | $ 159,143 |
| **Total Assets and Deferred Outflows of Resources** | $ 3,614,517,835 | $ 3,538,964,815 | $ 1,743,356,277 | $ 1,742,558,253 | $ 5,357,874,112 | $ 5,281,523,068 |
| **Liabilities** | | | | | | |
| Current liabiities | $ 106,467,282 | $ 104,586,347 | $ 34,371,566 | $ 30,939,952 | $ 140,838,848 | $ 135,526,299 |
| Long-term liabilities (net) | 108,374,630 | 115,120,757 | 360,600,261 | 383,754,891 | 468,974,891 | 498,875,648 |
| Total liabilities | $ 214,841,912 | $ 219,707,104 | $ 394,971,827 | $ 414,694,843 | $ 609,813,739 | $ 634,401,947 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred gain on refunding | $ - | $ - | $ 1,748,002 | $ 1,942,225 | $ 1,748,002 | $ 1,942,225 |
| **Total Liabilities and Deferred Inflows of Resources** | $ 214,841,912 | $ 219,707,104 | $ 396,719,829 | $ 416,637,068 | $ 611,561,741 | $ 636,344,172 |
| **Net Position** | | | | | | |
| Net investment in capital assets | $ 3,082,678,386 | $ 3,028,553,894 | $ 1,270,930,346 | $ 1,247,891,037 | $ 4,353,608,732 | $ 4,276,444,931 |
| Restricted | 220,536,169 | 216,347,412 | 65,285,176 | 71,253,900 | 285,821,345 | 287,601,312 |
| Unrestricted | 96,461,368 | 74,356,405 | 10,420,926 | 6,776,248 | 106,882,294 | 81,132,653 |
| Total net position | $ 3,399,675,923 | $ 3,319,257,711 | $ 1,346,636,448 | $ 1,325,921,185 | $ 4,746,312,371 | $ 4,645,178,896 |

91.7% of the County's net position reflect its investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. Net investment in capital assets net of related debt increased by $77.2 million (1.8%) in FY14.

The County uses these capital assets to provide services to its citizens; therefore, 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. At the end of the current fiscal year, the County is able to report positive balances in all categories of net position for the governmental activities.

### Changes in Net Position

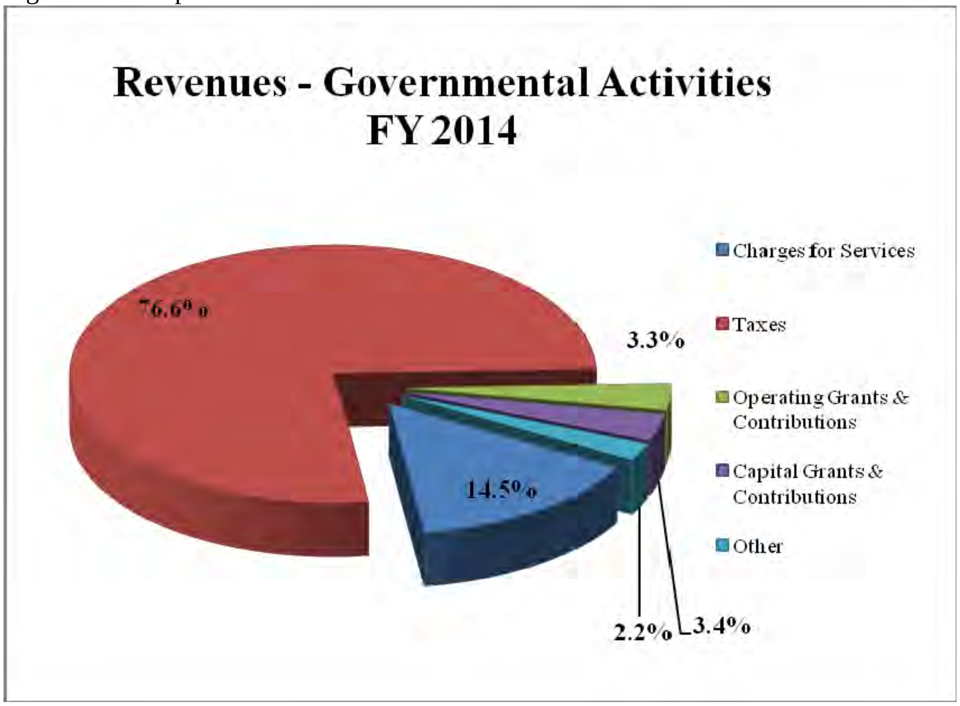
Governmental and business-type activities increased the County's net position by $101.1 million in FY14. The following table indicates the changes in net position for governmental and business-type activities in FY14 and FY13:

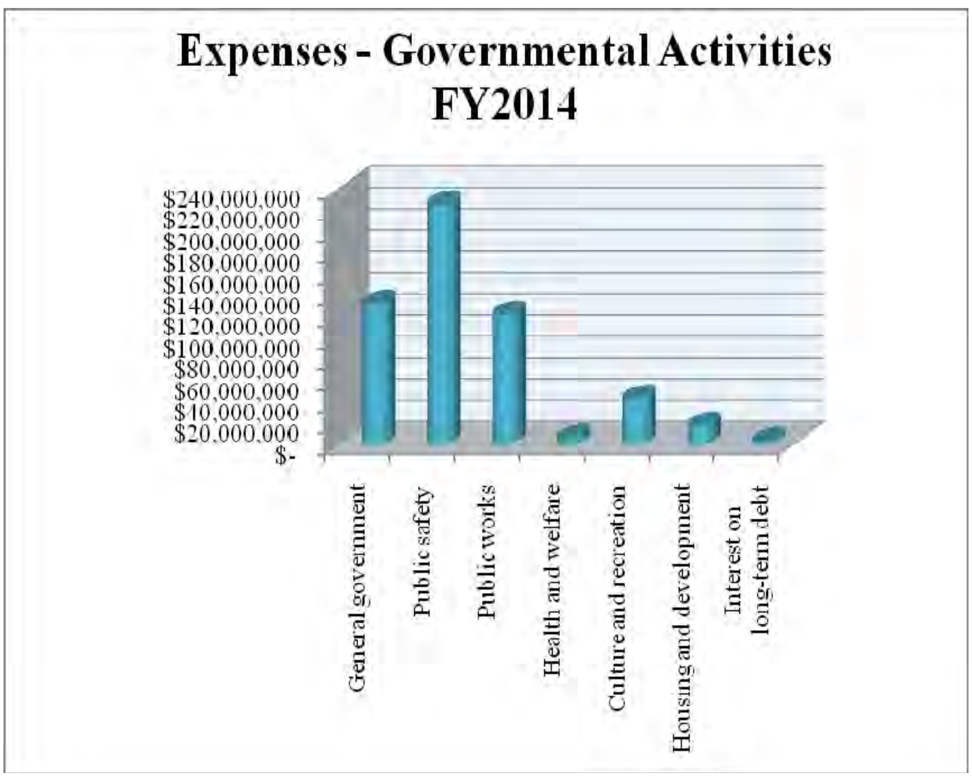
**Cobb County, Georgia**
**Changes in Net Position**

| | Governmental Activities 2014 | Governmental Activities 2013 | Business-type Activities 2014 | Business-type Activities 2013 | Total 2014 | Total 2013 |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 91,299,553 | $ 93,247,880 | $ 201,070,485 | $ 195,328,603 | $ 292,370,038 | $ 288,576,483 |
| Operating Grants & Contributions | 20,517,861 | 24,035,310 | - | - | 20,517,861 | 24,035,310 |
| Capital Grants & Contributions | 21,479,625 | 25,934,892 | 16,786,496 | 19,821,770 | 38,266,121 | 45,756,662 |
| General Revenues: | | | | | | |
| Property Taxes | 292,056,548 | 271,694,680 | - | - | 292,056,548 | 271,694,680 |
| Other Taxes | 188,730,759 | 182,122,652 | - | - | 188,730,759 | 182,122,652 |
| Other | 13,497,342 | 11,743,972 | 570,651 | 403,106 | 14,067,993 | 12,147,078 |
| **Total Revenues** | $ 627,581,688 | $ 608,779,386 | $ 218,427,632 | $ 215,553,479 | $ 846,009,320 | $ 824,332,865 |
| **Expenses:** | | | | | | |
| General government | $ 132,717,871 | $ 130,306,036 | $ - | $ - | $ 132,717,871 | $ 130,306,036 |
| Public safety | 226,274,548 | 216,746,332 | - | - | 226,274,548 | 216,746,332 |
| Public works | 122,421,838 | 116,643,350 | - | - | 122,421,838 | 116,643,350 |
| Health and welfare | 6,472,100 | 5,860,760 | - | - | 6,472,100 | 5,860,760 |
| Culture and recreation | 43,385,617 | 41,135,156 | - | - | 43,385,617 | 41,135,156 |
| Housing and development | 18,093,093 | 17,753,689 | - | - | 18,093,093 | 17,753,689 |
| Interest on long-term debt | 3,636,376 | 4,083,434 | - | - | 3,636,376 | 4,083,434 |
| Water and Sewer | - | - | 170,145,946 | 162,598,501 | 170,145,946 | 162,598,501 |
| Solid Waste | - | - | 877,279 | 899,358 | 877,279 | 899,358 |
| Transit | - | - | 22,845,555 | 22,708,672 | 22,845,555 | 22,708,672 |
| Cobblestone Golf Course | - | - | 1,560,622 | 1,595,990 | 1,560,622 | 1,595,990 |
| **Total Expenses:** | $ 553,001,443 | $ 532,528,757 | $ 195,429,402 | $ 187,802,521 | $ 748,430,845 | $ 720,331,278 |
| Increase in net position before transfers | $ 74,580,245 | $ 76,250,629 | $ 22,998,230 | $ 27,750,958 | $ 97,578,475 | $ 104,001,587 |
| Transfers | 2,282,967 | 6,539,853 | (2,282,967) | (6,539,853) | - | - |
| Special item-Adjustment to intergovernmental agreement | 3,555,000 | - | - | - | 3,555,000 | - |
| Increase in net position | $ 80,418,212 | $ 82,790,482 | $ 20,715,263 | $ 21,211,105 | $ 101,133,475 | $ 104,001,587 |
| Net Position - beginning | $ 3,319,257,711 | $ 3,236,670,656 | $ 1,325,921,185 | $ 1,308,900,218 | $ 4,645,178,896 | $ 4,545,570,874 |
| Restatement | $ - | $ (203,427) | $ - | $ (4,190,138) | $ - | $ (4,393,565) |
| Net Position - ending | $ 3,399,675,923 | $ 3,319,257,711 | $ 1,346,636,448 | $ 1,325,921,185 | $ 4,746,312,371 | $ 4,645,178,896 |

**Governmental Activities**

Governmental activities increased the County's net position by $80.4 million thereby accounting for 79.5% of the total growth in net position.



**Business-type Activities**
Business-type activities increased the County's net position by $20.7 million thereby accounting for 20.5% of the total growth in net position.

**Changes in Overall Net Position from Operating Results**
**Revenues**
The County's total revenue increased 2.6%, or $21.7 million in FY14. $18.8 million of this increase is related to governmental activities, specifically increases in Property Taxes ($20.4 million) and Other Tax revenue ($6.6 million) which is due to the $4.2 million increase in sales tax related to the overall improvement of the economic landscape. These significant increases were partially offset by decreases in Operating and Capital Grant revenue sources ($8 million). Business-type activities increased $2.9 million in FY14. An increase in charges for services ($5.7 million) was offset by a decrease in Capital Grants ($3 million).

**Expenses**
The County's total expenses increased 3.9%, or $28.1 million, in FY14. $20.5 million of this increase is related to governmental activities and $7.6 million is related to business-type activities. The three functions that had the largest increase were Public Safety, Public Works, and Water and Sewer. Public Safety increased $9.5 million, Public Works increased $5.8 million, and Water and Sewer increased $7.6 million, over the prior year. The $28.1 million increase in expenses was caused by increases to personal services ($5.8 million) and operating expenses ($22.3 million).

## Financial Analysis of the County's Individual Funds

Cobb County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Cobb County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County ended FY14 with strong fund balances in its governmental funds. The combined balance of all the governmental funds is $334.8 million. Of this total, $56.8 million or 16.9% constitutes unassigned fund balance, which is available for spending in the coming year. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated: 1) to liquidate contracts, purchase orders and inventories of the prior period 2) to pay debt service and 3) for a variety of other restricted purposes.

**Major Funds:**
**General Fund**
The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $61.6 million, and total fund balance was $94.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.7% of total general fund operating expenditures and total fund balance represents 30.2% of that same amount.

The fund balance of the General Fund increased $8.5 million in FY14 for a total of $94.6 million. The Board of Commissioners made a collaborative effort to focus on maintaining the county's excellent financial position. Taxes increased $11.2 million, while operating expenditures increased approximately $4.7 million (1.53%). The largest increases were in Public Safety and Culture and Recreation.

Total transfers out in the General Fund of $27.0 million represent the appropriation of funds to the Public Facilities Fund, Transit Fund, Solid Waste Fund, Water System Funds, the 800 MHz Fund, and the Grant Fund. $12.0 million of transfers out are transferred to the Public Facilities Fund for various capital projects including $3.45 million for the Department of Driver Services building improvements, $4.1 million for information services projects; $2.9 million for computer technology upgrades, and $0.7 million for renovations. Transfers out of $12.3 million represent the appropriation of funds to subsidize Transit and Solid Waste. $0.25 million was transferred to the 800 MHz Fund for Core Replacement and $1.9 million was appropriated for local match on various grants and other projects.

**Fire Fund**

The Fire Fund is used to account for the operation of the fire department within the County. The total fund's balance of $25.9 million is reported as restricted for construction and capital outlay. The fund balance increased by $5.1 million during the current fiscal year due to an increase in Tax revenue. While total assets increased by $0.9 million, total liabilities decreased by $3.8 million.

**SPLOST Fund**

The SPLOST Fund accounts for the financial resources provided from the 2006 and 2011 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for public safety and transportation projects, as well as parks, recreational and cultural affairs, and support services. At the end of the current fiscal year, the SPLOST Fund reported a fund balance of $171.0 million all of which is restricted for specific construction projects. Revenues exceeded expenditures by $2.9 million. Of the $143.7 million in expenditures, $22.1 million was spent on facility projects by the County's Property Management and Parks Divisions, $2.3 million for Public Safety, and $84.2 million was spent on various DOT safety and improvement road, bridge and sidewalk projects. The remaining $35.1 million represents payments to the cities for their portion of SPLOST proceeds.

**Nonmajor Funds:**

**Special Revenue Funds**

The County uses Special Revenue Funds to account for the collection and disbursement of specific revenues that are legally restricted or committed to expenditures for specified purposes. Included in this classification are: Law Library Fund, Community Services Fund, Grant Fund, Housing and Urban Development Grant Fund, Hotel/Motel Tax Fund, Emergency 911 Fund, Parking Deck Facility Fund, 800 MHz Fund, Cumberland Special Service District, and Streetlight District Fund.

Non-major Special Revenue Funds' operating revenue totaled $57.6 million for the fiscal year ended September 30, 2014. Total operating revenues increased by $4.4 million (8.28%).

Operating expenditures of the non-major Special Revenue Funds totaled $53.2 million for FY14. Total Non-major Special Revenue Funds' operating expenditures decreased by $.36 million (.66%). The decrease in expenditures is mainly reflected in the decreases in Public Safety. Specifically the decrease was the result of the decreased expenditures in the E911 fund and 800MHz fund.

The fund balance of the nonmajor Special Revenue Funds totaled $10.9 million. This was a decrease of $3.9 million from FY13.

**Debt Service Fund**

The Debt Service Fund reflects the accumulation of monies for, and the payment of, principal and interest on all General Obligation Debt other than that issued specifically for enterprise activities. The Debt Service Fund has a total fund balance of $10.9 million, all of which is reserved for the payment of debt service.

**Capital Project Funds**

The County uses Capital Project Funds to account for the acquisition, construction and improvement of major capital projects that are not financed by Proprietary Funds. The proceeds of General Obligation Bond issues are accounted for in the Capital Project Funds until improvement projects are completed. The non-major Capital Project Funds' overall fund balance is $21.4 million all of which is non spendable or committed for specific construction and improvement projects and capital acquisitions.

Operating expenditures exceeded operating revenues by $12.0 million for the non-major Capital Project Funds which was offset by a transfer in of $23.5 million, a transfer out of $1.6 million and the proceeds from issuance of a debt for $6.3 million. In the Capital Project Funds, the primary expenditures are accounted for in various Information Services computer replacement projects, county building construction and renovation projects, and stadium construction projects.

**Proprietary Funds**

The activities of the County that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

**Major Fund:**

**Water and Sewer Fund**

The Water and Sewer Fund, accounts for the operation of the water distribution system and sewage processing plants. Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $33.7 million. Total net position increased $19.8 million in FY14.

**Non-major Funds:**

The Solid Waste Disposal Fund, accounts for the operation of the County's public landfills and solid waste processing. The County's Solid Waste Disposal Facility generated an inception-to-date net loss of $18.9 million; however, they generated a positive change in net position of $2.2 million in FY14 due to transfers in amounting to $2.7 million for fiscal year 2014 from the General fund to Solid Waste for debt service and post-closure care. According to GASB Statement No. 18, once a landfill stops accepting waste, it is required to be closed and the liability of closure and post-closure is recorded as of the balance sheet date even though the expenses will be paid out over 30 years. The FY14 landfill liability is $24.5 million.

The Cobblestone Golf Course Fund accounts for the operations and maintenance of the County's golf course. It ended FY14 with a net income from operations before depreciation of $.2 million. However, overall net income (including depreciation, non-operating revenues and expenses) was $67,038 for FY14. Net position totaled $3.1 million. The number of rounds of golf decreased slightly from the prior year, due to poor weather, and contributed to a decrease of $198 thousand in operating revenues.

The Public Transit System Fund, accounts for the operation of the local public transit system through user fees and funds received from the Federal Transit Authority and the Georgia Department of Transportation. The Public Transit System Fund's operating revenue decreased $219 thousand (3.6%) from FY13 and total operating expenses increased by $336 thousand (1.9%). Net position totaled $44.0 million at the end of the fiscal year.

## General Fund Budgetary Highlights

Cobb County operated under an annual balanced budget (budgeted revenues equal budgeted expenditures), which is adopted by resolution and administered in accordance to State law. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the category level within departments.

The most significant expenditure amendments are summarized as follows:

General Government

- General government had an overall $7.4 million increase. The final budget is a result of increases in personal services ($1.7 million), operating expenditures ($3.5 million) and capital outlays ($2.2 million). The legislative departments recognized an overall $0.2 million increase in the final budgets for personal service and operating expenditures. The judicial departments recognized an overall $2.7 million increase in the final budgets for personal service and operating expenditures. The executive and administrative departments recognized an overall $7.4 million increase in the final budgets for personal service, operating expenditures and capital outlay.

Public Safety

- Public Safety had an overall $5.2 million increase. Operating expenditures increased by $2.7 million for Public Safety and capital expenditures increased $1.3 million for safety equipment including replacing body armor that had expired, firearms and weapons and vehicle purchases. The majority of these purchases were offset with funding from local agencies including False Alarm revenues.

Public works:

- Public works had an overall $1.5 million increase. This increase is due to operating expenditures and capital outlay. The increase in operating expenditures of $1.4 million was due to road maintenance, storm and debris removal, and traffic signal repair and maintenance. Capital outlay increased by $0.13 million for traffic control equipment.

Culture and recreation:

- Culture and recreation had an overall increase of $4.0 million. There was an increase in operating expenditures of $1.6 million to provide increased landscaping and other grounds and maintenance services at the various park locations. Capital outlay increased by $2.4 million for land improvements.

The County's final budget less reserves projected a loss of $21.5 million in the General Fund with the fund reporting an actual increase of $4.99 million. Overall revenues ended the year $20.0 million over budget while operating expenditures ended the fiscal year $7.9 million under budget. Expenditure control was very important in the FY14 budget and will continue to remain the focus for the future while we look for innovative ways to maintain consistent levels of service with a commitment to the community to be more efficient and accessible.

## Capital Assets and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to $4.3 billion (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the County, such as roads, bridges, streets and sidewalks, drainage systems and other similar items.

**Cobb County's Capital Assets**
**(Net of Depreciation)**
**(in thousands)**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2014** | **2013** | **2014** | **2013** | **2014** | **2013** |
| Land | $ 1,000,957 | 988,180 | $ 80,352 | $ 79,645 | $ 1,081,309 | $ 1,067,825 |
| Buildings and structures | 382,899 | 386,835 | 37,036 | 38,593 | 419,935 | 425,428 |
| Improvements | 15,819 | 14,330 | - | - | 15,819 | 14,330 |
| Sewerage Plants | - | - | 501,163 | 519,125 | 501,163 | 519,125 |
| Machinery and equipment | 44,667 | 40,425 | 13,299 | 14,809 | 57,966 | 55,234 |
| Infrastructure | 1,527,936 | 1,484,596 | 596,130 | 598,312 | 2,124,066 | 2,082,908 |
| Construction in progress | 154,201 | 164,690 | 392,300 | 368,686 | 546,501 | 533,376 |
| Total | $ 3,126,480 | 3,079,056 | $ 1,620,280 | $ 1,619,170 | $ 4,746,760 | $ 4,698,226 |

The County's total net increase in capital assets for the current fiscal year was 1.03%.

Governmental assets that were moved from construction in progress to the asset records during the year totaled approximately $115.2 million. Some of the major projects for FY14 consisted of the following: road construction or improvements, pedestrian bridges, and sidewalks. In addition, both of the Special Purpose Local Option Sales Tax (SPLOST) programs that were approved by voters in September 2005 and subsequently in March 2011 funded various improvements around the County. The 2005 and 2011 program to date has approximately 501 transportation projects that are underway or completed. The 2011 SPLOST Program has added various opportunities for DOT to pursue projects not approved during the 2005 SPLOST Program conception phase. Every project funded by the 2011-15 SPLOST will improve the quality of life in Cobb County by maintaining, improving and enhancing County parks, transportation, infrastructure, public safety, libraries, senior services, judicial, and public health facilities. Projects include infrastructure preservation (resurfacing, bridges and drainage), pedestrian improvements, transit, traffic congestion relief, safety and operational improvements (roadways, intersections, and school zones), and federal/state matching funds. A complete list of the projects and further details regarding the 2011-2015 SPLOST programs are available on the County's website.

Business-type assets moved from construction in progress to the asset records during the year totaled approximately $14.7 million. Some of the major capital asset events for the business-type activities for the current year included various sewer replacement and rehabilitations, water line and water main replacements, continuation of a sewer conveyance capacity and equalization tunnel system as well as the continued construction, upgrades and expansion of several water reclamation facilities.

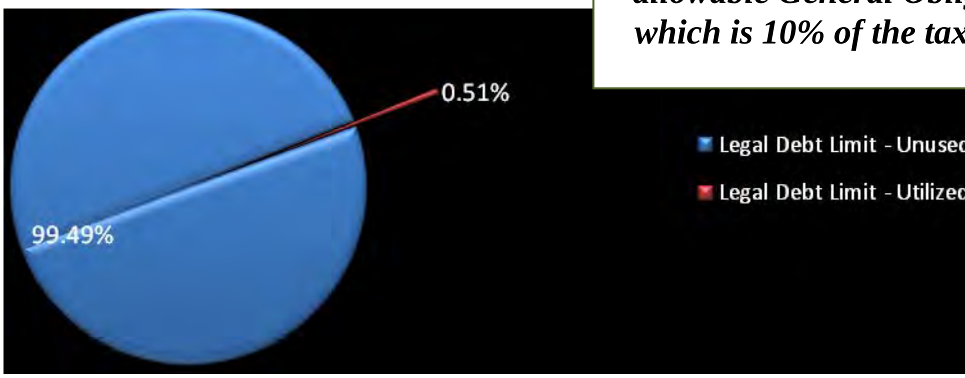
Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements section of this report.

**Long-Term Debt**

As of September 30, 2014, Cobb County had a net of $469 million in outstanding long-term debt, which does not include interest expense. Of this amount, $26.4 million (net of bond premium) comprises general obligation debt backed by the full faith and credit of the government and $178.2 million (net of bond discount and loss on refunding) in revenue bonds. The County amended the Intergovernmental Agreement relating to the 2004 Cobb County Coliseum and Exhibit Hall Authority Series in FY14 and also issued a $6.3 million Revenue Anticipation Certificate.

Additional information on Cobb County's long-term debt can be found in Note 8 of the Basic Financial Statements section of this report.

***Cobb uses only a fraction of the State allowable General Obligation Debt which is 10% of the taxable digest.***




**Awards, Economic Factors and Next Year's Budget and Rates**

The Cobb County Water System has maintained its Triple-Triple "A" ratings from the nation's top three credit rating agencies since 2001. The Water System earned numerous honors from the Georgia Association of Water Professionals including Platinum awards for recognition of complete and consistent NPDES permit compliance for the Northwest, Noonday, and South Cobb Water Reclamation Facilities. R.L. Sutton was honored with a Gold Award for compliance. The Water System also won the 2014 Watershed Award from the Georgia EPD's Adopt-A-Stream Program in March 2014 and also the Georgia EPD's Rivers Alive Waterway Clean-up Award in April 2014.

During the last eighteen years, Cobb County has maintained its Triple-Triple "A" credit rating and has remained financially strong. The Board of Commissioners have continued to aggressively address the current and future needs of the County by focusing on sound financial management, the reserve policy, the use of current resources for capital expenditures and the practice of biennial budgeting.

With a growing, diverse population, the challenge is to continue to improve the quality of life by concentrating on the demands placed on the public infrastructure such as transportation, water supply, wastewater treatment, the demands of revitalization of many business areas and the demands of greenspace conservation. Although the nation and surrounding counties are facing financial difficulties, Cobb County is able to maintain low property tax rates and low debt levels so that we can remain a leader and provide the best place to live, work and play.

Although the County continues to maintain its strong financial position during these current economic challenges, other economic indicators are showing the beginning effects of an economic recovery. Tourism revenue showed an increase of 9.66% over the prior year. Additionally the one percent sales tax (SPLOST) generated $133.1 million in tax revenue which is a $4.2 million increase compared to FY13, but House Bill 386 reduced SPLOST revenue by $8.1 million. The number of building permits issued increased by 1,033 from the previous year, and all real estate revenue increased.

Many factors were taken into consideration when preparing the FY15 budget. The FY15 adopted budget had a 1.11% increase compared to the FY14 adopted budget. The FY14 budget had significant budget amendments throughout the year, and these tight controls carried forward into the FY15 budget process. The operating budgets of Central Support, Community Services, Contingency and Insurance, Court Services and Infrastructure and Development all reduced their budgets based on deferring some capital projects and finding more innovative ways to do more with less. Other budget reductions included were fringe benefits in the reduction of health premiums, as well as office supplies, capital purchases, employee travel and training, fuel costs and various professional, legal and maintenance services.

With the uncertainty of future county revenues during these tough economic times, these proactive steps are necessary and prudent measures to protect the County's financial resources while continuing to remain committed to improving the County's quality of life.

**Requests for Information**

This financial report is designed to provide a general overview of Cobb County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance / Comptroller, 100 Cherokee Street, Suite 400 Marietta, Georgia 30090-9610.

Complete financial statements of the discretely presented component units can be obtained directly from their administrative offices. The addresses for the administrative offices are as follows: Cobb-Marietta Coliseum and Exhibit Hall Authority, Two Galleria Parkway Atlanta, Georgia 30339, Cobb County Board of Health, 1650 County Services Parkway Marietta, Georgia 30008.

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# BASIC FINANCIAL STATEMENTS

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**Cobb County, Georgia**
**Statement of Net Position**
**September 30, 2014**

| | Primary Government | | | Component Unit | |
|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Cobb-Marietta Coliseum and Exhibit Hall September 30, 2014 | Cobb County Board of Health June 30, 2014 |
| **Assets and Deferred Outflows of Resources** | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | $ 140,422,755 | $ 22,424,983 | $ 162,847,738 | $ 999,900 | $ 3,306,562 |
| Investments, at fair value | 116,901,424 | 200,000 | 117,101,424 | - | 2,738,066 |
| Receivables | 183,123,310 | 22,219,502 | 205,342,812 | 436,742 | 337,374 |
| Due from component unit | 453,562 | - | 453,562 | - | - |
| Due from primary government | - | - | - | 1,173,591 | - |
| Due from other governments and agencies | 27,030,900 | 2,412,112 | 29,443,012 | 102,907 | 1,703,447 |
| Inventories | 1,805,073 | 1,949,591 | 3,754,664 | 81,109 | 207,539 |
| Prepaid items | 736,222 | 7,429 | 743,651 | 236,118 | - |
| Other assets | 17,458,043 | 1,726,620 | 19,184,663 | 124,600 | - |
| Restricted assets | - | 72,135,543 | 72,135,543 | 71,315,725 | - |
| Capital assets not being depreciated | 1,155,158,247 | 472,652,187 | 1,627,810,434 | 38,768,989 | - |
| Capital assets being depreciated, net | 1,971,321,599 | 1,147,628,310 | 3,118,949,909 | 130,336,409 | 723,745 |
| Total assets | 3,614,411,135 | 1,743,356,277 | 5,357,767,412 | 243,576,090 | 9,016,733 |
| **Deferred Outflows of Resources** | | | | | |
| Deferred charges on bond refunding | 106,700 | - | 106,700 | 1,780,243 | - |
| Total Assets and Deferred Outflows of Resources | 3,614,517,835 | 1,743,356,277 | 5,357,874,112 | 245,356,333 | 9,016,733 |
| **Liabilities and Deferred Inflows of Resources** | | | | | |
| Liabilities | | | | | |
| Accounts payable | 32,959,246 | 27,906,517 | 60,865,763 | 1,363,512 | 117,716 |
| Accrued payroll | 1,665,100 | 168,417 | 1,833,517 | - | 556,137 |
| Arbitrage liability | - | 54,882 | 54,882 | - | - |
| Internal balances | 1,175,904 | (1,175,904) | - | - | |
| Due to primary government | - | - | - | 453,562 | - |
| Due to component unit | 1,173,591 | - | 1,173,591 | - | - |
| Due to others | 563,872 | 79,904 | 643,776 | - | - |
| Due to other governments and agencies | 3,318,992 | 70,443 | 3,389,435 | 69,145 | 864,985 |
| Claims and judgments | 12,110,975 | - | 12,110,975 | - | - |
| Customer deposits | - | 5,310,071 | 5,310,071 | 1,242,674 | - |
| Notes payable-current | 52,033,782 | - | 52,033,782 | - | - |
| Accrued interest payable | 932,895 | 1,937,892 | 2,870,787 | 1,912,722 | - |
| Unearned revenue | 532,925 | 19,344 | 552,269 | 771,125 | 33,750 |
| Noncurrent liabilities | | | | | |
| Due within one year | 18,224,696 | 23,866,330 | 42,091,026 | 7,593,553 | 678,966 |
| Due in more than one year | 90,149,934 | 336,733,931 | 426,883,865 | 116,771,339 | 3,439 |
| Total liabilities | 214,841,912 | 394,971,827 | 609,813,739 | 130,177,632 | 2,254,993 |
| | - | | | | |
| **Deferred Inflows of Resources** | | | | | |
| Deferred gain on refunding | - | 1,748,002 | 1,748,002 | 592,498 | - |
| Total Liabilities and Deferred Inflows of Resources | 214,841,912 | 396,719,829 | 611,561,741 | 130,770,130 | 2,254,993 |
| **Net Position** | | | | | |
| Net investment in capital assets | 3,082,678,386 | 1,270,930,346 | 4,353,608,732 | 60,548,033 | 723,745 |
| Restricted for: | | | | | |
| Renewal and expansion | - | 65,285,176 | 65,285,176 | 12,903,591 | - |
| Debt service | 16,035,927 | - | 16,035,927 | 45,889,395 | - |
| Splost projects | 171,029,451 | - | 171,029,451 | - | - |
| Completion of projects | 25,868,822 | - | 25,868,822 | - | - |
| Special programs | 7,601,969 | - | 7,601,969 | 3,956,097 | 5,737 |
| Unrestricted | 96,461,368 | 10,420,926 | 106,882,294 | (8,710,913) | 6,032,258 |
| Total Net Position | $ 3,399,675,923 | $ 1,346,636,448 | $ 4,746,312,371 | $ 114,586,203 | $ 6,761,740 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Statement of Activities**
**For the Fiscal Year Ended September 30, 2014**

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Primary Government | | | Component Unit | |
| | | | Operating | Capital | | | | Cobb-Marietta Coliseum and | Cobb County Board of |
| | | Charges for | Grants and | Grants and | Governmental | Business-type | | Exhibit Hall | Health |
| **Functions/Programs** | **Expenses** | **Services** | **Contributions** | **Contributions** | **Activities** | **Activities** | **Total** | **September 30, 2014** | **June 30, 2014** |
| **Primary Government** | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General government | $ 132,717,871 | $ 40,623,239 | $ 7,867,005 | $ 266,277 | $ (83,961,350) | $ - | $ (83,961,350) | $ - | $ - |
| Public safety | 226,274,548 | 18,253,052 | 2,106,175 | 425,894 | (205,489,427) | - | (205,489,427) | - | - |
| Public works | 122,421,838 | 5,890,118 | 426,677 | 20,787,454 | (95,317,589) | - | (95,317,589) | - | - |
| Health and welfare | 6,472,100 | 173,728 | 2,042,152 | - | (4,256,220) | - | (4,256,220) | - | - |
| Culture and recreation | 43,385,617 | 3,493,384 | 1,027,936 | - | (38,864,297) | - | (38,864,297) | - | - |
| Housing and development | 18,093,093 | 22,866,032 | 7,047,916 | - | 11,820,855 | - | 11,820,855 | - | - |
| Interest on long-term debt | 3,636,376 | - | - | - | (3,636,376) | - | (3,636,376) | - | - |
| Total governmental activities | 553,001,443 | 91,299,553 | 20,517,861 | 21,479,625 | (419,704,404) | - | (419,704,404) | - | - |
| Business-type Activities: | | | | | | | | | |
| Water and Sewer | $ 170,145,946 | $ 193,284,442 | $ - | $ 12,186,327 | $ - | $ 35,324,823 | $ 35,324,823 | $ - | $ - |
| Solid Waste | 877,279 | 340,960 | - | - | - | (536,319) | (536,319) | - | - |
| Transit | 22,845,555 | 5,817,403 | - | 4,600,169 | - | (12,427,983) | (12,427,983) | - | - |
| Cobblestone Golf Course | 1,560,622 | 1,627,680 | - | - | - | 67,058 | 67,058 | - | - |
| Total business-type activities | 195,429,402 | 201,070,485 | - | 16,786,496 | - | 22,427,579 | 22,427,579 | - | - |
| Total primary government | $ 748,430,845 | $ 292,370,038 | $ 20,517,861 | $ 38,266,121 | $ (419,704,404) | $ 22,427,579 | $ (397,276,825) | $ - | $ - |
| **Component Units** | | | | | | | | | |
| Cobb-Marietta Coliseum and Exhibit Hall Authority | $ 34,230,209 | $ 20,491,117 | $ 14,108,865 | $ 2,246,804 | $ - | $ - | $ - | $ 2,616,577 | $ - |
| Cobb County Board of Health | 24,012,313 | 7,942,283 | 17,001,031 | - | - | - | - | - | 931,001 |
| Total component units | $ 58,242,522 | $ 28,433,400 | $ 31,109,896 | $ 2,246,804 | $ - | $ - | $ - | $ 2,616,577 | $ 931,001 |
| General revenues: | | | | | | | | | |
| Property taxes | | | | | $ 292,056,548 | $ - | $ 292,056,548 | $ - | $ - |
| Sales taxes | | | | | 133,078,439 | - | 133,078,439 | - | - |
| Insurance premium tax | | | | | 23,663,963 | - | 23,663,963 | - | - |
| Alcoholic beverage tax | | | | | 4,822,275 | - | 4,822,275 | - | - |
| Hotel/Motel tax | | | | | 12,330,071 | - | 12,330,071 | - | - |
| Real estate transfer tax | | | | | 1,864,910 | - | 1,864,910 | - | - |
| Miscellaneous taxes | | | | | 12,971,101 | - | 12,971,101 | - | - |
| Miscellaneous | | | | | 12,232,740 | 435,300 | 12,668,040 | - | - |
| Gain from sale of capital assets | | | | | 441,383 | 59,484 | 500,867 | - | - |
| Unrestricted investment earnings | | | | | 823,219 | 75,867 | 899,086 | 23,060 | - |
| Special item-Adjustment to intergovernmental agreement | | | | | 3,555,000 | - | 3,555,000 | (3,555,000) | - |
| Transfers | | | | | 2,282,967 | (2,282,967) | - | - | - |
| Total general revenues and transfers | | | | | 500,122,616 | (1,712,316) | 498,410,300 | (3,531,940) | - |
| Change in net position | | | | | 80,418,212 | 20,715,263 | 101,133,475 | (915,363) | 931,001 |
| Net position beginning of year | | | | | 3,319,257,711 | 1,325,921,185 | 4,645,178,896 | 115,501,566 | 5,830,739 |
| Net position - end of year | | | | | $ 3,399,675,923 | $ 1,346,636,448 | $ 4,746,312,371 | $ 114,586,203 | $ 6,761,740 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Governmental Funds**
**Balance Sheet**
**September 30, 2014**

| | General Fund | Fire District Fund | SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 9,955,678 | $ 13,612,969 | $ 61,906,637 | $ 21,075,993 | $ 106,551,277 |
| Investments, at fair value | - | - | 116,901,424 | - | 116,901,424 |
| Receivables: | | | | | |
| Taxes and penalties | 120,512,938 | 46,434,482 | - | 10,206,143 | 177,153,563 |
| Accrued interest | - | - | 203,408 | - | 203,408 |
| Other | 1,834,955 | 491,587 | 408,750 | 2,766,632 | 5,501,924 |
| Due from other funds | 800,349 | - | - | 19,074,109 | 19,874,458 |
| Due from component unit | 30,474 | - | - | 423,088 | 453,562 |
| Due from other governments and agencies | 1,262,251 | - | 16,774,182 | 8,994,467 | 27,030,900 |
| Advances to other funds | 3,358,468 | - | - | - | 3,358,468 |
| Inventories | 1,805,073 | - | - | - | 1,805,073 |
| Prepaid items | 11,698 | - | - | 129,453 | 141,151 |
| **Total assets** | $ 139,571,884 | $ 60,539,038 | $ 196,194,401 | $ 62,669,885 | $ 458,975,208 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | | | |
| **Liabilities** | | | | | |
| Accounts payable | $ 2,649,406 | $ 34,899 | $ 22,209,387 | $ 7,142,513 | $ 32,036,205 |
| Accrued payroll | 1,269,365 | 342,228 | - | 50,555 | 1,662,148 |
| Due to other funds | 13,301,417 | - | - | 11,107,413 | 24,408,830 |
| Due to others | 313,689 | - | - | 250,183 | 563,872 |
| Due to component unit | 1,173,591 | - | - | - | 1,173,591 |
| Due to other governments and agencies | 169,501 | - | 2,955,563 | 193,928 | 3,318,992 |
| Notes payable, net | 19,772,837 | 32,260,945 | - | - | 52,033,782 |
| Accrued interest payable | 47,204 | 77,018 | - | - | 124,222 |
| Unearned revenue | 221,733 | - | - | 311,192 | 532,925 |
| **Total liabilities** | $ 38,918,743 | $ 32,715,090 | $ 25,164,950 | $ 19,055,784 | $ 115,854,567 |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable revenues | 6,004,717 | 1,955,126 | - | 363,330 | 8,323,173 |
| **Total Liabilities and Deferred Inflows of Resources** | 44,923,460 | 34,670,216 | 25,164,950 | 19,419,114 | 124,177,740 |
| **Fund Balances** | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaid items | $ 1,816,771 | $ - | $ - | $ 129,453 | $ 1,946,224 |
| Advances | 3,358,468 | - | - | - | 3,358,468 |
| Restricted for: | | | | | |
| Debt Services | - | - | - | 16,035,927 | 16,035,927 |
| Construction and capital outlay | - | 25,868,822 | 171,029,451 | - | 196,898,273 |
| Special programs | 1,630,134 | - | - | 5,971,835 | 7,601,969 |
| Committed for: | | | | | |
| Construction and capital outlay | - | - | - | 24,664,953 | 24,664,953 |
| Special programs | 26,228,765 | - | - | 1,226,021 | 27,454,786 |
| Assigned for: | | | | | |
| Special programs | 36,617 | - | - | - | 36,617 |
| Unassigned | 61,577,669 | - | - | (4,777,418) | 56,800,251 |
| **Total fund balance** | $ 94,648,424 | $ 25,868,822 | $ 171,029,451 | $ 43,250,771 | $ 334,797,468 |
| **Total liabilities, deferred inflows of resources, and fund balance** | $ 139,571,884 | $ 60,539,038 | $ 196,194,401 | $ 62,669,885 | $ 458,975,208 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Governmental Funds**
**Reconciliation of the Governmental Balance Sheet to the Statement of Net Position**
**September 30, 2014**

| | | |
|---|---|---|
| Total fund balances - governmental funds | $ | 334,797,468 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 3,126,479,846 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are either reported as unavailable or not reported in the funds: | | |
| Property tax | | 8,323,173 |
| Net other post employment benefit assets | | 7,160,431 |
| Net pension asset | | 10,297,612 |
| Internal service funds are used by management to charge the cost for claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | 21,676,896 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Accrued interest payable | | (808,673) |
| Intergovernmental contract payable | | (41,635,000) |
| Unmatured bonds | | (26,065,000) |
| Unmatured revenue anticipation certificates | | (6,315,000) |
| Unamortized deferred loss on refunding | | 106,700 |
| Unamortized bond premiums | | (371,633) |
| Unamortized revenue anticipation certificate premium | | (79,901) |
| Certificates of participation | | (9,670,000) |
| Capital leases payable | | (1,115,021) |
| Compensated absences | | (23,105,975) |
| Net position of governmental activities | $ | 3,399,675,923 |

**Cobb County, Georgia**
**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balance**
**For the Fiscal Year Ended September 30, 2014**

| | General Fund | Fire District Fund | SPLOST Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes | $ 248,467,017 | $ 73,486,171 | $ 133,078,439 | $ 26,994,801 | $ 482,026,428 |
| Licenses and permits | 23,197,530 | 19,450 | - | - | 23,216,980 |
| Intergovernmental | 3,037,887 | 29,179 | 12,141,258 | 21,045,821 | 36,254,145 |
| Charges for services | 35,755,270 | 1,555,666 | - | 18,035,632 | 55,346,568 |
| Fines and forfeits | 12,736,005 | - | - | - | 12,736,005 |
| Interest earned | 586,258 | 166,056 | 691,579 | 39,410 | 1,483,303 |
| Miscellaneous | 7,557,903 | 5,428 | 696,148 | 3,973,261 | 12,232,740 |
| Total revenues | $ 331,337,870 | $ 75,261,950 | $ 146,607,424 | $ 70,088,925 | $ 623,296,169 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | $ 121,147,235 | $ - | $ - | $ 7,104,871 | $ 128,252,106 |
| Public safety | 134,360,480 | 69,486,184 | - | 13,642,518 | 217,489,182 |
| Public works | 14,111,785 | - | - | 8,038,747 | 22,150,532 |
| Health and welfare | 3,842,174 | - | - | 2,601,680 | 6,443,854 |
| Culture and recreation | 31,925,989 | - | - | 8,094,331 | 40,020,320 |
| Housing and development | 7,565,385 | - | - | 9,580,789 | 17,146,174 |
| Capital outlay | - | - | 108,645,474 | 13,171,867 | 121,817,341 |
| Debt service: | | | | | |
| Principal retirement | 71,218 | - | - | 10,447,797 | 10,519,015 |
| Interest and fiscal charges | 17,555 | 23,132 | - | 3,876,777 | 3,917,464 |
| Intergovernmental | - | - | 35,103,822 | - | 35,103,822 |
| Total expenditures | $ 313,041,821 | $ 69,509,316 | $ 143,749,296 | $ 76,559,377 | $ 602,859,810 |
| Excess (deficiency) of revenues over (under) other expenditures | $ 18,296,049 | $ 5,752,634 | $ 2,858,128 | $ (6,470,452) | $ 20,436,359 |
| Other financing sources (uses): | | | | | |
| Transfers in | $ 16,891,777 | $ - | $ 12,500 | $ 26,566,150 | $ 43,470,427 |
| Transfers out | (27,022,636) | (770,623) | - | (13,013,046) | (40,806,305) |
| Proceeds from sale of capital assets | 381,122 | 88,750 | - | - | 469,872 |
| Issuance of capital lease | - | - | - | 110,242 | 110,242 |
| Premium on issuance of certificates | - | - | - | 79,901 | 79,901 |
| Issuance of certificates | - | - | - | 6,315,000 | 6,315,000 |
| Total other financing sources (uses) | $ (9,749,737) | $ (681,873) | $ 12,500 | $ 20,058,247 | $ 9,639,137 |
| Net changes in fund balances | $ 8,546,312 | $ 5,070,761 | $ 2,870,628 | $ 13,587,795 | $ 30,075,496 |
| Fund balances at beginning of year | 86,102,112 | 20,798,061 | 168,158,823 | 29,662,976 | 304,721,972 |
| Fund balances at end of year | $ 94,648,424 | $ 25,868,822 | $ 171,029,451 | $ 43,250,771 | $ 334,797,468 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Governmental Funds**
**Reconciliation of the Statement of Revenues, Expenditures and**
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**
**For the Fiscal Year Ended September 30, 2014**

| | |
|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Net change in fund balances - total governmental funds | $ 30,075,496 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($126,417,100) were greater than depreciation ($87,664,196) in the current period. | 38,752,904 |
| The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | |
| Property tax | (1,239,121) |
| Intergovernmental revenues | (2,956,034) |
| The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net position. | 8,699,375 |
| The gain on disposition of capital assets is not reported in the fund statements. | (28,489) |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal and bond costs are expenditures in the governmental funds, but the repayment reduces long-term liabilities and bond costs are capitalized in the statement of net position: | |
| Revenue anticipation certificates issued | (6,315,000) |
| Bond principal payments | 7,310,000 |
| Premium on revenue anticipation certificates issued | (79,901) |
| Capital lease proceeds | (110,242) |
| Capital lease principal payments | 1,294,015 |
| Intergovernmental contract principal payments | 1,595,000 |
| Adjustment to intergovermental agreement | 3,555,000 |
| Certificates of participation payable | 320,000 |
| The current years increase to the net pension asset reduced the net expenses of pensionable functions on the statement of activities. | 605,520 |
| The current years increase to the net other post employment benefits asset reduced the net expense of other post employment benefits functions on the statement of activities. | 2,435,326 |
| 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 the governmental funds: | |
| Accrued compensated absences | (993,139) |
| Amortization for bond deferred amounts and premiums | 121,066 |
| Accrued interest expense | 160,022 |
| Internal service funds are used by management to charge the cost of claims to individual funds. This amount is the net activity of the claims internal service fund. | (2,783,586) |
| Changes in net position of governmental activities. | $ 80,418,212 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**General Fund**
**Statement of Revenues, Expenditures and**
**Changes in Fund Balances - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 231,609,293 | $ 231,609,293 | $ 248,467,017 | $ 16,857,724 |
| Licenses and permits | 21,303,000 | 21,327,569 | 23,197,530 | 1,869,961 |
| Intergovernmental | 3,664,000 | 3,762,834 | 3,037,887 | (724,947) |
| Charges for services | 36,958,136 | 37,602,222 | 35,755,270 | (1,846,952) |
| Fines and forfeits | 9,479,998 | 12,063,465 | 12,736,005 | 672,540 |
| Interest earned | 776,820 | 777,520 | 586,258 | (191,262) |
| Miscellaneous | 3,161,015 | 4,326,818 | 7,557,903 | 3,231,085 |
| Total revenues | $ 306,952,262 | $ 311,469,721 | $ 331,337,870 | $ 19,868,149 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | $ 118,984,739 | $ 126,404,217 | $ 122,689,368 | $ 3,714,849 |
| Public safety | 131,049,404 | 136,268,711 | 134,803,521 | 1,465,190 |
| Public works | 14,246,534 | 15,756,180 | 15,217,059 | 539,121 |
| Health and welfare | 3,517,117 | 3,844,356 | 3,843,855 | 501 |
| Culture and recreation | 30,282,012 | 34,248,484 | 32,384,401 | 1,864,083 |
| Housing and development | 7,164,808 | 7,615,695 | 7,571,621 | 44,074 |
| Debt service: | | | | |
| Principal retirement | 75,930 | 75,930 | 71,218 | 4,712 |
| Interest and fiscal charges | 251,292 | 251,292 | 17,555 | 233,737 |
| Total expenditures | $ 305,571,836 | $ 324,464,865 | $ 316,598,598 | $ 7,866,267 |
| Excess (deficiency) of revenues over (under) other expenditures | $ 1,380,426 | $ (12,995,144) | $ 14,739,272 | $ 27,734,416 |
| Other financing sources (uses): | | | | |
| Transfers in | $ 18,280,488 | $ 19,864,852 | $ 16,891,777 | $ (2,973,075) |
| Transfers out | (14,157,915) | (28,553,150) | (27,022,636) | 1,530,514 |
| Proceeds from sale of capital assets | 149,996 | 205,026 | 381,122 | 176,096 |
| Total other financing sources (uses) | $ 4,272,569 | $ (8,483,272) | $ (9,749,737) | $ (1,266,465) |
| Net changes in fund balance | $ 5,652,995 | $ (21,478,416) | $ 4,989,535 | $ 26,467,951 |
| Fund balances at beginning of year | | | $ 86,102,112 | |
| Fund balances at end of year - budgetary basis | | | $ 91,091,647 | |
| Reconciliation to GAAP basis: | | | | |
| Elimination of encumbrances outstanding at end of year | | | 3,556,777 | |
| Fund balance at end of year - GAAP basis | | | $ 94,648,424 | |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Fire District Special Revenue Fund**
**Statement of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 68,729,799 | $ 68,729,799 | $ 73,486,171 | $ 4,756,372 |
| Licenses and permits | 407,000 | 7,000 | 19,450 | 12,450 |
| Intergovernmental | - | - | 29,179 | 29,179 |
| Charges for services | 1,352,700 | 1,752,700 | 1,555,666 | (197,034) |
| Interest earned | 182,000 | 182,000 | 166,056 | (15,944) |
| Miscellaneous | 7,000 | 9,770 | 5,428 | (4,342) |
| Total revenues | $ 70,678,499 | $ 70,681,269 | $ 75,261,950 | $ 4,580,681 |
| Expenditures: | | | | |
| Current: | | | | |
| Personal services | $ 59,006,735 | $ 59,262,949 | $ 59,262,949 | $ - |
| Operating expenditures | 10,143,094 | 10,425,076 | 10,425,076 | - |
| Capital outlay | 104,200 | 127,735 | 118,101 | 9,634 |
| Debt service: | | | | |
| Interest and fiscal charges | 95,000 | 95,000 | 23,132 | 71,868 |
| Total expenditures | $ 69,349,029 | $ 69,910,760 | $ 69,829,258 | $ 81,502 |
| Excess of revenues over other expenditures | $ 1,329,470 | $ 770,509 | $ 5,432,692 | $ 4,662,183 |
| Other financing sources (uses): | | | | |
| Transfers out | $ (387,660) | $ (779,186) | $ (770,623) | $ 8,563 |
| Proceeds from sale of capital assets | - | - | 88,750 | 88,750 |
| Total other financing sources (uses) | $ (387,660) | $ (779,186) | $ (681,873) | $ 97,313 |
| Net changes in fund balance | $ 941,810 | $ (8,677) | $ 4,750,819 | $ 4,759,496 |
| Fund balance at beginning of year | | | 20,798,061 | |
| Fund balance at end of year - budgetary basis | | | 25,548,880 | |
| Reconciliation to GAAP basis: | | | | |
| Elimination of encumbrances outstanding at end of year | | | 319,942 | |
| Fund balance at end of year - GAAP basis | | | $ 25,868,822 | |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Proprietary Funds**
**Statement of Net Position**
**September 30, 2014**

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer Fund | Other Enterprise Funds | Total | |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ 20,298,068 | $ 2,126,915 | $ 22,424,983 | $ 33,871,478 |
| Restricted cash and investments | 72,135,543 | - | 72,135,543 | - |
| Investments, at fair value | 200,000 | - | 200,000 | - |
| Receivables: | | | | |
| Accounts, net | 19,771,958 | - | 19,771,958 | - |
| Other | 2,381,492 | 66,052 | 2,447,544 | 264,415 |
| Due from other funds | - | 4,534,372 | 4,534,372 | - |
| Due from other governments and agencies | 1,563,907 | 848,205 | 2,412,112 | - |
| Inventories | 1,949,591 | - | 1,949,591 | - |
| Prepaid items | 4,157 | 3,272 | 7,429 | 595,071 |
| Total current assets | $ 118,304,716 | $ 7,578,816 | $ 125,883,532 | $ 34,730,964 |
| Noncurrent assets: | | | | |
| Property, plant and equipment: | | | | |
| Capital assets not being depreciated | $ 452,614,790 | $ 20,037,397 | $ 472,652,187 | $ - |
| Capital assets being depreciated, net | 1,114,039,946 | 33,588,364 | 1,147,628,310 | - |
| Net property, plant and equipment | $ 1,566,654,736 | $ 53,625,761 | $ 1,620,280,497 | $ - |
| Other assets: | | | | |
| Net pension asset | $ 1,018,445 | $ - | $ 1,018,445 | $ - |
| Net OPEB asset | 708,175 | - | 708,175 | - |
| Total other assets | $ 1,726,620 | $ - | $ 1,726,620 | $ - |
| Total noncurrent assets | $ 1,568,381,356 | $ 53,625,761 | $ 1,622,007,117 | $ - |
| Total assets | $ 1,686,686,072 | $ 61,204,577 | $ 1,747,890,649 | $ 34,730,964 |

Continued on next page.

**Cobb County, Georgia**
**Proprietary Funds**
**Statement of Net Position**
**September 30, 2014**

| | Business-type Activities - Enterprise Funds | | | Governmental |
|---|---|---|---|---|
| | Water and Sewer Fund | Other Enterprise Funds | Total | Activities - Internal Service Fund |
| **Liabilities and Deferred Inflows of Resources** | | | | |
| Liabilities: | | | | |
| Current liabilities (payable from current assets): | | | | |
| Accounts payable | $ 25,124,650 | $ 2,781,867 | $ 27,906,517 | $ 923,041 |
| Accrued payroll | 156,110 | 12,307 | 168,417 | 2,952 |
| Arbitrage liability | 54,882 | - | 54,882 | - |
| Due to others | - | 79,904 | 79,904 | - |
| Customer deposits | 5,310,071 | - | 5,310,071 | - |
| Due to other governments and agencies | - | 70,443 | 70,443 | - |
| Accrued interest payable | 1,912,892 | 25,000 | 1,937,892 | - |
| Unearned revenues | - | 19,344 | 19,344 | - |
| Current portion of revenue bonds | 11,590,000 | 2,000,000 | 13,590,000 | - |
| Current portion of note payable | 8,550,947 | - | 8,550,947 | - |
| Current portion of compensated absences | 1,130,476 | 40,509 | 1,170,985 | 17,100 |
| Current portion of capital lease payable | - | 69,398 | 69,398 | - |
| Current portion of closure and post closure care | - | 485,000 | 485,000 | - |
| Estimated liability for claims and judgments | - | - | - | 12,110,975 |
| Total current liabilities | $ 53,830,028 | $ 5,583,772 | $ 59,413,800 | $ 13,054,068 |
| Long-term liabilities: | | | | |
| Revenue bonds (net of current portion and bond premium) | $ 164,612,484 | $ - | $ 164,612,484 | $ - |
| Notes payable (net of current portion) | 147,533,739 | - | 147,533,739 | - |
| Compensated absences (net of current portion) | 475,620 | 11,763 | 487,383 | - |
| Closure and post closure care (net of current portion) | - | 23,978,973 | 23,978,973 | - |
| Capital lease payable (net of current portion) | - | 121,352 | 121,352 | - |
| Advances from other funds | - | 3,358,468 | 3,358,468 | - |
| Total long-term liabilities | $ 312,621,843 | $ 27,470,556 | $ 340,092,399 | $ - |
| Total liabilities | $ 366,451,871 | $ 33,054,328 | $ 399,506,199 | $ 13,054,068 |
| Deferred inflows of resources | | | | |
| Deferred gain on refunding | $ 1,748,002 | $ - | $ 1,748,002 | $ - |
| Total liabilities and deferred inflows of resources | $ 368,199,873 | $ 33,054,328 | $ 401,254,201 | $ 13,054,068 |
| **Net Position** | | | | |
| Net investment in capital assets | $ 1,219,514,176 | $ 51,416,170 | $ 1,270,930,346 | $ - |
| Restricted for: | | | | |
| Capital projects | 65,285,176 | - | 65,285,176 | - |
| Unrestricted | 33,686,847 | (23,265,921) | 10,420,926 | 21,676,896 |
| Total net position | $ 1,318,486,199 | $ 28,150,249 | $ 1,346,636,448 | $ 21,676,896 |

Continued from preceding page.

**Cobb County, Georgia**
**Proprietary Funds**
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer Fund | Other Enterprise Funds | Total | |
| Operating revenues: | | | | |
| Charges for services | $ 193,284,442 | $ 7,786,043 | $ 201,070,485 | $ 62,853,634 |
| Miscellaneous income | 389,992 | 45,308 | 435,300 | - |
| Total operating revenues | $ 193,674,434 | $ 7,831,351 | $ 201,505,785 | $ 62,853,634 |
| Operating expenses: | | | | |
| Personnel services | $ 27,893,172 | $ 935,779 | $ 28,828,951 | $ 531,740 |
| Other operating expenses | 95,095,235 | 19,301,610 | 114,396,845 | 10,844,871 |
| Benefits and claims | - | - | - | 53,910,949 |
| Total operating expenses | $ 122,988,407 | $ 20,237,389 | $ 143,225,796 | $ 65,287,560 |
| Operating income (loss) before depreciation | $ 70,686,027 | $ (12,406,038) | $ 58,279,989 | $ (2,433,926) |
| Less depreciation | (41,265,573) | (4,992,620) | (46,258,193) | - |
| Operating income (loss) | $ 29,420,454 | $ (17,398,658) | $ 12,021,796 | $ (2,433,926) |
| Nonoperating revenues (expenses): | | | | |
| Interest income | $ 74,940 | $ 927 | $ 75,867 | $ 31,495 |
| Interest and fiscal charges | (6,532,688) | (129,952) | (6,662,640) | - |
| Amortizatior | 640,722 | 76,505 | 717,227 | - |
| Gain (loss) on sale of capital assets | 58,503 | 981 | 59,484 | - |
| Total nonoperating revenues (expenses) | $ (5,758,523) | $ (51,539) | $ (5,810,062) | $ 31,495 |
| Net income (loss) before transfers and capital contributions | $ 23,661,931 | $ (17,450,197) | $ 6,211,734 | $ (2,402,431) |
| Capital contributions | $ 12,186,327 | $ 4,600,169 | $ 16,786,496 | $ - |
| Transfers: | | | | |
| Transfers in | $ 24,502 | $ 13,853,352 | $ 13,877,854 | $ - |
| Transfers out | (16,107,136) | (53,685) | (16,160,821) | (381,155) |
| Total transfers | $ (16,082,634) | $ 13,799,667 | $ (2,282,967) | $ (381,155) |
| Changes in net position | $ 19,765,624 | $ 949,639 | $ 20,715,263 | $ (2,783,586) |
| Total net position - beginning | $ 1,298,720,575 | $ 27,200,610 | $ 1,325,921,185 | $ 24,460,482 |
| Total net position - ending | $ 1,318,486,199 | $ 28,150,249 | $ 1,346,636,448 | $ 21,676,896 |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Proprietary Funds**
**Combining Statement of Cash Flows**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer Fund | Other Enterprise Funds | Total | |
| Cash flows from (to) operating activities: | | | | |
| Cash received from customers | $ 193,556,880 | $ 3,783,756 | $ 197,340,636 | $ 80,591,152 |
| Cash payments for goods and services | (92,802,044) | (18,666,264) | (111,468,308) | (11,811,705) |
| Cash payments for employee services and fringe benefits | (27,878,534) | (940,983) | (28,819,517) | (527,128) |
| Cash payments for benefits and claims | - | - | - | (53,309,281) |
| Net cash from (to) operating activities | $ 72,876,302 | $ (15,823,491) | $ 57,052,811 | $ 14,943,038 |
| Cash flows from (to) noncapital financing activities: | | | | |
| Transfers in | $ 24,502 | $ 13,853,352 | $ 13,877,854 | $ - |
| Transfers out | (16,107,136) | (53,685) | (16,160,821) | (381,155) |
| Net cash from (to) noncapital financing activities | $ (16,082,634) | $ 13,799,667 | $ (2,282,967) | $ (381,155) |
| Cash flows from (to) capital and related financing activities: | | | | |
| Payments on capital leases | $ - | $ (68,093) | $ (68,093) | $ - |
| Proceeds from sale of capital assets | 58,503 | 981 | 59,484 | - |
| Payments for capital acquisitions | (37,889,455) | (409,307) | (38,298,762) | - |
| Bond principal payments | (11,770,000) | (2,050,000) | (13,820,000) | - |
| Capital contributions | 7,099,011 | 4,600,169 | 11,699,180 | - |
| Payments on notes | (8,310,848) | - | (8,310,848) | - |
| Payments on advances from other funds | - | (373,641) | (373,641) | - |
| Interest and fiscal charges | (10,761,060) | (155,574) | (10,916,634) | - |
| Net cash from (to) capital and related financing activities | $ (61,573,849) | $ 1,544,535 | $ (60,029,314) | $ - |
| Cash flows from investing activities: | | | | |
| Interest received | $ 74,940 | $ 927 | $ 75,867 | $ 31,495 |
| Investment (purchases) sales | 100,000 | - | 100,000 | - |
| Net cash from investing activities | $ 174,940 | $ 927 | $ 175,867 | $ 31,495 |
| Net increase (decrease) in cash and cash equivalents | $ (4,605,241) | $ (478,362) | $ (5,083,603) | $ 14,593,378 |
| Cash and cash equivalents at beginning of year | 97,038,852 | 2,605,277 | 99,644,129 | 19,278,100 |
| Cash and cash equivalents at end of year | $ 92,433,611 | $ 2,126,915 | $ 94,560,526 | $ 33,871,478 |
| Reconciliation to Combining Balance Sheet | | | | |
| Cash | $ 20,298,068 | $ 2,126,915 | $ 22,424,983 | $ 33,871,478 |
| Cash (included in restricted assets) | 72,135,543 | - | 72,135,543 | - |
| | $ 92,433,611 | $ 2,126,915 | $ 94,560,526 | $ 33,871,478 |

Continued on next page.

**Cobb County, Georgia**
**Proprietary Funds**
**Combining Statement of Cash Flows**
**For the Fiscal Year Ended September 30, 2014**

| | Business-type Activities - Enterprise Funds | | | Governmental Activities - Internal Service Fund |
|---|---|---|---|---|
| | Water and Sewer Fund | Other Enterprise Funds | Total | |
| Reconciliation of operating income (loss) to net cash from operating activities: | | | | |
| Operating income (loss) | $ 29,420,454 | $ (17,398,658) | $ 12,021,796 | $ (2,433,926) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation | $ 41,265,573 | $ 4,992,620 | $ 46,258,193 | $ - |
| Change in assets and liabilities: | | | | |
| Decrease (increase) in accounts receivables | (502,828) | - | (502,828) | - |
| Decrease (increase) in other receivables | 40,710 | 24,482 | 65,192 | (262,482) |
| Decrease (increase) in due from other funds | - | (4,534,372) | (4,534,372) | 18,000,000 |
| Decrease (increase) in due from other governments | (8,606) | 457,593 | 448,987 | - |
| Decrease (increase) in inventories | (486,383) | - | (486,383) | - |
| Decrease (increase) in other assets | (124,709) | - | (124,709) | - |
| Decrease (increase) in prepaid expenses | (487) | 55 | (432) | (194,732) |
| Increase (decrease) in accounts payable | 2,787,261 | 993,450 | 3,780,711 | (772,102) |
| Increase (decrease) in accrued payroll | 79,450 | 2,379 | 81,829 | 1,498 |
| Increase (decrease) in accrued vacation payable | 59,897 | (7,583) | 52,314 | 3,114 |
| Increase (decrease) in due to others | - | 78,787 | 78,787 | - |
| Increase (decrease) in customer deposits | 353,170 | - | 353,170 | - |
| Increase (decrease) in due to other governments | (7,200) | 48,054 | 40,854 | - |
| Increase (decrease) in estimated liability for claims and judgments | - | - | - | 601,668 |
| Increase (decrease) in closure/postclosure care | - | (485,000) | (485,000) | - |
| Increase (decrease) in unearned revenues | - | 4,702 | 4,702 | - |
| Total adjustments | $ 43,455,848 | $ 1,575,167 | $ 45,031,015 | $ 17,376,964 |
| Net cash provided (used) by operating activities | $ 72,876,302 | $ (15,823,491) | $ 57,052,811 | $ 14,943,038 |
| Schedule of noncash capital and related financing activities: | | | | |
| Contribution of capital assets | $ 4,548,324 | $ - | $ 4,548,324 | $ - |
| Total noncash capital and related financing activities | $ 4,548,324 | $ - | $ 4,548,324 | $ - |
| Supplemental disclosure of cashflow information: | | | | |
| Cash paid for interest | $ 10,761,060 | $ 155,574 | $ 10,916,634 | $ - |
| Interest capitalized | (4,521,462) | - | (4,521,462) | - |
| Total supplemental disclosure of cashflow information | $ 6,239,598 | $ 155,574 | $ 6,395,172 | $ - |

Continued from preceding page.

**Cobb County, Georgia**
**Fiduciary Funds**
**Statement of Fiduciary Net Position**
**September 30, 2014**

| | Pension Trust Fund | OPEB Trust Fund | |
|---|---|---|---|
| | Employee Retirement System | Other Post Employment Benefits | Agency Funds |
| Assets: | | | |
| Cash and cash equivalents | $ 1,345,608 | $ - | $ 132,353,141 |
| Investments, at fair value | | | |
| Common stock | 151,594,580 | - | - |
| Mutual funds | 306,684,923 | 88,824,258 | - |
| Bond Corp. | 39,148,371 | - | - |
| Government and agency bonds | 8,409,814 | - | - |
| Group annuity contracts | 2,346,370 | - | |
| Money market | 10,970,846 | 576,414 | |
| Receivables | | | |
| Taxes and penalties | - | - | 441,174,156 |
| Accrued interest | 680,570 | - | - |
| Other | - | - | 1,772,224 |
| Total assets | $ 521,181,082 | $ 89,400,672 | $ 575,299,521 |
| Liabilities: | | | |
| Unremitted tax collections due to other governments and agencies | $ - | - | $ 85,644,432 |
| Taxes payable to others upon collection | - | - | 441,174,156 |
| Unremitted payroll tax and withholdings | - | - | 7,590,490 |
| Funds held in trust for others | - | - | 40,890,443 |
| Total liabilities | $ - | $ - | $ 575,299,521 |
| Net position held in trust for | | | |
| Pension benefits | $ 521,181,082 | $ - | |
| Other post employment benefits | - | 89,400,672 | |
| Total net position held in trust | $ 521,181,082 | $ 89,400,672 | |

See accompanying notes to financial statements.

**Cobb County, Georgia**
**Fiduciary Funds**
**Statement of Changes in Fiduciary Net Position**
**For the Fiscal Year Ended September 30, 2014**

| | Pension Trust Fund<br>Employee Retirement System | OPEB Trust Fund<br>Other Post Employment Benefits |
|---|---|---|
| Additions | | |
| Contributions: | | |
| Employer | $ 34,397,013 | $ 15,300,662 |
| Employee | 11,801,194 | 1,354,178 |
| Other | 363,629 | - |
| Total contributions | $ 46,561,836 | $ 16,654,840 |
| Investment earnings: | | |
| Net appreciation (depreciation) in fair value of assets | $ 39,212,293 | $ 5,158,787 |
| Interest and dividends | 9,115,516 | 1,779,722 |
| Total investment earnings | $ 48,327,809 | $ 6,938,509 |
| Less investment expense | (1,528,763) | - |
| Net investment earnings | $ 46,799,046 | $ 6,938,509 |
| Miscellaneous revenue | $ 86,110 | $ - |
| Total additions | $ 93,446,992 | $ 23,593,349 |
| Deductions | | |
| Benefits and claims | $ 50,366,971 | $ 11,654,840 |
| Total deductions | $ 50,366,971 | $ 11,654,840 |
| Change in net position | $ 43,080,021 | $ 11,938,509 |
| Net position held in trust | | |
| Beginning of year | $ 478,101,061 | $ 77,462,163 |
| End of year | $ 521,181,082 | $ 89,400,672 |

See accompanying notes to financial statements.

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**COBB COUNTY, GEORGIA**
**INDEX TO NOTES TO FINANCIAL STATEMENTS**
**September 30, 2013**

## Note 1. Summary of Significant Accounting Policies

The financial statements of Cobb County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### A. Reporting Entity

The financial statements of the reporting entity include those of Cobb County, Georgia (the primary government) and its component units. The component units discussed below are considered for inclusion in the reporting entity because the Cobb County Board of Commissioners, directly or indirectly, appointed a majority of the component units' board members and/or a financial benefit/burden relationship exists between the component units and the County.

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards No. 61, "The Financial Reporting Entity," the financial statements of the component units have been included as discretely presented component units. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the primary government. Information presented for the Cobb-Marietta Coliseum and Exhibit Hall Authority and the Cobb County Board of Health are as of and for the year ended September 30, 2014 and June 30, 2014, respectively. A brief description of the discretely presented component units is as follows:

#### 1. Cobb-Marietta Coliseum and Exhibit Hall Authority

The Authority is a corporate and political body created and existing under the laws of the State of Georgia. The fiscal year end is September 30. The Authority was established for the general purpose of developing and promoting cultural growth, public welfare, education and recreation. The Authority operates and maintains a multi-use exhibit hall and convention facility, a performing arts centre, and a specialty mall in Cobb County. A majority of the Authority's board members are appointed, either directly or indirectly, by the Cobb County Board of Commissioners. The Authority is prohibited from issuing bonded debt without the approval of the Board of Commissioners. The County is committed through an intergovernmental agreement to repay a portion of the Authority's debt.

#### 2. Cobb County Board of Health

The Cobb County Board of Health was created by a state legislative act. During the fiscal year ended June 30, 2014, it operated under an eight member board and a full-time executive director. The Board of Health was established to provide various health related programs such as immunization, family planning, dental treatment, and nutrition services. The members of the board are jointly appointed by the County Commissioners, one municipality and two school districts. The Board of Health's operational budget must be approved by the Board of Commissioners.

Complete financial statements of the Authority and the Board of Health can be obtained directly from their administrative offices. The addresses for the administrative offices are as follows:

Cobb-Marietta Coliseum and
Exhibit Hall Authority
Two Galleria Parkway
Atlanta, Georgia 30339

Cobb County Board of Health
1650 County Services Parkway
Marietta, Georgia 30008

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Statements 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 the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general governmental revenues which include taxes, interest revenue and other items not properly included among program revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues include charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants reflect capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue.

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 major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The measurement focus describes the type of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

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 funds financial statements. The agency funds financial statements are reported using no measurement focus.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1. Summary of Significant Accounting Policies (Continued)**

The emphasis in fund financial statements is on major funds in either the governmental or business-type activity categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditure/expenses of either fund category or the governmental and enterprise categories combined) for the determination of major funds. County management may electively add funds as major funds, when it is determined the funds have specific community or management focus.

The focus of the governmental funds' measurement in the funds' statement is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. Governmental funds 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenue except intergovernmental revenue as available if it is collected within 60 days after year-end. Intergovernmental revenue is considered available if it is collected within 9 months after year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made within thirty days subsequent to year end.

Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines are not susceptible to accrual because generally they are not measurable until received in cash.

The County uses the following major funds:

**1. Major Funds:**

**A. Governmental Funds:**

1. The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Fire District Fund** is used to account for monies received from a specific property tax levy and the operation of the fire department within the County.
3. The **SPLOST Fund** is used to account for the proceeds of a 1 percent local option sales tax for various capital projects throughout the County.

**B. Business-type Funds:**

1. The **Water and Sewer Fund** accounts for the operating revenues and expenses of the water distribution system and sewage processing plants.

**2. Internal Service Fund:**

The **Claims Internal Service Fund** provides self-funding for casualty, liability, medical and dental claims and workmen's compensation.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**3. Fiduciary Fund Types:**

**A. Agency Funds** account for Clerk of State Court, Clerk of Juvenile Court, Sheriff, Clerk of Superior Court, Clerk of Probate Court, Tax Commissioner, Accounts Payable Fund, Payroll Fund, and Child Support, Witness and Juror's Fees are accounted for on the accrual basis of accounting and are used for assets held by the government as an agent for individuals, private organizations, and other governments.

**B.** The **Pension and OPEB Trust Funds are** used to account for activities related to the public employees' retirement system and other post employment benefits in a defined benefit plan. The County maintains Employee Retirement System Trust Funds that accounts for the accumulation of resources for pension benefit payments to eligible employees.

The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flow. 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 fund 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.

The County's Internal Service Fund is presented in the proprietary funds financial statements. Because principal users of internal services are the County's governmental activities, the financial statement of the Internal Service Funds are consolidated into the Governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

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

**D. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles except encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Accordingly, encumbrances are included as budgetary expenses in two different years. Annual appropriated budgets are adopted for the General Fund, the Debt Service Fund and the Special Revenue Funds. Project-length budgets are adopted for the Grant Fund and the Housing and Urban Development Special Revenue Fund. Project-length financial plans are adopted for the Capital Projects Funds. All encumbered appropriations are carried forward in the following year's budget.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. See Note 24 for additional information about encumbrances.

**E. Cash and Cash Equivalents and Investments**

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

Cash includes amounts in demand deposits, certificates of deposit, and money market accounts. Statutes authorize the County to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated “AA” or better by Moody’s Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. The Pension Trust Fund is also authorized to invest in corporate bonds, domestic common stocks, equity real estate, and international common stocks through pooled investment accounts.

The County’s investment policy is to apply the “prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard is herewith understood to mean the following: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

It is also the policy of Cobb County to purchase securities only from those broker/dealers and banks that are included on the County's bid list as approved by the Finance Director-Comptroller. The approved list will be developed in accordance with these Investment Policies.

Funds of Cobb County will be invested in compliance with the provisions of Georgia Code Section 36-83-4 and in accordance with these policies and written administrative procedures. Certain funds have outstanding bond issues which have specific investment policies contained within the bond ordinances and official statements. Those policies will be adhered to and are not in conflict with the terms of the investment policy.

In accordance with GASB 31, investments are stated at fair value. Fair value of the external investment pool, Georgia Fund 1, is equal to the value of the pool shares. See Note 3 for additional information regarding cash and investments.

**F. Restricted Assets**

The County’s restricted assets in the Water and Sewer Enterprise Fund includes cash of $72,135,543 which is held in a separate account until monies are spent according to the bond covenants.

## Note 1. Summary of Significant Accounting Policies (Continued)

### G. Interfund Receivables/Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### H. Inventories

Inventories are valued at cost in the Governmental Fund types and at the lower of cost (first-in, first-out) or market in the Proprietary Fund types. Inventories in the General and Enterprise funds consist of expendable supplies held for consumption and items needed for repairs or improvements to the utility system.

The cost is recorded as an asset at the time the individual items are purchased. Reported inventories in the General Fund are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The consumption method is used to account for inventories within the County's governmental and proprietary fund types.

### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014 are recorded as prepaid items.

### J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County has fully implemented the retroactive reporting of infrastructure.

**Note 1. Summary of Significant Accounting Policies (Continued)**

Capital assets of the primary government, as well as the component unit, are depreciated using the straight line method over the following useful lives:

| Assets | Years |
|---|---|
| Buildings and structures | 25 – 50 |
| Machinery and equipment | 4 – 10 |
| Vehicles | 5 |
| Buses | 10 |
| Sewerage Plants | 10 – 50 |
| Infrastructure | 10 – 50 |

**K. Compensated Absences**

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

In accordance with the provisions of Statement of Financial Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is recorded for nonvesting accumulating rights to receive sick pay bonuses.

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**M. Categories and Classifications of Fund Balance**

The County implemented GASB 54 during fiscal year 2010 [Note 10. Fund Balance Determinations and Classifications]. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

**N. Interfund Transactions**

All interfund services provided and used are reported as transfers.

**O. Contributed Capital and Capital Contributions – Proprietary Funds**

Grants, entitlements and shared revenues restricted for the acquisition or construction of capital assets were recorded as contributed capital prior to the implementation of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*. As required by GASB 33, the County has recognized capital contributions as revenue rather than as contributed capital.

**P. Net Position**

The net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has not spent) for the acquisition, construction or improvement of those assets. The net position is reported as restricted when there are limitations imposed by creditors, grantors, contributors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The County has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement 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 deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for this reporting in this category in the government-wide and proprietary funds statements of net position and one item in the governmental funds balance sheet. Deferred gains on refunding are reported as deferred inflows of resources in the statements of net position. The governmental funds report unavailable revenues from property taxes as deferred inflows of resources in the governmental fund balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## Note 2. Budgetary Information

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

**A.** Prior to August 1, the Chairman of the Board of Commissioners and the County Manager submit to the Board of Commissioners a proposed operating budget and capital projects budget for the fiscal year commencing the following October 1. The operating and capital projects budgets include proposed expenditures and the means of financing them.

**B.** Public hearings are conducted to obtain taxpayer comments.

**C.** At a date no later than the second Board meeting of September, the budget is formally approved.

**D.** All budget transfers must be approved by the Budget Administrator, County Manager and/or the Board of Commissioners depending on the type and/or amount of expenditure:

| Budget Transfer | Approval Required |
|---|---|
| 1 From overtime and part-time to operating and capital or between overtime and part-time. | Budget Administrator |
| 2 Within operating expenditures in a department. | Budget Administrator |
| 3 From operating expenditures to capital. | Budget Administrator |
| 4 From capital to operating expenditures. | Budget Administrator |
| 5 No budget transfers are to be made between the regular salaries and overtime and part-time budget or the operating expenditures budget in a department without Board approval. | |
| 6 No budget transfers are to be made between the regular salaries and overtime and part-time budget or the capital budget in a department without Board approval. | |

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the category level within departments.

Formal budgetary integration is employed as a management control device during the year for the General and Debt Service Funds. Annual budgets are also adopted for the Fire District, Law Library, Community Services, Hotel/Motel Tax, Emergency 911, Parking Deck Facility, Streetlight District, Cumberland Special Service District, and 800 MHz Special Revenue Funds. The Grant Fund and Housing and Urban Development Special Revenue Funds have twelve month annual adopted budgets that differ from the County's fiscal year end. Budgets for the General, Debt Service and certain Special Revenue funds are adopted on the modified accrual basis except that encumbrances are treated as budgetary expenditures in the year of the incurrence of the commitment to purchase. Actual GAAP expenditures have been adjusted to the non-GAAP budgetary basis for budgetary comparison within this report. Because there were no encumbrances outstanding at the end of the year in the Debt Service Fund, Community Services, Hotel/Motel Tax, Cumberland Special Service District, and 800 MHz Special Revenue Funds, the budgets for these funds are presented on a GAAP basis.

**Note 2. Budgetary Information (Continued)**

Budgeted amounts are as originally adopted, or as amended, by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations that were amended. Unencumbered appropriations lapse at year-end. There were no material supplementary appropriations made during the year.

The actual results of operations on the budgetary basis are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) for the General, and the major Special Revenue funds in order to provide a meaningful comparison of actual results with the budget. Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual are presented as supplementary information for certain nonmajor governmental funds.

The major difference between the budget basis and GAAP is that encumbrances are recognized as expenditures for budgetary purposes. All encumbered appropriations are carried forward in the following year's budget. Accordingly, encumbrances are included as budgetary expenses in two different years.

Adjustments necessary to convert the results of operations and fund balances at the end of the year on the budgetary basis to the GAAP basis are as follows:

| | Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | | |
|---|---|---|---|
| | General Fund | Fire Fund | Nonmajor Special Revenue Funds |
| Budgetary Basis | $ 4,989,535 | $ 4,750,819 | $ (4,800,470) |
| Encumbrances 9/30/14 | 3,556,777 | 319,942 | 115,845 |
| Grant-length Plans | - | - | 737,516 |
| GAAP Basis | $ 8,546,312 | $ 5,070,761 | $ (3,947,109) |

| | Fund Balances at End of Year | | |
|---|---|---|---|
| | General Fund | Fire Fund | Nonmajor Special Revenue Funds |
| Budgetary Basis | $ 91,091,647 | $ 25,548,880 | $ 8,225,172 |
| Encumbrances 9/30/14 | 3,556,777 | 319,942 | 115,845 |
| Grant-length Plans | - | - | 2,556,355 |
| GAAP Basis | $ 94,648,424 | $ 25,868,822 | $ 10,897,372 |

**Note 3. Cash and Cash Equivalents and Investments**

PRIMARY GOVERNMENT AND FIDUCIARY FUNDS:

*Concentration of Credit Risk*
No more than 40% of the entire invested portfolio may be placed with any one bank or security dealer. The longer the maturity of a particular investment, the greater its susceptibility to market price and credit losses. The County seeks to limit such risk by maintaining conservative maturities that are within guidelines recommended by the Government Finance Officers Association (GFOA). These guidelines generally recommend avoiding securities with maturities beyond five years unless the investment is matched and held to a specific maturity.

## Note 3. Cash and Cash Equivalents and Investments (Continued)

*Custodial credit risk – deposits and investments*
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County has no formal policy, but reduces its exposure to custodial credit risk by requiring deposits and investments to be collateralized in accordance with State law. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of September 30, 2014, $69,480 of the County's agency fund deposits were exposed to custodial credit risk because they were uninsured and uncollateralized.

Investments are made in accordance with state law and the County's Investment Policy that requires that bank balances be 110% collateralized and that all investments be acquired on a "delivery vs. payment" basis, thereby providing maximum protection to the County.

As of September 30, 2014, the County's reporting entity had the following investments:

| Type of Investment | Rating | Fair Value | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|---|
| | | | Less than 1 | 1-5 | 6-10 | More than 10 |
| PRIMARY GOVERNMENT | | | | | | |
| Georgia Fund I | AAA | $ 178,847,644 | $ 178,847,644 | $ - | $ - | $ - |
| U.S. Agencies | AAA | 114,901,424 | 15,097,966 | 99,803,458 | - | - |
| Total Primary Government (non-fiduciary) | | $ 293,749,068 | $ 193,945,610 | $ 99,803,458 | $ - | $ - |
| FIDUCIARY FUNDS | | | | | | |
| Pension Trust Fund: | | | | | | |
| Common Stocks | | $ 151,594,580 | n/a | n/a | n/a | n/a |
| Mutual Funds | | 306,684,923 | 306,684,923 | - | - | - |
| Bond Corp. | AAA | 1,603,329 | - | - | - | 1,603,329 |
| | AA | 4,459,125 | 605,724 | 1,694,130 | 1,411,659 | 747,612 |
| | A | 24,572,582 | 4,251,129 | 9,824,498 | 5,422,284 | 5,074,671 |
| | BAA | 7,468,205 | 1,714,445 | 3,815,165 | 972,507 | 966,088 |
| | Not Rated | 1,045,130 | - | - | - | 1,045,130 |
| Government and Agency Bonds | AAA | 6,440,806 | 220,130 | - | 1,784,600 | 4,436,076 |
| | Not Rated | 1,969,008 | - | 117,657 | 1,851,351 | - |
| Group Annuity Contracts | | 2,346,370 | 2,346,370 | - | - | - |
| Georgia Fund I | AAA | 1,345,608 | 1,345,608 | - | - | - |
| Money Market | | 10,970,846 | 10,970,846 | - | - | - |
| Total Pension Trust Fund | | $ 520,500,512 | $ 328,139,175 | $ 15,451,450 | $ 11,442,401 | $ 13,872,906 |
| OPEB Trust Fund: | | | | | | |
| Mutual Funds | | $ 88,824,258 | $ 88,824,258 | $ - | $ - | $ - |
| Money Market | | 576,414 | 576,414 | - | - | - |
| Total OPEB Trust Fund | | $ 89,400,672 | $ 89,400,672 | $ - | $ - | $ - |

**Note 3. Cash and Cash Equivalents and Investments (Continued)**

Investments of the primary government and fiduciary funds include $178,847,644 and $1,345,608 grouped in cash and cash equivalents and exclude $2,200,000 of nonnegotiable certificates of deposits.

*Credit Risk - Investments*
As of September 30, 2014 the County's investment in U.S. Agencies that are implicitly guaranteed were as follows: Federal National Mortgage Association $32,373,802, Federal Home Loan Bank $24,490,605, Federal Home Loan Mortgage Corporation $28,951,401, Federal Farm Credit Banks $26,082,568 and United States Treasury $3,003,048. All of the U.S. Agencies that the County has investments with are rated AAA.

*Interest Rate Risk - Investments*
As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the pension investments to the following maximum percentages: Domestic securities 65%, Non-domestic securities 15%, and Fixed income investments and Cash 40%.

The Office of State Treasurer is the oversight agency for Georgia Fund I.

**Component unit**

**A. Cobb-Marietta Coliseum and Exhibit Hall Authority**

*Custodial credit risk −deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2014, none of the Authority's public deposits of $4,923,899 were exposed to custodial credit risk. The Performing Arts Centre Foundation maintains deposits which are not public funds, but are subject to F.D.I.C. coverage. As of September 30, 2014, the Foundation's deposits were covered by the federal deposit insurance.

*Interest rate risk*

In accordance with its investment policy, the Authority manages its exposure to the risk of declines in fair values by limiting the maturities of its investments to a maximum of five years for the debt service reserve account, three years for the General Fund renewal and expansion account, and six months or less in the other accounts.

*Credit risk*

As of September 30, 2014, the Authority had the following investments:

| Type of Investment | Rating | Fair Value | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|---|
| | | | Less than 1 | 1-5 | 6-10 | More than 10 |
| Georgia Fund I | AAA | $ 19,500,256 | $ 19,500,256 | $ - | $ - | $ - |

**Note 3. Cash and Cash Equivalents and Investments (Continued)**

**B. Cobb County Board of Health**

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board limits its exposure to custodial credit risk by requiring deposits to be collateralized at 110% in accordance with state law. Deposits at one financial institution were subject to custodial credit risk, whereby deposits totaling $232,385 were not collateralized in accordance with state law at June 30, 2014.

The following is a summary of the Board's investments at June 30, 2014:

| Description | Rating | Fair Value | Weighted Average Maturity |
|---|---|---|---|
| Georgia Fund I | AAAf | $6,295 | 62 days |

**Note 4. Restricted Assets**

**A. Cobb-Marietta Coliseum and Exhibit Hall Authority**

The Authority's restricted assets in the governmental funds include cash and investments held in separate accounts as required by the revenue bond ordinances, and interest and contributions receivable that are restricted in purpose. In the general fund, cash and investments held in the renewal and expansion account are restricted for renewal and replacement of assets, expansion projects and contingencies. The general fund reports resources restricted for renewal and expansion in accordance with the revenue bond indenture. Contributions received and pledged to the Performing Arts Centre Foundation that have purpose restrictions are reported as restricted assets.

In the debt service fund, the reserve account is required to be funded for the maximum debt service payment that will come due over the life of the senior lien bonds.

The Authority's restricted assets in the enterprise funds include refundable security deposits in the mall fund; ticket sales deposits that are refunded to artist and promoters in the Performing Arts Centre fund; funds restricted for debt service in the Performing Arts Centre; and an intergovernmental receivable from Cobb County that is restricted for debt service in the Performing Arts Centre fund.

| **Governmental Funds** | Cash | Investments | Receivables | Total |
|---|---|---|---|---|
| General Fund: | | | | |
| Restricted for renewal and expansion | $ 11,782,513 | $ - | $ 1,283,445 | $ 13,065,958 |
| Arts Bridge Foundation Inc | | | | |
| Restricted by donors | 187,979 | - | - | 187,979 |
| Debt Service Fund: | | | | |
| Restricted for debt service | 9,745,828 | - | - | 9,745,828 |
| Total governmental funds | 21,716,320 | - | 1,283,445 | 22,999,765 |
| Additional amounts reported for governmental activities | - | 4,727,039 | (339,407) | 4,387,632 |
| **Total governmental activities** | $ 21,716,320 | $ 4,727,039 | $ 944,038 | $ 27,387,397 |

## Note 4. Restricted Assets (Continued)

| | | | | |
|---|---|---|---|---|
| **Enterprise Funds** | | | | |
| Galleria Mall: | | | | |
| Security deposits | $ 51,371 | $ - | $ - | $ 51,371 |
| Performing Arts Centre: | | | | |
| Ticket sales deposits | 1,197,318 | - | - | 1,197,318 |
| Restricted for debt service | 590,452 | - | - | 590,452 |
| Due from primary government | - | - | 42,089,187 | 42,089,187 |
| **Total enterprise funds** | $ 1,839,141 | $ - | $ 42,089,187 | $ 43,928,328 |

## Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 988,179,781 | $ 12,777,677 | $ - | $ 1,000,957,458 |
| Construction in progress | 164,689,824 | 104,726,638 | (115,215,673) | 154,200,789 |
| Total capital assets, not being depreciated | $ 1,152,869,605 | $ 117,504,315 | $ (115,215,673) | $ 1,155,158,247 |
| Capital assets, being depreciated: | | | | |
| Buildings | $ 509,167,008 | $ 6,661,616 | (46,000) | $ 515,782,624 |
| Improvements other than buildings | 32,007,418 | 3,369,321 | - | 35,376,739 |
| Machinery and equipment | 250,784,674 | 17,018,141 | (3,063,238) | 264,739,577 |
| Infrastructure | 2,476,119,345 | 105,778,755 | - | 2,581,898,100 |
| Total capital assets, being depreciated | $ 3,268,078,445 | $ 132,827,833 | $ (3,109,238) | $ 3,397,797,040 |
| Less accumulated depreciation for: | | | | |
| Buildings | $ (122,332,006) | $ (10,597,217) | 46,000 | $ (132,883,223) |
| Improvements other than buildings | (17,677,752) | (1,879,563) | - | (19,557,315) |
| Machinery and equipment | (210,360,003) | (12,747,240) | 3,034,749 | (220,072,494) |
| Infrastructure | (991,522,233) | (62,440,176) | - | (1,053,962,409) |
| Total accumulated depreciation | $ (1,341,891,994) | $ (87,664,196) | $ 3,080,749 | $ (1,426,475,441) |
| Total capital assets, being depreciated, net | 1,926,186,451 | 45,163,637 | (28,489) | 1,971,321,599 |
| Governmental activities capital assets, net | $ 3,079,056,056 | $ 162,667,952 | $ (115,244,162) | $ 3,126,479,846 |

### Note 5. Capital Assets (Continued)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Business-type activities:** | | | | | | | | |
| Capital assets, not being depreciated: | | | | | | | | |
| Land and improvements | $ | 79,645,415 | $ | 706,411 | | - | $ | 80,351,826 |
| Construction in progress | | 368,686,280 | | 38,291,174 | | (14,677,093) | | 392,300,361 |
| Total capital assets, not being depreciated | $ | 448,331,695 | $ | 38,997,585 | $ | (14,677,093) | $ | 472,652,187 |
| Capital assets, being depreciated: | | | | | | | | |
| Buildings and structures | $ | 55,853,140 | $ | 29,438 | | (13,230) | $ | 55,869,348 |
| Sewerage plants | | 815,344,415 | | 1,491,346 | | - | | 816,835,761 |
| Machinery and equipment | | 77,456,802 | | 3,286,873 | | (440,615) | | 80,303,060 |
| Infrastructure: | | | | | | | | |
| Sewer lines | | 534,136,571 | | 5,179,526 | | - | | 539,316,097 |
| Water lines and meters | | 424,135,352 | | 13,060,871 | | - | | 437,196,223 |
| Total capital assets, being depreciated | $ | 1,906,926,280 | $ | 23,048,054 | $ | (453,845) | $ | 1,929,520,489 |
| Less accumulated depreciation for: | | | | | | | | |
| Buildings and structures | $ | (17,260,486) | $ | (1,586,305) | | 13,230 | $ | (18,833,561) |
| Sewerage plants | | (296,218,952) | | (19,453,376) | | - | | (315,672,328) |
| Machinery and equipment | | (62,648,369) | | (4,796,093) | | 440,615 | | (67,003,847) |
| Infrastructure: | | | | | | | | |
| Sewer lines | | (194,873,265) | | (10,447,985) | | - | | (205,321,250) |
| Water lines and meters | | (165,086,759) | | (9,974,434) | | - | | (175,061,193) |
| Total accumulated depreciation | $ | (736,087,831) | $ | (46,258,193) | $ | 453,845 | $ | (781,892,179) |
| Total capital assets, being depreciated, net | | 1,170,838,449 | | (23,210,139) | | - | | 1,147,628,310 |
| Business-type activities capital assets, net | $ | 1,619,170,144 | $ | 15,787,446 | $ | (14,677,093) | $ | 1,620,280,497 |

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

| | | |
|---|---|---|
| Governmental activities: | | |
| General government | $ | 7,423,934 |
| Public safety | | 11,513,789 |
| Public works | | 63,998,307 |
| Health and welfare | | 100,834 |
| Culture and recreation | | 3,660,387 |
| Housing and development | | 966,945 |
| Total depreciation expense - governmental activities | $ | 87,664,196 |
| | | |
| Business-type activities: | | |
| Water and Sewer | $ | 41,265,573 |
| Solid Waste | | 398,679 |
| Golf Course | | 163,605 |
| Transit System | | 4,430,336 |
| Total depreciation expense - business-type activities | $ | 46,258,193 |

## Note 6. Risk Management

The County established a risk management program for casualty, liability and medical claims in 1985. Premiums are paid into the Claims Internal Service Fund by other funds and are available to pay claims and administrative costs. The County is self-insured up to $650,000 per occurrence for workers' compensation. Amounts exceeding this are covered by an excess workers' compensation policy. Over the past several years, the County has increased various coverage limits. The County's current coverage limits are as follows: $750,000,000 in property insurance, $10,000,000 in aviation liability, $5,000,000 in crime coverage, $3,000,000 in privacy / cyber liability, $20,000,000in fiduciary coverage. The County is self-funded for automobile and general liability claims up to $2,000,000. The County has $10,000,000 in excess liability coverage for liability claims above the self-funded amount.

The County has not experienced any significant decreases in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can reasonably be estimated. Liabilities include an amount for claims that have been incurred but not reported. Incurred but not reported claims of $12,110,975 have been accrued as a liability in the Claims Internal Service Fund based primarily upon a County and actuary's estimate. The entire liability is estimated to be current. Interfund premiums are based primarily upon the insured funds' claims experience.

| September 30 | Beginning Balance | Claims Incurred | Claims Paid | Ending Balance |
|---|---|---|---|---|
| 2005 | $ 13,708,860 | $ 40,961,207 | $ 38,035,702 | $ 16,634,365 |
| 2006 | 16,634,365 | 41,226,703 | 38,379,567 | 19,481,501 |
| 2007 | 19,481,501 | 38,230,339 | 43,648,895 | 14,062,945 |
| 2008 | 14,062,945 | 38,284,749 | 38,820,784 | 13,526,910 |
| 2009 | 13,526,910 | 39,263,098 | 42,701,479 | 10,088,529 |
| 2010 | 10,088,529 | 46,505,221 | 44,698,738 | 11,895,012 |
| 2011 | 11,895,012 | 47,962,483 | 45,824,572 | 14,032,923 |
| 2012 | 14,032,923 | 46,067,749 | 46,601,163 | 13,499,509 |
| 2013 | 13,499,509 | 46,199,945 | 48,190,147 | 11,509,307 |
| 2014 | 11,509,307 | 53,910,949 | 53,309,281 | 12,110,975 |

## Note 7. Leases

### A. Operating Leases

The County has several operating leases for equipment that are not material.

### B. Capital Leases

Cobb County is obligated under capital leases initiated in current and prior years covering various types of equipment and building improvements.

The assets acquired through capital leases are as follows:

| | Total Governmental Activities | Total Business-type Activities |
|---|---|---|
| Land | $ 3,584,101 | $ - |
| Building | 2,928,867 | - |
| Machinery and equipment | 5,920,702 | 342,702 |
| Less: Accumulated depreciation | (4,824,728) | (97,881) |
| Total | $ 7,608,942 | $ 244,821 |

Amortization expense of assets recorded under capital leases is included with depreciation expense.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of September 30, 2014:

| | Total Governmental Activities | Total Business-type Activities |
|---|---|---|
| 2015 | $ 766,113 | $ 72,420 |
| 2016 | 316,634 | 122,855 |
| 2017 | 63,999 | - |
| 2018 | 14,982 | - |
| Total minimum lease payments | $ 1,161,727 | $ 195,275 |
| Less: Amount representing interest | 46,706 | 4,525 |
| Present value of minimum lease payments | $ 1,115,021 | $ 190,750 |

In November, 2010, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 720 personal computers in the second quarter of FY11. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In February, 2011, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 1,095 personal computers in the third quarter of FY11. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

## Note 7. Leases (continued)

In June, 2011, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 500 personal computers in the fourth quarter of FY11. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In April, 2012, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 84 personal computers in the third quarter of FY12. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In July, 2012, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 639 personal computers in the third quarter of FY12. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In October, 2012, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 210 personal computers in the first quarter of FY13. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In December, 2012, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 155 personal computers in the second quarter of FY13. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In July, 2012, a lease agreement was entered into with John Deere Financial to finance the purchase of nine lawn mowers and associated lawn equipment. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Golf Course Fund.

In April, 2014, a lease agreement was entered into with Dell Financial Services to finance the replacement of up to 106 personal computers in the second quarter of FY14. The lease agreement is for 48 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

**Note 8. Long-Term Debt**

**A. Primary Government**

Bonds payable at September 30, 2014 are comprised of the following individual issues:

1. General Obligation Bonds

   $15,000,000 2008 Park serial bonds due in annual installments of $1,690,000 to $2,185,000 through January 1, 2018; interest at 2.42 to 3.63 percent ($7,960,000 outstanding). The Bonds were issued to finance the costs of acquiring park land within the County to be owned by the County for so long as any Series 2008 Bonds remain outstanding and to be used as park land in perpetuity, and paying the costs of the issuance of the Series 2008 Bonds.

   $25,000,000 2007 Park serial bonds due in annual installments of $3,060,000 to $4,130,000 through January 1, 2017; interest at 4.25 to 5.00 percent ($11,790,000 outstanding). The Bonds were issued to finance the costs of acquiring park land within the County to be owned by the County for so long as any Series 2007 Bonds remain outstanding and to be used as park land in perpetuity, and paying the costs of the issuance of the Series 2007 Bonds.

   $18,345,000 2005 refunding serial bonds due in annual installments of $100,000 to $2,200,000 through January 1, 2017; interest at 3.00 to 5.00 percent ($6,315,000 outstanding). The Bonds were issued for the purpose of advance refunding, defeasing and optionally redeeming the County's outstanding Park and Recreation Bonds, Series 1996 and paying the cost of issuance of the Series 2005 Bonds.

2. Revenue Bonds

   a. Water and Sewerage

      $126,570,000 2009 serial bonds due in annual installments of $3,640,000 to $9,350,000 through July 1, 2029; interest at 3.00 to 4.25 percent ($104,930,000 outstanding). The Bonds were issued to finance a portion of certain additions, betterments, replacements, extensions and improvements to the County's water and sewerage facilities and to pay expenses necessary to accomplish the foregoing.

      $71,545,000 2013 refunding serial bonds due in annual installments of $6,970,000 to $7,800,000 through July 1, 2023; interest at 2.15 percent ($64,575,000 outstanding). The Bonds were issued for the purpose of advance refunding, defeasing and optionally redeeming the County's outstanding 2003 serial bonds and paying the cost of issuance of the Series 2013 Bonds.

      The County has pledged future water customer revenues, net of specified operating expenses, to repay $198.1 million in water revenue bonds issued from 2009 to 2013. Proceeds from the bonds will provide financing for water and sewer infrastructure. The bonds are payable from water customer net revenues and are payable through 2029. During the current year, principal and interest paid and total net pledged revenues were $18,241,112 and $71,445,052 respectively. The total principal and interest remaining to be paid on the bonds as of September 30, 2014 was $169,505,000 and $48,390,528 respectively.

**Note 8. Long-Term Debt (Continued)**

b. Solid Waste Disposal

$19,285,000 2004 refunding serial bonds due in annual installments of $1,720,000 to $2,100,000 through January 1, 2015; interest at 2.75 to 5.00 percent ($2,000,000 outstanding). The Bonds were issued for the purpose of refunding, defeasing and optionally redeeming all of the Authority's outstanding Revenue Bonds, Series 1995 and paying the costs of issuance of the Series 2004 Bonds.

The County has pledged future solid waste customer revenues, net of specified operating expenses, to repay $19.3 million in solid waste revenue bonds issued from 2004. Proceeds from the bonds provided financing for the solid waste and compost facility. The bonds are payable from solid waste customer net revenues and are payable through 2015. During the current year, principal and interest paid and total net pledged revenues and general fund transfers in were $2,175,625 and $2,696,768 respectively. The general fund provides annual transfers to fund expenses in excess of funds available after payment of debt service. The total principal and interest remaining to be paid on the bonds as of September 30, 2014 was $2,000,000 and $50,000 respectively.

The annual requirements to amortize all General Obligation and Revenue bonds outstanding at September 30, 2014 including interest payments of $89,774,785 are as follows:

| | Governmental Activites | | Business-Type Activities | |
|---|---|---|---|---|
| | General Obligation Bonds | | Revenue Bonds | |
| Year Ending September | Principal | Interest | Principal | Interest |
| 2015 | $ 7,625,000 | $ 929,238 | $ 13,590,000 | $ 6,165,538 |
| 2016 | 7,950,000 | 607,412 | 11,950,000 | 5,748,383 |
| 2017 | 8,305,000 | 257,118 | 12,330,000 | 5,368,200 |
| 2018 | 2,185,000 | 35,506 | 12,725,000 | 4,974,325 |
| 2019 | - | - | 13,150,000 | 4,566,200 |
| 2020-2024 | - | - | 64,750,000 | 15,906,069 |
| 2025-2029 | - | - | 43,010,000 | 5,711,813 |
| | $ 26,065,000 | $ 1,829,274 | $ 171,505,000 | $ 48,440,528 |

| | Component Unit | |
|---|---|---|
| Year Ending | Revenue Bonds | |
| September 30 | Principal | Interest |
| 2015 | 5,605,000 | 5,035,477 |
| 2016 | 5,855,000 | 4,765,646 |
| 2017 | 6,185,000 | 4,503,290 |
| 2018 | 6,515,000 | 4,218,771 |
| 2019 | 6,895,000 | 3,896,657 |
| 2020-2024 | 41,155,000 | 13,771,444 |
| 2025-2029 | 37,550,000 | 3,423,698 |
| | $ 109,760,000 | $ 39,614,983 |

**Note 8. Long-Term Debt (Continued)**

The annual requirements to amortize all Water and Sewer Revenue Bonds outstanding at September 30, 2014 are as follows:

| | Outstanding Parity Bonds | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2015 | $ 11,590,000 | $ 6,115,538 | $ 17,705,538 |
| 2016 | 11,950,000 | 5,748,383 | 17,698,383 |
| 2017 | 12,330,000 | 5,368,200 | 17,698,200 |
| 2018 | 12,725,000 | 4,974,325 | 17,699,325 |
| 2019 | 13,150,000 | 4,566,200 | 17,716,200 |
| 2020-2024 | 64,750,000 | 15,906,069 | 80,656,069 |
| 2025-2029 | 43,010,000 | 5,711,813 | 48,721,813 |
| | $ 169,505,000 | $ 48,390,528 | $ 217,895,528 |

The preceding information is presented in order to meet continuing disclosure requirements as set forth in the Security and Exchange Commission's Rule 15c2-12(b) (5).

3. Compliance

The 1985 Series Water and Sewerage Bond Resolution require the establishment of a Debt Service Reserve Account within the Water and Sewerage Sinking Fund in an amount at least equal to the highest annual debt service on the Series 1985 Bonds. The Resolution also authorizes Cobb County to obtain a surety bond in place of funding the Debt Service Reserve Account. The County has obtained a Municipal Bond Insurance Association bond for this purpose. However, the Series 2003 Resolution amends the Prior Resolutions and provides that commencing on December 1, 2003, there shall no longer be a Debt Service Reserve Requirement for any Bonds then outstanding. There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

$10,930,878 is available in the Debt Service Fund to service the general obligation bonds.

4. Prior Years' Advance Refundings

On September 30, 2014 there were no bonds outstanding that are considered defeased.

G.O. Bonds:

The $18,345,000 2005 Parks and Recreation Refunding Bonds were issued at a premium of $900,880 less an underwriting discount of $29,750 and issuance costs of $72,000 resulting in net proceeds of $19,144,130. These net proceeds, together with $321,704 of sinking funds monies available to pay interest accrued on the Series 1996 Refunding Bonds, were deposited into an irrevocable trust with a defeasance escrow agent to satisfy the defeasance requirement on January 1, 2007. As a result of the refunding and defeasance, the County reduced its total debt service requirement by $1,284,390 which resulted in an economic gain (difference between the present value of the debt service payments on the Refunded Bonds and the 2005 Bonds) of $1,020,494.

**Note 8. Long-Term Debt (Continued)**

Revenue Bonds:

During the fiscal year ending September 30, 2003, the County issued Series 2003 Water and Sewer Refunding Revenue Bonds of $36,545,000 with interest rates of 3.0 percent to 5.0 percent to advance refund $49,430,000 of the 1993 Water and Sewer Revenue Bonds with interest rates of 4.75 to 5.40 percent. The 2003 Water and Sewer Refunding Revenue Bonds were issued at a premium of $3,149,556, less an underwriting discount of $52,259, plus accrued interest on the Bonds from their dated date to the date of delivery of $97,735. After paying the issuance costs of $81,931 the net proceeds were $51,460,128. The net proceeds from the issuance were used to purchase U.S. government securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the 1993 bond issue maturing in 2008. The advance refunding met the requirements of an in-substance defeasance, thus the refunded portions of the 1993 bonds are no longer included in the Water and Sewer Fund Statement of Net Position bond payable balance.

As a result of the advanced refunding, the County reduced its total debt service requirements by $2,899,909, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,683,436.

During the fiscal year ending September 30, 2004, the County issued Series 2004 Water and Sewer Revenue Refunding Bonds in the aggregate principal amount of $34,520,000 with interest rates of 2.0 percent to 5.0 percent. The 2004 Bonds were issued to provide funds to be used, together with other funds available for such purpose, to refund upon optional redemption on July 1, 2004 the outstanding Cobb County Water and Sewerage Revenue Refunding Bonds, Series 1996 (the “Refunded Bonds”), maturing July 1 in each of the years 2005 through and including 2008, outstanding in the aggregate principal amount of $34,380,000 with interest at 5.125% and pay expenses to accomplish the foregoing.

In connection with such refunding, the County defeased all outstanding Series 1996 Bonds, including the Refunded Bonds and the Series 1996 Bonds maturing on July 1, 2004.

The $34,520,000 2004 Bonds were issued at a premium of $2,514,153 less an underwriter’s discount of $59,054 and issuance costs of $172,600 resulting in total net proceeds of $36,802,499. The net proceeds from the issuance were used, together with $6,239,089 of sinking fund monies available for the July 1, 2004 maturity of the unrefunded portion of the Series 1996 Bonds, to purchase U.S. Government securities that were deposited into an irrevocable trust with a defeasance escrow agent to satisfy the defeasance requirement on July 1, 2004. As a result of the refunding and defeasance, the County reduced its total debt service requirements by $1,776,986, which resulted in an economic gain (difference between the present value of the debt service payments on the Refunded Bonds and 2004 Bonds) of $1,737,545.

In December 2004, the County issued Series 2004 Solid Waste Management Authority Revenue Bonds in the amount of $19,285,000. The bond is repayable over 10 years with the principal payment beginning January 1, 2006 and bears interest at a rate of 3.0 to 5.0 percent which is payable semiannually over 10 years on July 1 and January 1 of each year beginning July 1, 2005.

**Note 8. Long-Term Debt (Continued)**

During the fiscal year ending September 30, 2013, the County issued Series 2013 Water and Sewer Refunding Revenue Bonds of $71,545,000 with interest rates of 2.15 percent to advance refund $78,535,000 of the 2003 Water and Sewer Revenue Bonds with interest rates of 3.0 to 5.0 percent. The 2013 Water and Sewer Refunding Revenue Bonds were issued at par. After paying the issuance costs of $407,899 the net proceeds were $71,137,101. The net proceeds from the issuance were used to purchase U.S. government securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the 2003 bond issue maturing in 2023. The advance refunding met the requirements of an in-substance defeasance, thus the refunded portions of the 2003 bonds are no longer included in the Water and Sewer Fund Statement of Net Position bond payable balance.

As a result of the advanced refunding, the County reduced its total debt service requirements by $11,664,426, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $8,176,686.

5. Intergovernmental Contract Payable

$57,000,000 Series 2013 Intergovernmental Contract Payable is due in annual installments of $1,580,000 to $4,155,000 through January 1, 2029; interest at 4.00 to 5.00 percent ($41,635,000 outstanding). The contract obligates Cobb County to pay the debt service obligations on the Cobb County Coliseum and Exhibit Hall Authority Series 2004 (Performing Arts Center Project) Revenue Bonds until the bonds are repaid. The Series 2013 refunded the 2004 series.

| | Intergovernmental Contract Payable | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2015 | $ 1,580,000 | $ 1,777,250 | $ 3,357,250 |
| 2016 | 1,730,000 | 1,694,500 | 3,424,500 |
| 2017 | 1,875,000 | 1,613,750 | 3,488,750 |
| 2018 | 2,015,000 | 1,525,875 | 3,540,875 |
| 2019 | 2,180,000 | 1,421,000 | 3,601,000 |
| 2020-2024 | 13,660,000 | 5,278,650 | 18,938,650 |
| 2025-2029 | 18,595,000 | 1,945,500 | 20,540,500 |
| Total | $ 41,635,000 | $ 15,256,525 | $ 56,891,525 |

**Note 8. Long-Term Debt (Continued)**

6. Certificates of Participation

$10,730,000 Series 2010 Certificates of Participation is due in annual installments of $240,000 to $780,000 through January 1, 2031; interest at 2.25 to 4.00 percent ($9,670,000 outstanding). The contract obligates Cobb County to pay the debt service obligations on the Cobb County Courthouse Parking Deck Project Certificates of Participation until the bonds are repaid.

| | Certificate of Participation | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2015 | $ 400,000 | $ 326,062 | $ 726,062 |
| 2016 | 420,000 | 315,813 | 735,813 |
| 2017 | 435,000 | 305,125 | 740,125 |
| 2018 | 450,000 | 292,937 | 742,937 |
| 2019 | 475,000 | 279,063 | 754,063 |
| 2020-2024 | 2,665,000 | 1,162,832 | 3,827,832 |
| 2025-2029 | 3,295,000 | 660,619 | 3,955,619 |
| 2030-2031 | 1,530,000 | 61,800 | 1,591,800 |
| Total | $ 9,670,000 | $ 3,404,251 | $ 13,074,251 |

7. Revenue Anticipation Certificates

$6,315,000 2014 Revenue Anticipation Certificates is due in annual installments of $245,000 to $410,000 through July 1, 2035; interest at 2.00 to 3.25 percent ($6,315,000 outstanding). The Certificates were issued to finance in whole or in part the costs of the design, construction and equipping of a two story building, which will be subleased to the Community Service Board through an intergovernmental agreement.

| | Revenue Anticipation Certificates | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2015 | $ - | $ 149,480 | $ 149,480 |
| 2016 | 245,000 | 177,600 | 422,600 |
| 2017 | 250,000 | 172,700 | 422,700 |
| 2018 | 255,000 | 167,700 | 422,700 |
| 2019 | 260,000 | 162,600 | 422,600 |
| 2020-2024 | 1,410,000 | 704,950 | 2,114,950 |
| 2025-2029 | 1,620,000 | 496,200 | 2,116,200 |
| 2030-2034 | 1,865,000 | 246,194 | 2,111,194 |
| 2035 | 410,000 | 13,325 | 423,325 |
| Total | $ 6,315,000 | $ 2,290,749 | $ 8,605,749 |

**Note 8. Long-Term Debt (Continued)**

8. Notes Payable

$35,000,000 2008 Notes Payable is due in monthly installments of $195,402 through December 1, 2028; interest at 3.00 percent (with $27,162,079 outstanding). The loan is financing the construction of various water tunnels and pump stations.

$35,000,000 2009 Notes Payable is due in monthly installments of $194,109 through October 1, 2022 (with one final payment of $76,256.98 payable on November 1, 2022); interest at 3.00 percent (with $16,761,410 outstanding). The loan is financing the construction of various water tunnels and pump stations. This note was restructured upon securing the 2010 Note Payable for $6,000,000.

$6,000,000 2010 Notes Payable is due in monthly installments of $33,378 [payments were $50,044] through February 1, 2030 (with one final payment of $7,778.89 payable on February 1, 2030); interest at 3.00 percent (with $4,940,538 outstanding). The loan is financing the construction of various water tunnels and pump stations. This loan represents the restructuring of the prior 2009 Note Payable for a $10,000,000 loan in which $4,000,000 was forgiven during fiscal year 2010.

$25,000,000 2010 Notes Payable is due in monthly installments of $138,649 through August 1, 2030; interest at 3.00 percent (with $21,035,774 outstanding). The loan is financing the construction of various water tunnels and pump stations.

$25,000,000 2011 Notes Payable is due in monthly installments of $134,490 through August 1, 2031; interest at 3.00 percent (with $21,390,348 outstanding). The loan is financing the construction of various water tunnels and pump stations. $750,000 of the loan was forgiven during fiscal year 2011.

$35,000,000 2011 Notes Payable is due in monthly installments of $194,106 through January 1, 2032; interest at 3.00 percent (with $31,452,945 outstanding). The loan is financing the construction of various water tunnels and pump stations.

$35,000,000 2012 Notes Payable is due in monthly installments of $177,222 through July 1, 2033; interest at 3.00 percent (with $33,341,592 outstanding). The loan is financing the construction of various water tunnels and pump stations.

**Note 8. Long-Term Debt (Continued)**

| | Note Payable | | | | | |
|---|---|---|---|---|---|---|
| | Principal | | Interest | | Total | |
| 2015 | $ | 8,550,947 | $ | 4,281,327 | $ | 12,832,274 |
| 2016 | | 8,796,802 | | 4,035,471 | | 12,832,273 |
| 2017 | | 9,053,553 | | 3,778,720 | | 12,832,273 |
| 2018 | | 9,314,257 | | 3,518,017 | | 12,832,274 |
| 2019 | | 9,583,749 | | 3,248,525 | | 12,832,274 |
| 2020-2024 | | 47,736,515 | | 12,036,599 | | 59,773,114 |
| 2025-2029 | | 45,218,017 | | 5,537,100 | | 50,755,117 |
| 2030-2033 | | 17,830,846 | | 639,231 | | 18,470,077 |
| Total | $ | 156,084,686 | $ | 37,074,990 | $ | 193,159,676 |

**B. Component Unit: Cobb-Marietta Coliseum and Exhibit Hall Authority**

Bonds payable are comprised of the following individual issues at September 30, 2014:

$47,965,000 series 1993 term bonds, of which $32,975,000 was outstanding at September 30, 2014, that come due with the applicable fixed rates from 5.5% to 5.625%

The purpose of the 1993 issue was to refund a portion of the series 1991 bonds, which were issued to finance the construction of the convention centre.

$16,730,000 series 1999 serial bonds, of which $885,000 was unrefunded and outstanding at September 30, 2014. These bonds are subject to mandatory redemption requirements beginning October 1, 2011. The unrefunded term bonds come due October 1, 2014 at a fixed rate of 6.0 percent.

The purpose of the 1999 issue was to finance the expansion of the Cobb Galleria Centre and the construction of a new parking deck. These bonds were partially advance refunded by the series 2005 revenue refunding bonds.

$2,120,000 series 2005 serial bonds, of which $1,965,000 was outstanding at September 30, 2014. The serial bonds are due in future annual installments of $20,000 to $990,000 through October 1, 2016, with interest at fixed rates from 3.0 to 4.0 percent.

$13,255,000 series 2005 term bonds, all of which was outstanding at September 30, 2014, those are subject to mandatory redemption requirements beginning October 1, 2017. The term bonds come due with the applicable fixed rates from 5.25% to 5.5%.

The purpose of the 2005 issue was to refund a portion of the series 1999 bonds.

$14,335,000 series 2009 serial bonds, of which $11,155,000 was outstanding at September 30, 2014. The serial bonds are due in future annual installments of $730,000 to $1,130,000 with interest at fixed rates from 3.0 to 4.0 percent.

## Note 8. Long-Term Debt (Continued)

The purpose of the 2009 issue was to refund the variable rate 1996 issue, which was originally issued to finance the purchase of approximately eleven acres of land for future expansion capabilities.

$41,635,000 series 2013 serial bonds, of which $41,635,000 was outstanding at September 30, 2014. The serial bonds are due in future annual installments of $1,580,000 to $4,155,000 through January 1, 2029 with interest at fixed rates from 3.0 to 5.0 percent.

The purposes of the 2013 serial bonds was to refinance the series 2004 bond issue that was originally issued to finance the construction of a New Performing Arts Centre and parking garage.

$10,000,000 series 2007 term bonds, of which $7,890,000 was outstanding at September 30, 2014. The serial bonds are due in future annual installments of $475,000 to $760,000 through January 1, 2027, originally with interest at a fixed rate of 3.99 percent, which was reduced to 2.88 percent effective June 1, 2012.

The purpose of 2007 issue was to provide additional financing for the construction, renovation, equipping, and other such activities for the Performing Arts Center.

Compliance

There are a number of limitations and restrictions contained in the revenue bond indentures. The Authority is in compliance with all significant limitations and restrictions.

The following is a summary of changes in long-term obligations of the County's and the Component Unit's Governmental Activities and Business-type Activities for the fiscal year September 30, 2014:

| **Governmental Activities:** | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| GO Bonds: | | | | | |
| 2008 Parks | $ 9,790,000 | $ - | $ (1,830,000) | $ 7,960,000 | $ 1,875,000 |
| 2007 Parks | 15,345,000 | - | (3,555,000) | 11,790,000 | 3,735,000 |
| 2005 Refunding | 8,240,000 | - | (1,925,000) | 6,315,000 | 2,015,000 |
| Total bonds before discounts and premiums | $ 33,375,000 | $ - | $ (7,310,000) | $ 26,065,000 | $ 7,625,000 |
| Add: | | | | | |
| Bond premiums | $ 545,141 | $ - | $ (173,508) | $ 371,633 | $ - |
| Total bonds payable | $ 33,920,141 | $ - | $ (7,483,508) | $ 26,436,633 | $ 7,625,000 |
| Capital leases before discounts | $ 2,298,794 | $ 110,242 | $ (1,294,015) | $ 1,115,021 | $ 732,574 |
| Intergovernmental contract payable | $ 46,785,000 | $ - | $ (5,150,000) | $ 41,635,000 | $ 1,580,000 |
| Certificate of Participation | 9,990,000 | - | (320,000) | 9,670,000 | 400,000 |
| Revenue Anticipation Certificates | - | 6,315,000 | - | 6,315,000 | - |
| Add: | | | | | |
| Revenue Anticipation Certificates Premium | - | 79,901 | - | 79,901 | - |
| Total Revenue Anticipation Certificates | - | 6,394,901 | - | 6,394,901 | - |
| Compensated absences | 22,126,822 | 16,232,206 | (15,235,953) | 23,123,075 | 7,887,122 |
| Total other liabilities | $ 81,200,616 | $ 22,737,349 | $ (21,999,968) | $ 81,937,997 | $ 10,599,696 |
| Governmental Activities Long-term Liabilities | $ 115,120,757 | $ 22,737,349 | $ (29,483,476) | $ 108,374,630 | $ 18,224,696 |

## Note 8. Long-Term Debt (Continued)

The Internal Service Fund predominately serves the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, $17,100 of the Internal Service Fund's compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund, Fire Fund, Parking Deck Fund, Law Library Fund, E-911 Fund and the Grants Fund. The compensated absences of the component unit are typically liquidated in the general fund.

| **Business-type Activities:** | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue Bonds: | | | | | |
| 2009 Water & Sewer Serial | $ 109,730,000 | $ - | $ (4,800,000) | $ 104,930,000 | $ 5,020,000 |
| 2013 Water & Sewer Serial Bond | 71,545,000 | - | (6,970,000) | 64,575,000 | 6,570,000 |
| 2004 Solid Waste Management Authority Refunding | 4,050,000 | - | (2,050,000) | 2,000,000 | 2,000,000 |
| Total Bonds before discounts and premiums | $ 185,325,000 | $ - | $ (13,820,000) | $ 171,505,000 | $ 13,590,000 |
| Add: Bond premiums | $ 7,220,488 | $ - | $ (523,004) | $ 6,697,484 | $ - |
| Total bonds payable | $ 192,545,488 | $ - | $ (14,343,004) | $ 178,202,484 | $ 13,590,000 |
| Capital leases | $ 258,842 | $ - | $ (68,092) | $ 190,750 | $ 69,398 |
| Notes payable | 164,395,534 | - | (8,310,848) | 156,084,686 | 8,550,947 |
| Closure and postclosure | 24,948,973 | - | (485,000) | 24,463,973 | 485,000 |
| Compensated absences | 1,606,054 | 1,175,799 | (1,123,485) | 1,658,368 | 1,170,985 |
| Total other liabilities | $ 191,209,403 | $ 1,175,799 | $ (9,987,425) | $ 182,397,777 | $ 10,276,330 |
| Business-type Activities Long-term Liabilities | $ 383,754,891 | $ 1,175,799 | $ (24,330,429) | $ 360,600,261 | $ 23,866,330 |

**Cobb-Marietta Coliseum and Exhibit Hall Authority**

| **Governmental Activities:** | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| Revenue Bonds: | $ 63,520,000 | $ - | $ (3,285,000) | $ 60,235,000 | $ 3,550,000 |
| Add: Uamortized issuance premium | 1,371,071 | - | (229,514) | 1,141,557 | - |
| Total bonds payable | 64,891,071 | - | (3,514,514) | 61,376,557 | 3,550,000 |
| Line of credit | 1,283,330 | - | (733,336) | 549,994 | 549,994 |
| Compensated absences | 133,349 | 220,096 | (185,596) | 167,849 | 134,279 |
| Governmental Activities Long-term Liabilities | $ 66,307,750 | $ 220,096 | $ (4,433,446) | $ 62,094,400 | $ 4,234,273 |
| **Business-type Activities:** | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | $ 55,130,000 | $ 41,635,000 | $ (47,240,000) | $ 49,525,000 | $ 2,055,000 |
| Add: Unamortized issuance premium | 695,361 | 3,983,862 | (1,126,551) | 3,552,672 | - |
| Total bonds payable | 55,825,361 | 45,618,862 | (48,366,551) | 53,077,672 | 2,055,000 |
| Compensated absences | 32,096 | 78,513 | (63,200) | 47,409 | 37,927 |
| Unearned revenue | 10,020,662 | 112,849 | (988,100) | 9,145,411 | 1,266,353 |
| Business-type Activities Long-term Liabilities | $ 65,878,119 | $ 45,810,224 | $ (49,417,851) | $ 62,270,492 | $ 3,359,280 |

## Note 8. Long-Term Debt (Continued)

**Cobb County Board of Health**

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Compensated Absences | $ 765,687 | $ 629,316 | $ (712,598) | $ 682,405 | $ 678,966 |

## Note 9. Short-Term Tax Anticipation Notes

In April 2014, the County issued $52.0 million in tax anticipation notes to finance the general operations of the County through October 2014. The notes bear interest at a rate of 0.50 percent and are due on December 31, 2014. These notes were paid on November 28, 2014 from 2014 property tax revenues collected between September and November. Total payments of principal and interest on November 28, 2014 amounted to $52,165,389.

The borrowings were allocated to the General Fund and Fire District Special Revenue Fund as follows:

| | Principal | Premium | Total |
|---|---|---|---|
| General Fund | $ 19,760,000 | $ 51,574 | $ 19,811,574 |
| Fire District Special Revenue Fund | 32,240,000 | 84,146 | 32,324,146 |
| | $ 52,000,000 | $ 135,720 | $ 52,135,720 |

Short-term debt activity for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Issued | Reductions | Ending Balance |
|---|---|---|---|---|
| Tax anticipation notes | $ 67,000,000 | $ 52,000,000 | $ (67,000,000) | $ 52,000,000 |
| Premium on notes | 144,580 | 135,720 | (246,518) | 33,782 |
| Total tax anticipation notes payable | $ 67,144,580 | $ 52,135,720 | $ (67,246,518) | $ 52,033,782 |

## Note 10. Fund Balance Determinations and Classifications

### A. Primary Government:

_Special revenue funds_ are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a *substantial portion* of the fund’s resources. If revenues are initially received in another fund, they should not be reported as revenues in the fund receiving them; instead, they should be recognized in the special revenue fund where they will be spent. *The proceeds from these special revenue sources should be expected to continue to comprise a substantial portion of inflows.*

_Capital projects funds_ are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. Capital projects’ funds exclude those types of capital related outflows financed by proprietary funds.

**Note 10. Fund Balance Determinations and Classifications (Continued)**

_Debt service funds_ are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The following classifications are used by the County:

1. General, Special Revenue, Debt Service, and Capital Projects Funds:

    a. _Nonspendable Fund Balance_: the portion of a fund balance that includes amounts that cannot be spent because they are either not in a spendable form [prepaid items, inventories of supplies, or loans receivable] or be legally or contractually required to be maintained intact.

    b. _Restricted Fund Balance_: the portion of a fund balance that reflects constraints placed on the use of resources other than nonspendable items that are either externally imposed by creditors [debt agreements, grantors, or laws or regulations of other governments], or be imposed by law through constitutional provisions or enabling legislation.

    c. _Committed Fund Balance_: the portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners and remain binding unless removed in the same manner. Board of Commissioners' resolution is required in order to establish, modify or rescind a fund balance commitment. This is the highest level of authoritative action at the local level.

    d. _Assigned Fund Balance_: the portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes but that are neither restricted nor committed. The Commissioners have by resolution authorized the County Manager to assign fund balance.

    e. _Unassigned Fund Balance_: that portion of a fund balance that includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report a positive unassigned balance.

The County uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the County would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The County does not have a formal minimum fund balance policy; however the Board of Commission address various targeted reserve positions and the Finance Department calculates targets and actuals and reports the results to the Board of Commissioners on an annual basis.

2. Fiduciary Funds:

    a. Reserved for employees' pension benefit – restricted for payment of future employee pension benefit distributions.

    b. Reserved for employees' other post employee benefit – restricted for payment of future employee other post employment benefit distributions.

**Note 10. Fund Balance Determinations and Classifications (Continued)**

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

Special Program Classification: Restricted Fund Balance

| Special Programs: | General Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|
| Courts | $ 1,236,173 | $ - | $ 1,236,173 |
| E-911 | - | 3,284,536 | 3,284,536 |
| Grants | - | 1,904,515 | 1,904,515 |
| Housing | - | 651,840 | 651,840 |
| Library | - | 130,944 | 130,944 |
| Parks | 211,050 | - | 211,050 |
| Sheriff | 182,911 | - | 182,911 |
| Total | $ 1,630,134 | $ 5,971,835 | $ 7,601,969 |

Special Program Classification: Committed Fund Balance

| Special Programs: | General Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|
| Community Development | $ 1,116,963 | $ - | $ 1,116,963 |
| Communications | 1,825,366 | - | 1,825,366 |
| County Attorney | 4,300 | - | 4,300 |
| County Clerk | 1,539 | - | 1,539 |
| County Manager | 3,735 | - | 3,735 |
| Courts | 688,657 | - | 688,657 |
| General Government | 2,656,780 | - | 2,656,780 |
| Grants | - | 1,221,061 | 1,221,061 |
| Elections | 170,919 | - | 170,919 |
| Extension | 2,695 | - | 2,695 |
| Finance | 347,698 | - | 347,698 |
| Fleet | 5,929,385 | - | 5,929,385 |
| Human Resources | 569,534 | - | 569,534 |
| Information Services | 2,501,943 | - | 2,501,943 |
| Library | 68,956 | - | 68,956 |
| Medical Examiner | 456 | - | 456 |
| Non-Profit | 118,276 | - | 118,276 |
| Parks | 3,033,758 | - | 3,033,758 |
| Parking Deck | - | 4,960 | 4,960 |
| Property Management | 904,607 | - | 904,607 |
| Public Safety | 2,820,506 | - | 2,820,506 |
| Public Services | 1,000 | - | 1,000 |
| Purchasing | 1,866 | - | 1,866 |
| Senior Services | 332,606 | - | 332,606 |
| Sheriff | 990,934 | - | 990,934 |
| Support Services | 3,540 | - | 3,540 |
| Tax Assessor | 30,576 | - | 30,576 |
| Tax Commissioner | 108,862 | - | 108,862 |
| Transportation | 1,993,308 | - | 1,993,308 |
| Total | $ 26,228,765 | $ 1,226,021 | $ 27,454,786 |

**Note 10. Fund Balance Determinations and Classifications (Continued)**

Special Program Classification: Assigned Fund Balance

| Special Programs: | General Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|
| General Government | $ 36,617 | $ - | $ 36,617 |
| Total | $ 36,617 | $ - | $ 36,617 |

**Note 11. Property Taxes**

The County bills and collects its own property taxes and those taxes for the Cobb County School System and some municipalities within the County. Collections of the County taxes and remittance of them to the General Fund, Fire District Fund, Debt Service Fund, the school system and municipalities are accounted for in the Tax Commissioner Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied each July based on values as of January 1$^{st}$ and are due on October 15$^{th}$ each year. FY14 property taxes were levied on July 22, 2014 with taxes being due on October 15$^{th}$ of the same year. Collections of property taxes are made throughout the year. Liens may attach to the property for unpaid taxes at any time within three years after the due date of October 15$^{th}$.

Property tax collections will be used primarily to pay off outstanding tax anticipation notes that were issued in April 2014 to provide for financing of County operations for the fiscal year ended September 30, 2014.

**Note 12. Interfund Balances and Transfers**

**A. Primary Government**

Individual fund interfund receivable and payable balances for the fiscal year ended September 30, 2014 are as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor Governmental Funds | $ 800,349 |
| | | 800,349 |
| Nonmajor Governmental Funds | General Fund | 8,767,045 |
| | Nonmajor Governmental Funds | 10,307,064 |
| | | 19,074,109 |
| Nonmajor Business-Type Funds | General Fund | 4,534,372 |
| | | 4,534,372 |
| | | $ 24,408,830 |

## Note 12. Interfund Balances and Transfers (Continued)

All interfund balances are due either to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending September 30, 2014.

Advance from/to other funds:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Nonmajor Business-Type Funds | $ 3,358,468 |

The amounts payable to the General Fund relates to financing for cash purposes and are not subject to be repaid in the subsequent year.

| | Transfer In | | | | | |
|---|---|---|---|---|---|---|
| Transfer out: | General Fund | SPLOST Fund | Water and Sewer Fund | Nonmajor Governmental Funds | Nonmajor Business-Type Funds | Total |
| General Fund | $ - | $ - | $ - | $ 14,720,553 | $ 12,302,083 | $ 27,022,636 |
| Fire District Fund | - | - | - | 770,623 | - | 770,623 |
| Water and Sewer Fund | 15,534,345 | - | - | 572,791 | - | 16,107,136 |
| Internal Service Fund | 311,887 | - | - | 69,268 | - | 381,155 |
| Nonmajor Governmental Funds | 1,045,545 | 12,500 | 24,502 | 10,379,230 | 1,551,269 | 13,013,046 |
| Nonmajor Business-Type Funds | - | - | - | 53,685 | - | 53,685 |
| Total transfers out | $ 16,891,777 | $ 12,500 | $ 24,502 | $ 26,566,150 | $ 13,853,352 | $ 57,348,281 |

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Note 13. Segment Information – Nonmajor Enterprise Fund

The County issued revenue bonds to finance its solid waste facility. However, investors in the revenue bonds rely solely on the revenue generated by the activities for repayment. Summary financial information for solid waste at September 30, 2014:

| | | Solid Waste Disposal Fund |
|---|---|---|
| **Condensed Statement of Net Position** | | |
| Assets: | | |
| Current assets | $ | 54,524 |
| Noncurrent assets: | | |
| Capital assets | | 7,654,847 |
| Total assets | $ | 7,709,371 |
| Liabilities: | | |
| Current liabilities | $ | 2,662,307 |
| Noncurrent liabilities | | 23,990,736 |
| Total liabilities | $ | 26,653,043 |
| Net Position: | | |
| Net investment in capital assets | $ | 5,654,847 |
| Unrestricted | | (24,598,519) |
| Total net position | $ | (18,943,672) |
| **Condensed Statement of Revenues, Expenses and Changes in Net Position** | | |
| Operating revenues | $ | 340,960 |
| Operating expenses | | 429,480 |
| Operating income (loss) before depreciation | $ | (88,520) |
| Depreciation | $ | (398,679) |
| Operating income (loss) | $ | (487,199) |
| Nonoperating revenues, (expenses), net | | (48,833) |
| Net income (loss) before transfers | $ | (536,032) |
| Transfers in (out), net | | 2,708,496 |
| Changes in net position | $ | 2,172,464 |
| Beginning net position | | (21,116,136) |
| Ending net position | $ | (18,943,672) |
| **Condensed Statement of Cash Flows** | | |
| Net cash provided (used) by: | | |
| Operating activities | $ | (507,314) |
| Noncapital financing activities | | 2,708,496 |
| Capital and related financing activities | | (2,201,250) |
| Investing activities | | 287 |
| Net increase (decrease) | | 219 |
| Beginning cash and cash equivalents | $ | 137 |
| Ending cash and cash equivalents | $ | 356 |

## Note 14. Deficit Fund Balances/Net Position of Individual Funds

| Fund | Deficit Fund Balance/ Net Position |
|---|---|
| Parking Deck Facilities Fund | $ 173,655 |
| Streetlight District Fund | $ 5,866 |
| Solid Waste Disposal Enterprise Fund | $ 18,943,672 |
| Stadium Construction Fund | $ 3,371,876 |

The deficit in the Parking Deck Facilities Fund arises because of the revenue generated from daily parking and leased spaces has not increased to the levels required to support the operations and debt service requirements associated with the two parking decks. The Board of Commissioner will consider additional funding strategies in fiscal year 2015.

The deficit in the Streetlight District Fund arises because the increase in utility costs has exceeded the revenue generated from the customers in the streetlight districts. In fiscal year 2015 the rates charged to streetlight district customer will increase to cover the rising utility costs.

The deficit in the Solid Waste Disposal Enterprise Fund arises because of the application of generally accepted accounting principles to the financial reporting for enterprise funds in which an expense provision and related liability are being recognized based on the future closure and post closure care costs. Although the total equity of the Solid Waste Disposal Fund at September 30, 2014 was a deficit of $18,943,672, the estimate for the required landfill closure and post closure costs represents $24,463,973 of this amount.

The deficit in the Stadium Construction Fund arises because there were no revenues to offset expenditures that occurred late in the fiscal year. Expenditures are expected to be offset by bond proceeds in fiscal year 2015.

## Note 15. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amount, if any, to be immaterial.

Cobb County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

The Atlanta Braves Major League Baseball team will be relocating to Cobb County to construct a new stadium and mixed-used development in the Cumberland Community Improvement District. The cost of the stadium will be partially funded by bonds issued by the Cobb-Marietta Coliseum and Exhibit Hall Authority in 2015, subject to court approval. The Authority will own the stadium and enter into a thirty-year lease with the Braves. Debt service for the stadium bonds will be provided for by Cobb County, through an intergovernmental agreement between Cobb County and the Authority over the term of the debt. The stadium is to be complete for the start of the Braves 2017 season.

**Note 16. Deferred Compensation Plan**

**Primary Government:**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees.

Investments are managed by the Plan's trustee under one of the investment options, or a combination thereof. The participants make the choice of the investment option(s).

The County has adopted GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which rescinded GASB Statement No. 2.

The County has only minor administrative involvement and does not perform any investing for the plan. Due to the fact the County's role in management of the plan assets is basically limited to transmitting amounts withheld from payroll to an outside party responsible for administering the plan, the County does not report the assets of the Deferred Compensation Plan in the County's financial statements.

### Note 17. Due From Other Governments and Agencies

| | | | |
|---|---|---|---|
| General Fund: | | | |
| Cobb County Board of Education | $ 6,905 | | |
| Cobb County Board of Health | 3,215 | | |
| City of Acworth, Georgia | 4,554 | | |
| City of Austell, Georgia | 1,045,869 | | |
| City of Kennesaw, Georgia | 7,580 | | |
| City of Marietta, Georgia | 29,240 | | |
| City of Powder Springs, Georgia | 4,291 | | |
| City of Smyrna, Georgia | 9,353 | | |
| Chattahoochee Tech | 4,997 | | |
| Fulton County | 21,304 | | |
| State of Georigia, Department of Revenue | 123,945 | | |
| United States, Department of Treasury | 998 | | |
| Total General Fund | | | $ 1,262,251 |
| Special Revenue Funds: | | | |
| Community Services Fund: | | | |
| State of Georgia, Department of Human Resources | | $ 88,212 | |
| Grant Fund: | | | |
| Cobb County Board of Education | $ 4,882 | | |
| State of Georgia, Council of Juvenile Court Judges | 9,898 | | |
| State of Georgia, Criminal Justice Coordinating Council | 258,499 | | |
| State of Georgia, Department of Human Resources | 85,226 | | |
| State of Georgia, Department of Transportation | 30,838 | | |
| State of Georgia, Public Safety | 23,272 | | |
| Atlanta Regional Commission | 138,313 | $ 550,928 | |
| Housing and Urban Development Fund: | | | |
| United States, Department of Housing and Urban Development | | $ 436,478 | |
| 800MHz Fund | | | |
| Cobb County Board of Education | $ 18,437 | | |
| United States, Corps of Engineers | 15,900 | | |
| City of Austell, Georgia | 15,012 | $ 49,349 | |
| Total Special Revenue Funds | | | $ 1,124,967 |
| Capital Projects Funds: | | | |
| SPLOST Fund: | | | |
| State of Georgia, Department of Transportation | | $ 16,774,182 | |
| Public Facilities Fund: | | | |
| GEMA | | $ 1,511,330 | |
| FEMA | | 75,456 | |
| Cobb Community Service Board | | 2,701 | |
| Cobb County Kennestone Hospital Authority | | 6,149,480 | |
| State of Georgia, Department of Transportation | | 21,020 | |
| Cumberland Community Improvement District | | 104,258 | |
| Towncenter Community Improvement District | | 5,255 | |
| Total Capital Projects Funds | | $ 7,869,500 | $ 24,643,682 |

**Note 17. Due From Other Governments and Agencies (Continued)**

| | | | |
|---|---|---|---|
| Proprietary Funds: | | | |
| Water System Fund: | | | |
| GEMA | $ 174,444 | | |
| FEMA | 1,308,330 | | |
| City of Powder Springs, Georgia | 70,508 | | |
| Cobb Marietta Water Authority | 10,625 | $ 1,563,907 | |
| Public Transit System Fund: | | | |
| Federal Transit Administration | $ 738,320 | | |
| State of Georgia, Department of Transportation | 109,885 | $ 848,205 | |
| Total Proprietary Funds | | | $ 2,412,112 |
| Total Due from Other Governments and Agencies - Primary Government | | | $ 29,443,012 |

**Note 18. Other Post Employment Benefits**

The County implemented GASB 45 prospectively during the fiscal year ending September 30, 2008.

**A. Plan Description and Provisions**

The Cobb County Government Health Benefit Plan (the "OPEB Plan") is a single employer defined benefit post retirement healthcare plan, or other post employment benefit (OPEB) plan administered by the County. The Cobb County OPEB Trust is an irrevocable trust established pursuant to Section 115 of the Internal Revenue Code for the purpose of pre-funding other post-employment health benefits in accordance with GASB Statement 43 and GASB Statement 45. The trust was established June 10, 2008, by the Board of Commissioners to pre-fund medical and prescription drug benefits for retirees and their eligible dependents that are eligible for such benefits under existing County policy. Benefit provisions and contribution requirements are established and may be amended by the Cobb County Pension Fund Board of Trustees.

As of January 1, 2014 membership in the plan is comprised of the following:

| Group | January 1, 2014 |
|---|---|
| Active participants | 4,147 |
| Retirees and beneficiaries | 1,297 |
| Total | 5,444 |

The January 1, 2013 valuation is used to determine the recommended contribution for fiscal year 2014.

| | |
|---|---|
| Valuation date: | 01/01/13 |
| Actuarial cost method: | Projected unit credit cost method |
| Amortization method: | Level percentage of pay, open |
| Remaining amortization period: | 30 years |
| Asset valuation method: | Market value of assets |

The amortization period for this plan is open.

**Note 18. Other Post Employment Benefits (Continued)**

| Actuarial Assumptions Utilized: | |
|---|---|
| Investment rate of return: | 7.9% |
| Pre-Medicare Medical cost trend rate: | 8.5% |
| Medicare Eligible Medical cost trend rate: | 5.0% |
| Ultimate trend rate | 5.0% |
| Year of ultimate trend rate: | 2018 |
| Includes inflation at: | 2.5% |

**B. Eligibility**

Effective January 1, 2007:
All full-time employees with seven or more years of services as of January 1, 2007 will be eligible to continue medical coverage with ten years of service at termination of employment.

All full-time employees with less than seven year of service as of January 1, 2007 will be eligible to continue medical coverage with fifteen years of service at termination of employment.

Effective January 1, 2009
All full-time new hires will be eligible to continue medical coverage with thirty years of service at termination of employment.

**C. Funding Policy**

The contribution requirements of plan members and the County are established and may be amended by the Pension Fund Board of Trustees. Plan members receiving benefits under the PPO plan contribute $137.72 per month for retiree, $371.02 per month for employee and spouse coverage, $352.47 per month for employee and child(ren) coverage, and $520.43 per month for family coverage. Plan members receiving benefits under the EPO/HMO plan contribute $56.37 per month for retiree, $191.34 per month for employee and spouse coverage, $181.78 per month for employee and child(ren) coverage, and $269.25 per month for family coverage Plan members receiving benefits under the CDHP plan contribute $41.34 per month for retiree, $175.76 per month for employee and spouse coverage, $166.98 per month for employee and child(ren) coverage, and $247.71 per month for family coverage. Plan members receiving benefits under the Kaiser Signature plan contribute $29.57 per month for retiree, $128.24 per month for employee and spouse coverage, $121.84 per month for employee and child(ren) coverage, and $179.53 per month for family coverage The County is required to contribute at a rate that is based on an actuarial valuation that is prepared in accordance within certain parameters. The current rate is 6.03% of annual covered payroll.

**D. Contributions**

In 2014 Cobb County contributed an actuarially determined amount to the OPEB Plan trust. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Cobb County Pension Fund Board of Trustees. It is intended to satisfy the minimum contribution requirements as set forth in GASB Statement 45.

**Note 18. Other Post Employment Benefits (Continued)**

Annual OPEB Percentage of Annual OPEB Cost

| Fiscal Year Ended | Annual OPEB Cost | % of Annual OPEB Contributed | Net OPEB Asset (Liability) |
|---|---|---|---|
| 9/30/2012 | $ 18,362,787 | 101% | $ 3,246,961 |
| 9/30/2013 | 18,480,514 | 111% | 5,250,117 |
| 9/30/2014 | 12,682,173 | 121% | 7,868,606 |

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB (obligation) asset:

| | |
|---|---|
| Annual required contribution | $ 12,762,508 |
| Interest on net OPEB obligation | (414,759) |
| Adjustment to annual required contribution | 334,425 |
| Annual OPEB cost (expense) | 12,682,173 |
| Contributions made | 15,300,662 |
| Increase in net OPEB asset | 2,618,489 |
| Net OPEB asset (obligation)—beginning of year, revised | 5,250,117 |
| Net OPEB asset (obligation)—end of year | $ 7,868,606 |

In accordance with the recommendation of its actuary, pursuant to their plan evaluation as of January 1, 2013, the County contributed $15,300,662 to the Plan. This contribution consisted of $4,624,518 (2.18% of covered payroll) for normal costs, $10,676,144 (5.05% of covered payroll) for amortization of the unfunded actuarial accrued liability

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Note 18. Other Post Employment Benefits (Continued)**

The following is the funding progress of the Plan as of the most recent valuation date:

OPEB Trust Fund
Schedule of Funding Progress

| Valuation Date | Actuarial Value Of Assets | Actuarial Accrued Liability | Funded Ratio | Unfunded Actuarial Liability (UAL) | Annual Covered Payroll | UAL As A % Of Covered Payroll |
|---|---|---|---|---|---|---|
| 1/1/2012 | $ 46,486,981 | $ 247,611,907 | 18.8% | $ 201,124,926 | $ 208,621,922 | 96.4% |
| 1/1/2013 | 58,975,301 | 186,733,213 | 31.6% | 127,757,912 | 211,553,134 | 60.4% |
| 1/1/2014 | 84,726,947 | 200,118,641 | 42.3% | 115,391,694 | 212,799,730 | 54.2% |

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The plan does not issue separate financial statements.

**D. Summary of significant accounting policies**

The plan financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment income is recognized as earned by the Plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The net appreciation (depreciation) in the fair value of investments held by the Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of plan net position.

There are no investments in, loans to, or leases with parties related to the Plan. Administrative costs are financed through investment earnings.

## Note 19. Employee Retirement System

### A. Primary Government

The County maintains a single-employer, contributory, defined benefit pension plan, the Cobb County Employees' Retirement System Pension Plan (the "Plan"), covering the Board of Commissioners and their direct appointees and substantially all other full-time employees. The pension plan financial statements are included in this report. No stand-alone financial report is issued. Pension costs are recorded in the amount of the County's contributions to the Pension Trust Fund. Oversight of the Plan is by a five member Board of Trustees composed of appointees by the Board of Commissioners who represents the interest of the employees and taxpayers of the County. The Board of Trustees provides an annual report to the Board of Commissioners.

1. Summary of Significant Accounting Policies and Plan Asset Matters:

Basis of Accounting:
The Plan's financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments:
Plan investments are valued at fair value. Short-term investments are reported at cost that approximates fair value. Fixed income and equity securities are valued at the last reported sales price.

2. Plan Description and Provisions:

County Commissioners, their direct appointees, and substantially all other full-time employees participate in the Plan, a single-employer, contributory, defined benefit pension plan. The payroll for employees covered by the Retirement System for the plan year ended December 31, 2013 was $208,332,028 As of January 1, 2014 membership in the plan is comprised of the following:

| Group | January 1, 2014 |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 1,892 |
| Vested terminated employees | 876 |
| Fully vested and non-vested active employees | 4,041 |

The January 1, 2013 valuation is used to determine the recommended contribution for fiscal year 2014.

| | |
|---|---|
| Valuation date: | 01/01/13 |
| Actuarial cost method: | Projected unit credit cost method |
| Amortization method: | Level percentage of pay, closed |
| Remaining amortization period: | 30 years |
| Asset valuation method: | Five-year smoothed market value |

The amortization period for this plan is closed.

**Note 19. Employee Retirement System (Continued)**

| Actuarial Assumptions Utilized: | |
|---|---|
| Investment rate of return: | 7.9% |
| Projected salary increases: | 2.5% to 4.00% |
| Includes inflation at: | 2.5% |
| Cost-of-living adjustments: | None |

Pension Trust Fund
Schedule of Funding Progress

| Valuation Date | Actuarial Value Of Assets | Actuarial Accrued Liability | Funded Ratio | Unfunded Actuarial Liability (UAL) | Annual Covered Payroll | UAL As A % Of Covered Payroll |
|---|---|---|---|---|---|---|
| 1/1/2012 | $ 392,655,911 | $ 730,062,414 | 53.8% | $ 337,406,503 | $ 203,902,310 | 165.5% |
| 1/1/2013 | 412,596,608 | 782,120,359 | 52.8% | 369,523,751 | 207,329,285 | 178.2% |
| 1/1/2014 | 464,292,899 | 871,238,627 | 53.3% | 406,945,728 | 208,332,028 | 195.3% |

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

3. Contributions:

The County's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contribution is determined using the Projected Unit Credit method. The unfunded accrued liability is amortized based on the requirements of the Georgia Public Retirement Systems Standard law (Georgia Code Title 47, Article 20), which sets forth minimum funding requirements for public plans in the state. In addition to the actuarially determined contribution requirement, the County may also make discretionary contributions to the Plan.

In accordance with the recommendation of its actuary, pursuant to their plan evaluation as of January 1, 2013, the County contributed $34,397,013 to the Plan. This contribution consisted of $8,562,699 (4.13% of covered payroll) for normal costs, $25,834,314 (12.46% of covered payroll) for amortization of the unfunded actuarial accrued liability.

Pursuant to plan enhancements adopted by the Board of Commissioners, as of April 1, 1998, all existing employees were given the option to contribute and all new employees were required to contribute 4% of their basic annual compensation in return for improved pension benefits as explained below. Effective October 1, 2005 the employee contribution amount was increased to 4.50%. Effective February 12, 2006 and February 11, 2007 the rate increased to 4.75% and 5.00% respectively. Effective February 2010 the employee contribution rate increased from 5.00% to 5.50%. Effective February 2011 the employee contribution rate increased from 5.50% to 5.75%. Effective February 2012 the employee contribution rate increased from 5.75% to 6.00%. Effective February 2013 the employee contribution rate increased from 6.00% to 6.25%. Effective February 2014 the employee contribution rate increased from 6.25% to 6.50%. For fiscal year 2014, these contributions totaled $11,801,194.

**Note 19. Employee Retirement System (Continued)**

The authority for the plan, benefits, vesting and contributions is established and can be amended by the Board of Commissioners.

Administrative costs of the plan are paid out of investment earnings.

| | |
|---|---|
| Pension Benefits: | For those participants not electing to contribute 4% of their salaries to the plan on April 1, 1998, the benefit formula is 1.5% of final earnings (as defined) multiplied by years of credited service to January 1, 1989 plus 1.9% of final earnings (as defined) multiplied by years of credited service after January 1, 1989. |
| Benefit Formula | For those employees electing to contribute 4.25-5.00%, of their salaries to the plan on April 1, 1998, and for those employees hired after April 1, 1998, the benefit formula is 2.5% of final earnings (as defined) multiplied by years of credited service, up to a maximum of 35 years. Unreduced early retirement is offered to participants with age and service totaling 80. |
| Minimum Benefits: | 76 times years of credited service. |
| Early: | For employees hired before 1/1/09: Eligibility Age 55 with 7 years of service. For employees hired after 1/1/09: Eligibility Age 55 with 10 years of service. |
| Benefit Formula | Normal Retirement Benefit accrued to early retirement actuarially reduced for the number of months Annuity Commencement Date precedes Normal Retirement Date. |
| Special Provision | Participant age 60 and has 25 years of service or is 60 and disabled with consent of the Board of Commissioners may retire early. Normal retirement benefit accrued to early retirement, reduced 1/12 of 1% for each month that Annuity Commencement Date precedes Normal Retirement Date. |
| Vested: | For employees hired before 1/1/09: Eligibility – 7 years of service equals 100% vested. For employees hired after 1/1/09: 10 years of services equals 100% vested |
| Benefit Formula | Benefit accrued to date of termination. |

**Note 19. Employee Retirement System (Continued)**

Supplemental Benefits:
Pre-Retirement Spouse Benefits:
Active Employees

| | |
|---|---|
| Eligibility | Age 30 with 7 years of service; married one full year prior to death. Immediate eligibility if participant killed in the line of duty. |
| Benefit Formula | 45% of Projected Normal Retirement Benefit unreduced commencing immediately. Benefit is reduced if the spouse is more than ten years younger than the participant. |

Terminated Vested Participant

| | |
|---|---|
| Eligibility | Terminated participant who had a vested right to retirement income and has attained age 21, married one full year prior to death. |
| Benefit Formula | Less than 15 years of service, the yearly amount will be 30% of the retirement income which the participant had accrued to date of death payable when participant could have first retired.<br><br>More than 15 years of service, the yearly amount will be 45% of the retirement income that the participant had accrued to date of death payable when participant could have first retired. |
| Refund of Contributions | If a participant who is non-vested terminates, he or she receives a refund of contributions and interest. |

4. Annual Pension Cost and Net Pension Assets (Obligation)

The annual pension cost and net pension asset (obligation) for the year were as follows:

| | |
|---|---|
| Annual required contribution | $ 33,960,537 |
| Interest on net pension asset | (850,750) |
| Adjustment to annual required contribution | 740,160 |
| Annual Pension cost | 33,849,947 |
| Contributions made | 34,397,013 |
| Increase in net pension asset | 547,066 |
| Net pension asset as of beginning of year, revised | 10,768,991 |
| Net pension asset as of end of year | $ 11,316,057 |

**Note 19. Employee Retirement System (Continued)**

5. Annual Pension Cost

Annual Pension Percentage of Annual Pension Cost (APC)

| Fiscal Year Ended | APC | % of APC Contributed | Net Pension Asset (Obligation) |
|---|---|---|---|
| 9/30/2012 | $ 31,105,160 | 113% | $ 4,126,853 |
| 9/30/2013 | 31,887,948 | 121% | 10,768,991 |
| 9/30/2014 | 33,849,947 | 102% | 11,316,057 |

## A. Component Unit

### Defined contribution plan

The Authority contributes to the Cobb-Marietta Coliseum and Exhibit Hall Authority Profit-Sharing Plan, which is a defined contribution plan under Section 401(a) of the Internal Revenue Code. The Plan is administered by the ICMA-Retirement Corporation. At September 30, 2014, there were 141 plan members. Plan provisions and contribution requirements are established and amended by the Authority. The plan consists solely of employer contributions. All employees, full and part time, who have performed one (1) hour of service, are eligible to participate in the plan. On Call employees are not eligible to participate. Participants become fully vested in the plan after three (3) years of service.

A participant that leaves the employment of the Authority is entitled to their account balance if vesting requirements are satisfied. Any forfeitures are used to reduce future employer contributions, or if no contributions are required, forfeited amounts are allocated to participants. The employer has elected to contribute 7.5% of each participant’s wages, or such amount so as to meet the requirement to qualify for exclusion from participating in Social Security. The Authority made actual contributions during the year of $455,510. The plan does not have a separate audited GAPP-basis postemployment benefit plan report. The plan held no securities of the Authority or other related parties during the year.

The Authority also contributes to the Cobb-Marietta Coliseum and Exhibit Hall Authority Eligible Deferred Compensation Plan, which is a defined contribution plan under Section 457 of the Internal Revenue Code. The Plan is administered by the ICMA-Retirement Corporation. At September 30, 2014, there were 19 plan members. Plan provisions and contribution requirements are established and amended by the Authority. The plan consists primarily of employee contributions, with employer contributions for key employees. All employees, full and part time, who have performed one (1) hour of service, are eligible to participate in the plan, and there are no vesting provisions. The employer contribution to key employees for each plan year is discretionary, with no required minimum contribution. The Authority made actual contributions during the year of $33,488. The plan does not have a separate audited GAAP-basis plan report. The plan held no securities of the Authority or other related parties during the year.

**Note 19. Employee Retirement System (Continued)**

The Authority also contributes to the Cobb-Marietta Coliseum and Exhibit Hall Authority Executive Pension Plan (a 401 Government Money Purchase Plan). The Plan is administered by the ICMA Retirement Corporation. At September 30, 2014, there was one plan member. Plan provisions and contribution requirements are established and amended by the Authority. The plan consists solely of employee contributions. Participants are immediately vested in the plan. The Authority made no contributions to the plan during the year. The plan does not have a separate audited GAAP-basis plan report. The plan held no securities of the Authority or other related parties during the year.

The Authority also maintains a Roth IRA Plan; the Plan is administered by the ICMA-Retirement Corporation. At September 30, 2014, there were 5 plan members. Plan provisions and contribution requirements are established and amended by the Authority. The plan consists solely of employee contributions. Participants are immediately vested in the plan. The Authority made no contributions to the plan during the year. The plan does not have a separate audited GAAP-basis plan report. The plan held no securities of the Authority or other related parties during the year.

**Note 20. Arbitrage Liability**

Section 148 of the Internal Revenue Code requires that, with certain exceptions, any arbitrage earned on the investment of bond proceeds be paid to the federal government. The term “arbitrage” refers to the ability to invest the proceeds of a relatively low interest rate state or municipal obligation in taxable market securities that bear a higher interest rate. The County has recorded a liability for “arbitrage” in the following fund:

| | |
|---|---|
| Water and Sewer Enterprise Fund | $54,882 |

**Note 21. Capital Contributions**

As reported in Note 1, beginning October 1, 2001, with the implementation of GASB 33, the County now recognizes capital contributions as non-operating revenues in the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position.

Capital Contributions recognized as revenue in the Proprietary Funds for the fiscal year ending September 30, 2014 are presented below:

| | |
|---|---|
| Source: | |
| Developers | $ 4,548,324 |
| Grants | 4,600,169 |
| Donations | 7,638,003 |
| Total Capital Contributions | $ 16,786,496 |

**Note 22. Closure and Postclosure Care Costs**

State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the future postclosure care costs that are being incurred now that the landfills are no longer accepting waste. Two landfill sites reached capacity on September 6, 2001. The third landfill site reached capacity on September 8, 2002. As of September 30, 2014, Cobb County has incurred a liability totaling $24,463,973.

This liability is recorded in the Solid Waste Disposal Fund and represents the amount of costs reported to date based on 100% of the original landfill capacity. The estimated remaining time for the landfills to be monitored and maintained is 25 years. In accordance with GASB 18, the estimated total current cost is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of September 30, 2010.

However, the actual cost may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The County will fund the closure and postclosure care costs with subsidies from the General Fund. As of September 30, 2014, no amount of assets has been restricted for the payment of closure and postclosure care costs. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**Note 23. Hotel/Motel Lodging Tax**

Cobb County has levied an 8% lodging tax. A summary of the transactions for the year ending September 30, 2014 follows:

| | |
|---|---|
| Lodging tax receipts | $ 12,330,071 |
| Disbursements to bond Trustee on behalf of the Cobb-Marietta Coliseum and Exhibit Hall Authority | (7,746,294) |
| Balance of lodging tax was expended for the promotion of tourism and payment of debt service requirements of the Cobb-Marietta Coliseum and Exhibit Hall Authority as required by OCGA 48-13-51 | $ 4,583,777 |

The receipts from Cobb County less 37.5% are pledged as a revenue source for debt service requirements of the Coliseum and Exhibit Hall as required by OCGA 48-13-51.

## Note 24. Other Commitments

Commitments for water and sewerage system improvements at September 30, 2014 total approximately $41,300,862.

Encumbrances outstanding at year end are as follows:

| | General Fund | Fire District Fund | SPLOST Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|---|
| Total Encumbrances | $ 3,556,777 | $ 319,942 | $ 102,849,501 | $ 17,886,402 | $ 124,612,622 |

## Note 25. Joint Venture

Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia areas, are members of the Atlanta Regional Commission (ARC). Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The County paid dues in the amount of $537,125 to the ARC for the year ended September 30, 2014. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland Street N.E., Atlanta, Georgia 30303.

## Note 26. Related Organization

The Housing Authority of Cobb County is a related organization of Cobb County. The Housing Authority of Cobb County is excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Audited financial statements are available from the Housing Authority.

# REQUIRED SUPPLEMENTAL INFORMATION

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### *PENSION TRUST FUND*
### *SCHEDULE OF FUNDING PROGRESS*

| Valuation Date | Actuarial Value Of Assets | Actuarial Accrued Liability | Funded Ratio | Unfunded Actuarial Liability (UAL) | Annual Covered Payroll | UAL As A % Of Covered Payroll |
|---|---|---|---|---|---|---|
| 01/01/09 | 323,267,022 | 624,336,018 | 51.8% | 301,068,996 | 226,351,702 | 133.0% |
| 01/01/10 | 371,624,563 | 675,606,839 | 55.0% | 303,982,276 | 230,878,997 | 131.7% |
| 01/01/11 | 381,328,282 | 708,335,034 | 53.8% | 327,006,752 | 209,608,824 | 156.0% |
| 01/01/12 | 395,959,512 | 733,366,015 | 54.0% | 337,406,503 | 203,902,310 | 165.5% |
| 01/01/13 | 415,560,738 | 785,084,489 | 52.9% | 369,523,751 | 207,329,285 | 178.2% |
| 01/01/14 | 464,292,899 | 871,238,627 | 53.3% | 406,945,728 | 208,332,028 | 195.3% |

### *PENSION TRUST FUND*
### *SCHEDULE OF EMPLOYER CONTRIBUTIONS*

**Annual Required Contribution [ARC]**

| Fiscal Year | ARC | % of ARC Contributed |
|---|---|---|
| 9/30/2009 | 24,469,259 | 98% |
| 9/30/2010 | 30,316,622 | 89% |
| 9/30/2011 | 27,841,853 | 96% |
| 9/30/2012 | 31,105,949 | 113% |
| 9/30/2013 | 31,910,712 | 121% |
| 9/30/2014 | 33,960,537 | 101% |

## *NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|---|---|
| Valuation date: | 01/01/13 |
| Actuarial cost method: | Projected unit credit cost method |
| Amortization method: | Level percentage of pay |
| Remaining amortization period: | 30 years |
| Asset valuation method: | Five-year smoothed market value |

The amortization period for this plan is closed.

Actuarial Assumptions Utilized:

| | |
|---|---|
| Investment rate of return: | 7.9% |
| Projected salary increases: | 2.5 % to 4.00% |
| Includes inflation at | 2.5% |
| Cost-of-living adjustments | None |

With the exception of the plan years listed below, there were no plan amendments.

In plan year 1995, the plan changed from the "market value" method to the "asset smoothing" method for valuing plan assets. This change in assumption had no effect on the pension benefit obligation but did result in a contribution decrease of $473,922 for that year. Also effective January 1, 1995, the plan was amended to allow for an early retirement window incentive through the period ended December 31, 1994. This incentive allowed for the waiver of the early retirement reduction factor for all eligible members. This amendment had no effect on the pension benefits obligation but did result in a contribution increase of $276,783 for that year.

In plan year 1998, the Board of Commissioners adopted certain changes to the Plan, the most significant of which included the adoption of a "Rule of 80" (combination of years of service and age) and an increase in the benefit formula to 2.5% of final average salary multiplied by years of service from the current 1.5% per year (for service before January 1, 1989). These changes became effective on April 1, 1998.

Employees of the County provide the required additional funding to the Plan. For all employees hired after April 1, 1998, participation is mandatory and requires a contribution of 4% of their salary. For existing employees, a one-time enrollment option was provided, the exercise of which requires a contribution of 4% of their salary. If an existing employee chose not to exercise this one-time option, their retirement benefits remained at the pre-April 1, 1998 level as explained above.

Pursuant to plan enhancements adopted by the Board of Commissioners, as of April 1, 1998, all existing employees were given the option to contribute and all new employees were required to contribute 4% of their basic annual compensation in return for improved pension benefits as explained below. Effective October 1, 2005 the employee contribution amount was increased to 4.50%. Effective February 12, 2006 and February 11, 2007 the rate increased to 4.75% and 5.00% respectively. Effective February 2010 the employee contribution rate increased from 5.00% to 5.50%. Effective February 2011 the employee contribution rate increased from 5.50% to 5.75%. Effective February 2012 the employee contribution rate increased from 5.75% to 6.00%. Effective February 2013 the employee contribution rate increased from 6.00% to 6.25%. Effective February 2014 the employee contribution rate increased from 6.25% to 6.50%.

## *OPEB TRUST FUND*
## *SCHEDULE OF FUNDING PROGRESS*

| Valuation Date | Actuarial Value Of Assets | Actuarial Accrued Liability | Funded Ratio | Unfunded Actuarial Liability (UAL) | Annual Covered Payroll | UAL As A % Of Covered Payroll |
|---|---|---|---|---|---|---|
| 01/01/09 | 9,878,363 | 244,981,996 | 4.0% | 235,103,633 | 232,989,182 | 100.9% |
| 01/01/10 | 24,986,062 | 240,883,547 | 10.4% | 215,897,485 | 235,893,031 | 91.5% |
| 01/01/11 | 40,746,271 | 246,021,834 | 16.6% | 205,275,563 | 214,119,567 | 95.9% |
| 01/01/12 | 46,486,981 | 247,611,907 | 18.8% | 201,124,926 | 208,621,922 | 96.4% |
| 01/01/13 | 58,975,301 | 186,733,213 | 31.6% | 127,757,912 | 211,553,134 | 60.4% |
| 01/01/14 | 84,726,947 | 200,118,641 | 42.3% | 115,391,694 | 212,799,730 | 54.2% |

## OPEB TRUST FUND
## SCHEDULE OF EMPLOYER CONTRIBUTIONS

| Fiscal Year | ARC | % of ARC Contributed |
|---|---|---|
| 9/30/2009 | 19,472,701 | 103% |
| 9/30/2010 | 20,290,570 | 95% |
| 9/30/2011 | 19,372,240 | 123% |
| 9/30/2012 | 18,411,193 | 101% |
| 9/30/2013 | 18,531,372 | 110% |
| 9/30/2014 | 12,762,508 | 120% |

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# NON-MAJOR FUNDS

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to the expenditures for specific purposes.

The **Law Library Fund** provides for the operation and maintenance of the County's law library.

The **Community Services Fund** accounts for the grant monies received from the Georgia Department of Human Resources.

The **Grant Fund** accounts for grant monies received from various federal and state agencies.

The **Housing and Urban Development Grant Fund** accounts for monies received from the Department of Housing and Urban Development under the Community Development Block Grant Program.

The **Hotel/Motel Tax Fund** accounts for the collection of taxes for a special taxing district.

The **Emergency 911 Fund** accounts for fee collection and the operation of the Emergency 911 system within the County.

The **Parking Deck Facility Fund** accounts for the operation and maintenance of the Marietta Square parking deck.

The **800 MHz Fund** accounts for the operation, maintenance and collection of monies for the 800 MHz core system.

The **Streetlight District Fund** accounts for the operation, maintenance and collection of monies for the streetlight districts within Cobb County.

The **Cumberland Special Service District Fund** accounts for monies received from a specific property tax levy for a special taxing district.

### Capital Projects Funds

Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities and improvements – other than those financed by Proprietary Funds.

The **Public Facilities Fund** accounts for monies transferred for various governmental funds for the purpose of the construction of public facilities throughout the County.

The **Stadium Construction Fund** accounts for the construction cost of SunTrust Park, future home of the Atlanta Braves.

### Debt Service Fund

The **Debt Service Fund** is utilized to account for the accumulation and disbursement of money needed to comply with the interest and principal redemption requirements of the governmental fund type general obligation bonds.

## NONMAJOR BUSINESS-TYPE FUNDS

### Enterprise Funds

The Enterprise Funds account for the activities that are usually self-sustaining, principally through user charges for services rendered.  The accounting records are maintained on the same basis as a commercial business.

The **Cobblestone Golf Course Fund** accounts for the operation and maintenance of the Cobblestone Golf Course.

The **Public Transit System Fund** accounts for the operation and maintenance of the local public transit system and accounts for the monies received from the Federal Transit Authority.

The **Solid Waste Disposal Fund** accounts for the revenues and expenses relating to the disposal of solid waste.

### Internal Service Funds

The Internal Service Funds account for services performed by a central service department for other departments or agencies of the governmental unit.

The **Claims Internal Service Fund** provides self-funding for casualty, liability, medical and dental claims and workmen's compensation.

### Fiduciary Funds
### Agency Funds

**Agency Funds** account for assets held by the County as an agent for individuals, private organizations, other governments and other County departments.

**Cobb County, Georgia**
**All Nonmajor Governmental Funds**
**Combining Balance Sheet**
**September 30, 2014**

| | Total Nonmajor Special Revenue Funds | Public Facilities Fund | Stadium Construction Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 15,636,861 | $ 388,004 | $ - | $ 5,051,128 | $ 21,075,993 |
| Receivables: | | | | | |
| Taxes | 4,117,299 | - | - | 6,088,844 | 10,206,143 |
| Other | 2,704,412 | 1,636 | - | 60,584 | 2,766,632 |
| Due from other funds | 1,119,053 | 17,955,056 | - | - | 19,074,109 |
| Due from component units | 423,088 | - | - | - | 423,088 |
| Due from other governments and agencies | 1,124,967 | 7,869,500 | - | - | 8,994,467 |
| Prepaid expenditures | 9 | 129,444 | - | - | 129,453 |
| Total assets | $ 25,125,689 | $ 26,343,640 | $ - | $ 11,200,556 | $ 62,669,885 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 2,665,322 | $ 1,355,315 | $ 3,121,876 | $ - | $ 7,142,513 |
| Accrued payroll | 50,555 | - | - | - | 50,555 |
| Due to other funds | 11,107,413 | - | - | - | 11,107,413 |
| Due to others | 183 | - | 250,000 | - | 250,183 |
| Due to other governments and agencies | - | 193,928 | - | - | 193,928 |
| Unearned revenue | 311,192 | - | - | - | 311,192 |
| Total liabilities | $ 14,134,665 | $ 1,549,243 | $ 3,371,876 | $ - | $ 19,055,784 |
| Deferred inflows of resources | | | | | |
| Unavailable revenues | $ 93,652 | $ - | $ - | $ 269,678 | $ 363,330 |
| Total liabilities and deferred inflows of resources | $ 14,228,317 | $ 1,549,243 | $ 3,371,876 | $ 269,678 | $ 19,419,114 |
| Fund balances: | | | | | |
| Nonspendable | | | | | |
| Inventories and prepaid items | $ 9 | $ 129,444 | $ - | $ - | $ 129,453 |
| Restricted for: | | | | | |
| Debt Service | 5,105,049 | - | - | 10,930,878 | 16,035,927 |
| Special programs | 5,971,835 | - | - | - | 5,971,835 |
| Committed for: | | | | | |
| Construction and capital outlay | - | 24,664,953 | - | - | 24,664,953 |
| Special programs | 1,226,021 | - | - | - | 1,226,021 |
| Unassigned | (1,405,542) | - | (3,371,876) | - | (4,777,418) |
| Total fund balances | $ 10,897,372 | $ 24,794,397 | $ (3,371,876) | $ 10,930,878 | $ 43,250,771 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 25,125,689 | $ 26,343,640 | $ - | $ 11,200,556 | $ 62,669,885 |

**Cobb County, Georgia**
**All Nonmajor Governmental Funds**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Fiscal Year Ended September 30, 2014**

| | Total Nonmajor Special Revenue Funds | Public Facilities Fund | Stadium Construction Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes | $ 17,435,120 | $ - | $ - | $ 9,559,681 | $ 26,994,801 |
| Intergovernmental | 18,739,605 | 2,306,216 | - | - | 21,045,821 |
| Charges for services | 17,887,805 | - | - | 147,827 | 18,035,632 |
| Interest earned | 15,597 | - | - | 23,813 | 39,410 |
| Miscellaneous | 3,558,186 | 415,075 | - | - | 3,973,261 |
| Total revenues | $ 57,636,313 | $ 2,721,291 | $ - | $ 9,731,321 | $ 70,088,925 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | $ 7,020,435 | $ - | $ - | $ 84,436 | $ 7,104,871 |
| Public safety | 13,642,518 | - | - | - | 13,642,518 |
| Public works | 8,038,747 | - | - | - | 8,038,747 |
| Health and welfare | 2,601,680 | - | - | - | 2,601,680 |
| Culture and recreation | 8,094,331 | - | - | - | 8,094,331 |
| Housing and development | 9,580,789 | - | - | - | 9,580,789 |
| Capital outlay | - | 9,799,991 | 3,371,876 | - | 13,171,867 |
| Debt Service: | | | | | |
| Principal retirement | 1,915,000 | 1,222,797 | - | 7,310,000 | 10,447,797 |
| Interest and fiscal charges | 2,312,060 | 316,936 | - | 1,247,781 | 3,876,777 |
| Total expenditures | $ 53,205,560 | $ 11,339,724 | $ 3,371,876 | $ 8,642,217 | $ 76,559,377 |
| Excess (deficiency) of revenues over (under) expenditures | $ 4,430,753 | $ (8,618,433) | $ (3,371,876) | $ 1,089,104 | $ (6,470,452) |
| Other financing sources (uses): | | | | | |
| Transfers in | $ 3,083,915 | $ 23,482,235 | $ - | $ - | $ 26,566,150 |
| Transfers out | (11,461,777) | (1,551,269) | - | - | (13,013,046) |
| Premium on debt issuance | - | 79,901 | - | - | 79,901 |
| Proceeds from debt issuance | - | 6,315,000 | - | - | 6,315,000 |
| Proceeds from capital lease | - | 110,242 | - | - | 110,242 |
| Total other financing sources (uses) | $ (8,377,862) | $ 28,436,109 | $ - | $ - | $ 20,058,247 |
| Net change in fund balances | $ (3,947,109) | $ 19,817,676 | $ (3,371,876) | $ 1,089,104 | $ 13,587,795 |
| Fund balances at beginning of year | 14,844,481 | 4,976,721 | - | 9,841,774 | 29,662,976 |
| Fund balances at end of year | $ 10,897,372 | $ 24,794,397 | $ (3,371,876) | $ 10,930,878 | $ 43,250,771 |

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**Cobb County, Georgia**
**Nonmajor Governmental Funds - Special Revenue Funds**
**Combining Balance Sheet**
**September 30, 2014**

| | Law Library Fund | Community Services Fund | Grant Fund | Housing & Urban Development Grant Fund | Hotel/Motel Tax Fund |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 99,605 | $ 129,826 | $ 1,467,995 | $ 803,541 | $ - |
| Receivables: | | | | | |
| Taxes and penalties | - | - | - | - | - |
| Other | 32,130 | - | 461,373 | 82,958 | - |
| Due from other funds | - | - | 1,119,053 | - | - |
| Due from component units | - | - | - | - | 423,088 |
| Due from other governments and agencies | - | 88,212 | 550,928 | 436,478 | - |
| Prepaid expenditures | - | - | - | - | - |
| Total assets | $ 131,735 | $ 218,038 | $ 3,599,349 | $ 1,322,977 | $ 423,088 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ - | $ 208,303 | $ 1,361,147 | $ 669,916 | $ - |
| Accrued payroll | 791 | - | 5,774 | - | - |
| Due to other funds | - | 9,735 | 17,942 | - | 423,088 |
| Due to others | - | - | - | - | - |
| Unearned revenue | - | - | 309,971 | 1,221 | - |
| Total liabilities | $ 791 | $ 218,038 | $ 1,694,834 | $ 671,137 | $ 423,088 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenues | $ - | $ - | $ - | $ - | $ - |
| Total Liabilities and Deferred Inflows of Resources | $ 791 | $ 218,038 | $ 1,694,834 | $ 671,137 | $ 423,088 |
| Fund balances: | | | | | |
| Nonspendable | | | | | |
| Inventories and prepaid items | $ - | $ - | $ - | $ - | $ - |
| Restricted | | | | | |
| Debt Service | - | - | - | - | - |
| Special Programs | 130,944 | - | 1,904,515 | 651,840 | - |
| Committed | | | | | |
| Special programs | - | - | 1,221,061 | - | - |
| Unassigned | - | - | (1,221,061) | - | - |
| Total fund balances | $ 130,944 | $ - | $ 1,904,515 | $ 651,840 | $ - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 131,735 | $ 218,038 | $ 3,599,349 | $ 1,322,977 | $ 423,088 |

| | Emergency 911 Fund | Parking Deck Facility Fund | 800 MHz Fund | Streetlight District Fund | Cumberland Special Service District Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|---|
| | $ 1,862,616 | $ 10,475 | $ 10,159,396 | $ 22,005 | $ 1,081,402 | $ 15,636,861 |
| | - | - | - | - | 4,117,299 | 4,117,299 |
| | 1,800,240 | 908 | 91,657 | 235,146 | - | 2,704,412 |
| | - | - | - | - | - | 1,119,053 |
| | - | - | - | - | - | 423,088 |
| | - | - | 49,349 | - | - | 1,124,967 |
| | 9 | - | - | - | - | 9 |
| | $ 3,662,865 | $ 11,383 | $ 10,300,402 | $ 257,151 | $ 5,198,701 | $ 25,125,689 |
| | $ 335,434 | $ - | $ - | $ 90,522 | $ - | $ 2,665,322 |
| | 42,886 | 38 | - | 1,066 | - | 50,555 |
| | - | 185,000 | 10,300,402 | 171,246 | - | 11,107,413 |
| | - | - | - | 183 | - | 183 |
| | - | - | - | - | - | 311,192 |
| | $ 378,320 | $ 185,038 | $ 10,300,402 | $ 263,017 | $ - | $ 14,134,665 |
| | $ - | $ - | $ - | $ - | $ 93,652 | $ 93,652 |
| | $ 378,320 | $ 185,038 | $ 10,300,402 | $ 263,017 | $ 93,652 | $ 14,228,317 |
| | $ 9 | $ - | $ - | $ - | $ - | $ 9 |
| | - | - | - | - | 5,105,049 | 5,105,049 |
| | 3,284,536 | - | - | - | - | 5,971,835 |
| | - | 4,960 | - | - | - | 1,226,021 |
| | - | (178,615) | - | (5,866) | - | (1,405,542) |
| | $ 3,284,545 | $ (173,655) | $ - | $ (5,866) | $ 5,105,049 | $ 10,897,372 |
| | $ 3,662,865 | $ 11,383 | $ 10,300,402 | $ 257,151 | $ 5,198,701 | $ 25,125,689 |

**Cobb County, Georgia**
**Nonmajor Governmental Funds - Special Revenue Funds**
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Fiscal Year Ended September 30, 2014**

| | Law Library Fund | Community Services Fund | Grant Fund | Housing & Urban Development Grant Fund | Hotel/Motel Tax Fund |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ 12,330,071 |
| Intergovernmental | - | 643,512 | 11,107,123 | 6,833,049 | - |
| Charges for services | 609,855 | - | 2,500 | - | - |
| Interest earned | 72 | - | 3,350 | 977 | - |
| Miscellaneous | 4,070 | - | 977,534 | 2,567,413 | - |
| Total revenues | $ 613,997 | $ 643,512 | $ 12,090,507 | $ 9,401,439 | $ 12,330,071 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | $ 638,277 | $ - | $ 6,382,158 | $ - | $ - |
| Public safety | - | - | 1,751,903 | - | - |
| Public works | - | - | 2,581,930 | - | - |
| Health and welfare | - | 623,690 | 1,977,990 | - | - |
| Culture and recreation | - | - | 348,037 | - | 7,746,294 |
| Housing and development | - | - | 139,246 | 9,441,543 | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | 1,595,000 |
| Interest and fiscal charges | - | - | - | - | 1,976,997 |
| Total expenditures | $ 638,277 | $ 623,690 | $ 13,181,264 | $ 9,441,543 | $ 11,318,291 |
| Excess (deficiency) of revenues over (under) expenditures | $ (24,280) | $ 19,822 | $ (1,090,757) | $ (40,104) | $ 1,011,780 |
| Other financing sources (uses): | | | | | |
| Transfers in | $ - | $ - | $ 1,973,648 | $ - | $ - |
| Transfers out | - | (19,822) | (105,271) | - | (1,011,780) |
| Total other financing sources (uses) | $ - | $ (19,822) | $ 1,868,377 | $ - | $ (1,011,780) |
| Net change in fund balances | $ (24,280) | $ - | $ 777,620 | $ (40,104) | $ - |
| Fund balances at beginning of year | 155,224 | - | 1,126,895 | 691,944 | - |
| Fund balances at end of year | $ 130,944 | $ - | $ 1,904,515 | $ 651,840 | $ - |

| Emergency 911 Fund | Parking Deck Facility Fund | 800 MHz Fund | Streetlight District Fund | Cumberland Special Service District Fund | Total Nonmajor Special Revenue Funds |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ 5,105,049 | $ 17,435,120 |
| - | - | 155,921 | - | - | 18,739,605 |
| 11,625,355 | 593,462 | - | 5,056,633 | - | 17,887,805 |
| 2,530 | 31 | 8,637 | - | - | 15,597 |
| 4,512 | 1,737 | - | 2,920 | - | 3,558,186 |
| $ 11,632,397 | $ 595,230 | $ 164,558 | $ 5,059,553 | $ 5,105,049 | $ 57,636,313 |
| | | | | | |
| $ - | $ - | $ - | $ - | $ - | $ 7,020,435 |
| 11,890,615 | - | - | - | - | 13,642,518 |
| - | 364,549 | - | 5,092,268 | - | 8,038,747 |
| - | - | - | - | - | 2,601,680 |
| - | - | - | - | - | 8,094,331 |
| - | - | - | - | - | 9,580,789 |
| | | | | | |
| - | 320,000 | - | - | - | 1,915,000 |
| - | 335,063 | - | - | - | 2,312,060 |
| $ 11,890,615 | $ 1,019,612 | $ - | $ 5,092,268 | $ - | $ 53,205,560 |
| | | | | | |
| $ (258,218) | $ (424,382) | $ 164,558 | $ (32,715) | $ 5,105,049 | $ 4,430,753 |
| | | | | | |
| $ - | $ 170,000 | $ 940,267 | $ - | $ - | $ 3,083,915 |
| - | - | (10,300,402) | (24,502) | - | (11,461,777) |
| | | | | | |
| $ - | $ 170,000 | $ (9,360,135) | $ (24,502) | $ - | $ (8,377,862) |
| $ (258,218) | $ (254,382) | $ (9,195,577) | $ (57,217) | $ 5,105,049 | $ (3,947,109) |
| 3,542,763 | 80,727 | 9,195,577 | 51,351 | - | 14,844,481 |
| $ 3,284,545 | $ (173,655) | $ - | $ (5,866) | $ 5,105,049 | $ 10,897,372 |

**Cobb County, Georgia**
**Debt Service Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 8,860,805 | $ 8,860,805 | $ 9,559,681 | $ 698,876 |
| Charges for services | 191,886 | 191,886 | 147,827 | (44,059) |
| Interest earned | 29,500 | 29,500 | 23,813 | (5,687) |
| Total revenues | $ 9,082,191 | $ 9,082,191 | $ 9,731,321 | $ 649,130 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | $ 83,571 | $ 83,571 | $ 84,436 | $ (865) |
| Debt service: | | | | |
| Principal retirement | 7,310,000 | 7,310,000 | 7,310,000 | - |
| Interest and fiscal charges | 1,247,781 | 1,248,696 | 1,247,781 | 915 |
| Total expenditures | $ 8,641,352 | $ 8,642,267 | $ 8,642,217 | $ 50 |
| Excess (deficiency) of revenues over expenditures | $ 440,839 | $ 439,924 | $ 1,089,104 | $ 649,180 |
| Net change in fund balance | $ 440,839 | $ 439,924 | $ 1,089,104 | $ 649,180 |
| Fund balance at beginning of year | | | 9,841,774 | |
| Fund balance at end of year - GAAP basis | | | $ 10,930,878 | |

**Cobb County, Georgia**
**Law Library Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Charges for services | $ 591,013 | $ 609,855 | $ 609,855 | $ - |
| Interest earned | - | 72 | 72 | - |
| Miscellaneous | 3,300 | 4,070 | 4,070 | - |
| Total revenues | $ 594,313 | $ 613,997 | $ 613,997 | $ - |
| Expenditures: | | | | |
| Current: | | | | |
| Personal services | $ 151,441 | $ 151,679 | $ 151,679 | $ - |
| Operating expenditures | 440,632 | 507,587 | 507,587 | - |
| Total expenditures | $ 592,073 | $ 659,266 | $ 659,266 | $ - |
| Net change in fund balance | $ 2,240 | $ (45,269) | $ (45,269) | $ - |
| Fund balance at beginning of year | | | 155,224 | |
| Fund balance at end of year - budgetary basis | | | $ 109,955 | |
| Reconciliation to GAAP basis: | | | | |
| Elimination of encumbrances outstanding at end of year | | | 20,989 | |
| Fund balance at end of year-GAAP basis | | | $ 130,944 | |

**Cobb County, Georgia**
**Street Light District Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Charges for services | $ 5,161,172 | $ 5,161,172 | $ 5,056,633 | $ (104,539) |
| Miscellaneous | - | - | 2,920 | 2,920 |
| Total revenues | $ 5,161,172 | $ 5,161,172 | $ 5,059,553 | $ (101,619) |
| Expenditures: | | | | |
| Current: | | | | |
| Personal services | $ 174,532 | $ 177,459 | $ 177,334 | $ 125 |
| Operating expenditures | 4,960,713 | 4,961,050 | 4,914,934 | 46,116 |
| Total expenditures | $ 5,135,245 | $ 5,138,509 | $ 5,092,268 | $ 46,241 |
| Excess of revenues over expenditures | $ 25,927 | $ 22,663 | $ (32,715) | $ (55,378) |
| Other financing sources (uses): | | | | |
| Transfers out | $ (23,000) | $ (23,000) | $ (24,502) | $ (1,502) |
| Total other financing sources (uses) | $ (23,000) | $ (23,000) | $ (24,502) | $ (1,502) |
| Net change in fund balance | $ 2,927 | $ (337) | $ (57,217) | $ (56,880) |
| Fund balance at beginning of year | | | 51,351 | |
| Fund balance at end of year-GAAP basis | | | $ (5,866) | |

**Cobb County, Georgia**
**Community Services Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 570,351 | $ 645,003 | $ 643,512 | $ (1,491) |
| Total revenues | $ 570,351 | $ 645,003 | $ 643,512 | $ (1,491) |
| Expenditures: | | | | |
| Current: | | | | |
| Operating expenditures | $ 570,351 | $ 625,181 | $ 623,690 | $ 1,491 |
| Total expenditures | $ 570,351 | $ 625,181 | $ 623,690 | $ 1,491 |
| Excess of revenues over expenditures | $ - | $ 19,822 | $ 19,822 | $ - |
| Other financing sources (uses): | | | | |
| Transfers out | $ - | $ (19,822) | $ (19,822) | $ - |
| Net change in fund balance | $ - | $ - | $ - | $ - |
| Fund balance at beginning of year | | | - | |
| Fund balance at end of year - GAAP basis | | | $ - | |

**Cobb County, Georgia**
**Hotel/Motel Tax Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 11,222,392 | $ 12,330,071 | $ 12,330,071 | $ - |
| Total revenues | $ 11,222,392 | $ 12,330,071 | $ 12,330,071 | $ - |
| Expenditures: | | | | |
| Current: | | | | |
| Operating expenditures | $ 7,650,395 | $ 7,746,294 | $ 7,746,294 | $ - |
| Debt service: | | | | |
| Principal retirement | 1,595,000 | 1,595,000 | 1,595,000 | - |
| Interest and fiscal charges | 1,976,997 | 1,976,997 | 1,976,997 | - |
| Total expenditures | $ 11,222,392 | $ 11,318,291 | $ 11,318,291 | $ - |
| Excess of revenues over expenditures | $ - | $ 1,011,780 | $ 1,011,780 | $ - |
| Other financing sources (uses): | | | | |
| Transfers out | $ - | $ (1,011,780) | $ (1,011,780) | $ - |
| Total other financing sources (uses) | $ - | $ (1,011,780) | $ (1,011,780) | $ - |
| Net change in fund balance | $ - | $ - | $ - | $ - |
| Fund balance at beginning of year | | | - | |
| Fund balance at end of year - GAAP basis | | | $ - | |

**Cobb County, Georgia**
**Emergency 911 Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Charges for services | $ 10,568,917 | $ 10,568,917 | $ 11,625,355 | $ 1,056,438 |
| Interest earned | 4,000 | 4,000 | 2,530 | (1,470) |
| Miscellaneous | 3,000 | 3,000 | 4,512 | 1,512 |
| Total revenues | $ 10,575,917 | $ 10,575,917 | $ 11,632,397 | $ 1,056,480 |
| Expenditures: | | | | |
| Current: | | | | |
| Personnel services | $ 7,923,034 | $ 7,923,034 | $ 7,482,696 | $ 440,338 |
| Operating expenditures | 2,532,517 | 3,449,291 | 3,137,543 | 311,748 |
| Capital outlay | - | 2,156,953 | 1,360,272 | 796,681 |
| Total expenditures | $ 10,455,551 | $ 13,529,278 | $ 11,980,511 | $ 1,548,767 |
| Excess (deficiency) of revenues over (under) expenditures | $ 120,366 | $ (2,953,361) | $ (348,114) | $ 2,605,247 |
| Net change in fund balance | $ 120,366 | $ (2,953,361) | $ (348,114) | $ 2,605,247 |
| Fund balance at beginning of year | | | 3,542,763 | |
| Fund balance at end of year - budgetary basis | | | $ 3,194,649 | |
| Reconciliation to GAAP basis: | | | | |
| Elimination of encumbrances outstanding at end of year | | | 89,896 | |
| Fund balance at end of year - GAAP basis | | | $ 3,284,545 | |

**Cobb County, Georgia**
**Parking Deck Facility Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Charges for services | $ 867,737 | $ 867,737 | $ 593,462 | $ (274,275) |
| Interest earned | 300 | 300 | 31 | (269) |
| Miscellaneous | - | - | 1,737 | 1,737 |
| Total revenues | $ 868,037 | $ 868,037 | $ 595,230 | $ (272,807) |
| Expenditures: | | | | |
| Current: | | | | |
| Personnel services | $ 78,334 | $ 78,334 | $ 70,042 | $ 8,292 |
| Operating expenditures | 134,640 | 139,672 | 132,136 | 7,536 |
| Capital outlay | - | 170,000 | 167,331 | 2,669 |
| Debt service: | | | | |
| Principal retirement | 489,531 | 321,500 | 320,000 | 1,500 |
| Interest and fiscal charges | 165,532 | 335,063 | 335,063 | - |
| Total expenditures | $ 868,037 | $ 1,044,569 | $ 1,024,572 | $ 19,997 |
| Excess (deficiency) of revenues over (under) expenditures | $ - | $ (176,532) | $ (429,342) | $ (252,810) |
| Other financing sources (uses): | | | | |
| Transfers in | $ - | $ 170,000 | $ 170,000 | $ - |
| Total other financing sources (uses) | $ - | $ 170,000 | $ 170,000 | $ - |
| Net change in fund balance | $ - | $ (6,532) | $ (259,342) | $ (252,810) |
| Fund balance at beginning of year | | | 80,727 | |
| Fund balance at end of year - budgetary basis | | | $ (178,615) | |
| Reconciliation to GAAP basis: | | | | |
| Elimination of encumbrances outstanding at end of year | | | 4,960 | |
| Fund balance at end of year - GAAP basis | | | $ (173,655) | |

**Cobb County, Georgia**
**800 MHz Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Intergovernmental | $ 104,515 | $ 104,515 | $ 155,921 | $ 51,406 |
| Interest earned | - | - | 8,637 | 8,637 |
| Total revenues | $ 104,515 | $ 104,515 | $ 164,558 | $ 60,043 |
| Expenditures: | | | | |
| Current: | | | | |
| Capital outlay | $ - | $ - | $ - | $ - |
| Total expenditures | $ - | $ - | $ - | $ - |
| Excess (deficiency) of revenues over (under) expenditures | $ 104,515 | $ 104,515 | $ 164,558 | $ 60,043 |
| Other financing sources (uses): | | | | |
| Transfers in | $ 1,007,450 | $ 1,007,450 | $ 940,267 | $ (67,183) |
| Transfer out | - | (10,307,508) | (10,300,402) | 7,106 |
| Total other financing sources (uses) | $ 1,007,450 | $ (9,300,058) | $ (9,360,135) | $ (60,077) |
| Net change in fund balance | $ 1,111,965 | $ (9,195,543) | $ (9,195,577) | $ (34) |
| Fund balance at beginning of year | | | 9,195,577 | |
| Fund balance at end of year - GAAP basis | | | $ - | |

**Cobb County, Georgia**
**Cumberland Special Service District Special Revenue Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ - | $ 5,105,049 | $ 5,105,049 | $ - |
| Total revenues | $ - | $ 5,105,049 | $ 5,105,049 | $ - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | $ - | $ - | $ - | $ - |
| Total expenditures | $ - | $ - | $ - | $ - |
| Excess (deficiency) of revenues over expenditures | $ - | $ 5,105,049 | $ 5,105,049 | $ - |
| Net change in fund balance | $ - | $ 5,105,049 | $ 5,105,049 | $ - |
| Fund balance at beginning of year | | | - | |
| Fund balance at end of year - GAAP basis | | | $ 5,105,049 | |

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**Cobb County, Georgia**
**Nonmajor Business-Type Enterprise Funds**
**Combining Statement of Net Position**
**September 30, 2014**

| | Cobblestone Golf Course Fund | Public Transit System Fund | Solid Waste Disposal Fund | Totals |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets: | | | | |
| Cash | $ 447,084 | $ 1,679,475 | $ 356 | $ 2,126,915 |
| Receivables: | | | | |
| Other | 9,713 | 2,171 | 54,168 | 66,052 |
| Due from other funds | - | 4,534,372 | - | 4,534,372 |
| Due from other governments and agencies | - | 848,205 | - | 848,205 |
| Prepaid items | 3,272 | - | - | 3,272 |
| Total current assets | $ 460,069 | $ 7,064,223 | $ 54,524 | $ 7,578,816 |
| Property, plant and equipment: | | | | |
| Capital assets not being depreciated | $ 5,453,615 | $ 10,805,396 | $ 3,778,386 | $ 20,037,397 |
| Capital assets being depreciated, net | 1,029,739 | 28,682,164 | 3,876,461 | 33,588,364 |
| Net property, plant and equipment | $ 6,483,354 | $ 39,487,560 | $ 7,654,847 | $ 53,625,761 |
| Total noncurrent assets | $ 6,483,354 | $ 39,487,560 | $ 7,654,847 | $ 53,625,761 |
| Total assets | $ 6,943,423 | $ 46,551,783 | $ 7,709,371 | $ 61,204,577 |

Continued on next page.

**Cobb County, Georgia**
**Nonmajor Business-Type Enterprise Funds**
**Combining Statement of Net Position**
**September 30, 2014**

| | Cobblestone Golf Course Fund | Public Transit System Fund | Solid Waste Disposal Fund | Totals |
|---|---|---|---|---|
| **Liabilities and Net Position** | | | | |
| Liabilities: | | | | |
| Current liabilities (payable from current assets): | | | | |
| Accounts payable | $ 187,193 | $ 2,476,840 | $ 117,834 | $ 2,781,867 |
| Accrued payroll | - | 3,425 | 8,882 | 12,307 |
| Due to other | 79,904 | - | - | 79,904 |
| Due to other governments and agencies | 13,139 | 57,304 | - | 70,443 |
| Accrued interest payable | - | - | 25,000 | 25,000 |
| Unearned revenues | 19,344 | - | - | 19,344 |
| Current portion of revenue bonds | - | - | 2,000,000 | 2,000,000 |
| Current portion of compensated absences | - | 14,918 | 25,591 | 40,509 |
| Current portion of postclosure care | - | - | 485,000 | 485,000 |
| Current portion of capital lease payable | 69,398 | - | - | 69,398 |
| Total current liabilities | $ 368,978 | $ 2,552,487 | $ 2,662,307 | $ 5,583,772 |
| Long-term liabilities: | | | | |
| Compensated absences (net of current portion) | $ - | $ - | $ 11,763 | $ 11,763 |
| Advances from other funds | 3,358,468 | - | - | 3,358,468 |
| Closure and postclosure care (net of current portion) | - | - | 23,978,973 | 23,978,973 |
| Capital lease payable (net of current portion) | 121,352 | - | - | 121,352 |
| Total long-term liabilities | $ 3,479,820 | $ - | $ 23,990,736 | $ 27,470,556 |
| Total liabilities | $ 3,848,798 | $ 2,552,487 | $ 26,653,043 | $ 33,054,328 |
| Net Position: | | | | |
| Net investment in capital assets | $ 6,292,604 | $ 39,468,719 | $ 5,654,847 | $ 51,416,170 |
| Unrestricted | (3,197,979) | 4,530,577 | (24,598,519) | (23,265,921) |
| Total net position | $ 3,094,625 | $ 43,999,296 | $ (18,943,672) | $ 28,150,249 |

Continued from preceding page.

**Cobb County, Georgia**
**Nonmajor Business-Type Enterprise Funds**
**Combining Statement of Revenues, Expenses and Changes in Net Position**
**For the Fiscal Year Ended September 30, 2014**

| | Cobblestone Golf Course Fund | Public Transit System Fund | Solid Waste Disposal Fund | Totals |
|---|---|---|---|---|
| Operating revenues: | | | | |
| Charges for services | $ 1,627,680 | $ 5,817,403 | $ 340,960 | $ 7,786,043 |
| Miscellaneous income | 1,572 | 43,736 | - | 45,308 |
| Total operating revenues | $ 1,629,252 | $ 5,861,139 | $ 340,960 | $ 7,831,351 |
| Operating expenses: | | | | |
| Personnel services | $ - | $ 679,213 | $ 256,566 | $ 935,779 |
| Other operating expenses | 1,392,690 | 17,736,006 | 172,914 | 19,301,610 |
| Total operating expenses | $ 1,392,690 | $ 18,415,219 | $ 429,480 | $ 20,237,389 |
| Operating income (loss) before depreciation | $ 236,562 | $ (12,554,080) | $ (88,520) | $ (12,406,038) |
| Less depreciation | (163,605) | (4,430,336) | (398,679) | (4,992,620) |
| Operating income (loss) | $ 72,957 | $ (16,984,416) | $ (487,199) | $ (17,398,658) |
| Nonoperating revenues (expenses): | | | | |
| Interest income | $ 172 | $ 468 | $ 287 | $ 927 |
| Interest and fiscal charges | (4,327) | - | (125,625) | (129,952) |
| Gain (loss) on sale of capital assets | - | 981 | - | 981 |
| Amortization | - | - | 76,505 | 76,505 |
| Total nonoperating revenues (expenses) | $ (4,155) | $ 1,449 | $ (48,833) | $ (51,539) |
| Net income (loss) before transfers and capital contributions | $ 68,802 | $ (16,982,967) | $ (536,032) | $ (17,450,197) |
| Capital contributions | $ - | $ 4,600,169 | $ - | $ 4,600,169 |
| Transfers: | | | | |
| Transfers in | $ - | $ 11,144,856 | $ 2,708,496 | $ 13,853,352 |
| Transfers out | (1,764) | (51,921) | - | (53,685) |
| Total transfers | $ (1,764) | $ 11,092,935 | $ 2,708,496 | $ 13,799,667 |
| Change in net position | $ 67,038 | $ (1,289,863) | $ 2,172,464 | $ 949,639 |
| Total net position - beginning | $ 3,027,587 | $ 45,289,159 | $ (21,116,136) | $ 27,200,610 |
| Total net position - ending | $ 3,094,625 | $ 43,999,296 | $ (18,943,672) | $ 28,150,249 |

**Cobb County, Georgia**
**Nonmajor Business-Type Enterprise Funds**
**Combining Statement of Cash Flows**
**For the Fiscal Year Ended September 30, 2014**

| | Cobblestone Golf Course Fund | Public Transit System Fund | Solid Waste Disposal Fund | Totals |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Cash received from customers | $ 1,659,780 | $ 1,784,378 | $ 339,598 | $ 3,783,756 |
| Cash payments for goods and services | (1,375,895) | (16,710,114) | (580,255) | (18,666,264) |
| Cash payments for employee services and fringe benefits | - | (674,326) | (266,657) | (940,983) |
| Net cash from (to) operating activities | $ 283,885 | $ (15,600,062) | $ (507,314) | $ (15,823,491) |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | $ - | $ 11,144,856 | $ 2,708,496 | $ 13,853,352 |
| Transfers out | (1,764) | (51,921) | - | (53,685) |
| Net cash from (to) noncapital financing activities | $ (1,764) | $ 11,092,935 | $ 2,708,496 | $ 13,799,667 |
| Cash flows from capital and related financing activities: | | | | |
| Payments on capital leases | $ (68,093) | $ - | $ - | $ (68,093) |
| Capital contributions | - | 4,600,169 | - | 4,600,169 |
| Payments on advances from other funds | (373,641) | - | - | (373,641) |
| Proceeds from sale of capital assets | - | 981 | - | 981 |
| Payments for capital acquisitions | - | (409,307) | - | (409,307) |
| Bond principal payments | - | - | (2,050,000) | (2,050,000) |
| Interest and fiscal charges | (4,324) | - | (151,250) | (155,574) |
| Net cash from (to) capital and related financing activities | $ (446,058) | $ 4,191,843 | $ (2,201,250) | $ 1,544,535 |
| Cash flows from investing activities: | | | | |
| Interest received | $ 172 | $ 468 | 287 | $ 927 |
| Net cash from investing activities | $ 172 | $ 468 | $ 287 | $ 927 |
| Net increase (decrease) in cash and cash equivalents | $ (163,765) | $ (314,816) | $ 219 | $ (478,362) |
| Cash and cash equivalents at beginning of year | 610,849 | 1,994,291 | 137 | 2,605,277 |
| Cash and cash equivalents at end of year | $ 447,084 | $ 1,679,475 | $ 356 | $ 2,126,915 |

Continued on next page.

**Cobb County, Georgia**
**Nonmajor Business-Type Enterprise Funds**
**Combining Statement of Cash Flows**
**For the Fiscal Year Ended September 30, 2014**

| | Cobblestone Golf Course Fund | Public Transit System Fund | Solid Waste Disposal Fund | Totals |
|---|---|---|---|---|
| Reconciliation of operating income (loss) to net cash from operating activities: | | | | |
| Operating income (loss) | $ 72,957 | $ (16,984,416) | $ (487,199) | $ (17,398,658) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation | $ 163,605 | $ 4,430,336 | $ 398,679 | $ 4,992,620 |
| Change in assets and liabilities: | | | | |
| Decrease (increase) in other receivables | 25,826 | 18 | (1,362) | 24,482 |
| Decrease (increase) in due from other funds | - | (4,534,372) | - | (4,534,372) |
| Decrease (increase) in due from other governments | - | 457,593 | - | 457,593 |
| Increase (decrease) in accounts payable | (52,742) | 968,533 | 77,659 | 993,450 |
| Increase (decrease) in prepaid expenses | - | 55 | - | 55 |
| Increase (decrease) in accrued payroll | - | 1,852 | 527 | 2,379 |
| Increase (decrease) in accrued vacation payable | - | 3,035 | (10,618) | (7,583) |
| Increase (decrease) in due to others | 78,787 | - | - | 78,787 |
| Increase (decrease) in due to other governments | (9,250) | 57,304 | - | 48,054 |
| Increase (decrease) in closure/post closure care | - | - | (485,000) | (485,000) |
| Increase (decrease) in unearned revenues | 4,702 | - | - | 4,702 |
| Total adjustments | $ 210,928 | $ 1,384,354 | $ (20,115) | $ 1,575,167 |
| Net cash provided (used) by operating activities | $ 283,885 | $ (15,600,062) | $ (507,314) | $ (15,823,491) |
| Supplemental disclosure of cashflow information: | | | | |
| Cash paid for interest | $ 4,324 | $ - | $ 151,250 | $ 155,574 |

Continued from preceding page.

**Agency Funds**
**Cobb County, Georgia**
**Combining Statement of Changes in Assets and Liabilities**
**For the Fiscal Year Ended September 30, 2014**

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|---|---|---|---|---|
| **Clerk of State Court** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 5,208,620 | $ 28,643,645 | $ 28,875,549 | $ 4,976,716 |
| Liabilities | | | | |
| Funds held in trust for others | $ 5,208,620 | $ 28,643,645 | $ 28,875,549 | $ 4,976,716 |
| **Clerk of Juvenile Court** | | | | |
| Assets | | | | |
| Cash | $ 1,893 | $ 9,759 | $ 9,891 | $ 1,761 |
| Liabilities | | | | |
| Funds held in trust for others | $ 1,893 | $ 9,759 | $ 9,891 | $ 1,761 |
| **Sheriff** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 7,423,981 | $ 9,466,693 | $ 7,865,143 | $ 9,025,531 |
| Liabilities | | | | |
| Funds held in trust for others | $ 7,423,981 | $ 9,466,693 | $ 7,865,143 | $ 9,025,531 |
| **Clerk of Superior Court** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 13,529,830 | $ 83,371,353 | $ 70,041,019 | $ 26,860,164 |
| Liabilities | | | | |
| Funds held in trust for others | $ 13,529,830 | $ 83,371,353 | $ 70,041,019 | $ 26,860,164 |
| **Clerk of Probate Court** | | | | |
| Assets | | | | |
| Cash | $ - | $ 1,893,065 | $ 1,893,065 | $ - |
| Liabilities | | | | |
| Due to other funds | $ - | $ 1,893,065 | $ 1,893,065 | $ - |
| **Tax Commissioner** | | | | |
| Assets | | | | |
| Cash* | $ 48,317,400 | $ 921,328,191 | $ 884,001,159 | $ 85,644,432 |
| Taxes and penalties receivable | 394,423,360 | 614,565,978 | 567,815,182 | 441,174,156 |
| | $ 442,740,760 | $ 1,535,894,169 | $ 1,451,816,341 | $ 526,818,588 |
| Liabilities | | | | |
| Unremitted tax collections | $ 48,317,400 | $ 921,328,191 | $ 884,001,159 | $ 85,644,432 |
| Taxes payable to others upon collection | 394,423,360 | 614,565,978 | 567,815,182 | 441,174,156 |
| | $ 442,740,760 | $ 1,535,894,169 | $ 1,451,816,341 | $ 526,818,588 |

Continued on next page.

**Cobb County, Georgia**
**Agency Funds**
**Combining Statement of Changes in Assets and Liabilities**
**For the Fiscal Year Ended September 30, 2014**

| | Balance October 1, 2013 | Additions | Deductions | Balance September 30, 2014 |
|---|---|---|---|---|
| **Accounts Payable Fund** | | | | |
| Assets | | | | |
| Accounts receivable | $ - | $ 99,337,526 | $ 99,337,526 | $ - |
| Liabilities | | | | |
| Bank overdraft | $ - | $ 99,337,526 | $ 99,337,526 | $ - |
| **Payroll Fund** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 5,628,372 | $ 255,913,296 | $ 255,723,402 | $ 5,818,266 |
| Accounts receivable | 545 | 13,656,400 | 11,884,721 | 1,772,224 |
| | $ 5,628,917 | $ 269,569,696 | $ 267,608,123 | $ 7,590,490 |
| Liabilities | | | | |
| Unremitted payroll tax and withholdings | $ 5,628,917 | $ 269,569,696 | $ 267,608,123 | $ 7,590,490 |
| | $ 5,628,917 | $ 269,569,696 | $ 267,608,123 | $ 7,590,490 |
| **Child Support, Witness and Jurors' Fees** | | | | |
| Assets | | | | |
| Cash | $ 49,200 | $ 2,852,304 | $ 2,879,413 | $ 22,091 |
| Liabilities | | | | |
| Funds held in trust for others | $ 49,200 | $ 2,852,304 | $ 2,879,413 | $ 22,091 |
| Total assets | $ 474,583,201 | $ 2,031,038,210 | $ 1,930,326,070 | $ 575,295,341 |
| Total liabilities | $ 474,583,201 | $ 2,031,038,210 | $ 1,930,326,070 | $ 575,295,341 |

* Amount as revised

Continued from preceding page.

# SUPPLEMENTAL INFORMATION

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Taxes | $ 231,609,293 | $ 231,609,293 | $ 248,467,017 | $ 16,857,724 |
| Licenses and permits | 21,303,000 | 21,327,569 | 23,197,530 | 1,869,961 |
| Intergovernmental | 3,664,000 | 3,762,834 | 3,037,887 | (724,947) |
| Charges for services | 36,958,136 | 37,602,222 | 35,755,270 | (1,846,952) |
| Fines and forfeits | 9,479,998 | 12,063,465 | 12,736,005 | 672,540 |
| Interest earned | 776,820 | 777,520 | 586,258 | (191,262) |
| Miscellaneous | 3,161,015 | 4,326,818 | 7,557,903 | 3,231,085 |
| Total revenues | $ 306,952,262 | $ 311,469,721 | $ 331,337,870 | $ 19,868,149 |
| Expenditures: | | | | |
| Current | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Board of Commissioners | | | | |
| Personnel services | $ 794,576 | $ 822,639 | $ 822,639 | $ - |
| Operating expenditures | 51,350 | 47,744 | 47,745 | (1) |
| | 845,926 | 870,383 | 870,384 | (1) |
| Other Governmental | | | | |
| Operating expenditures | 1,474,466 | 1,654,381 | 1,654,381 | - |
| Non-Profit | | | | |
| Operating expenditures | 963,695 | 1,001,021 | 976,430 | 24,591 |
| | 963,695 | 1,001,021 | 976,430 | 24,591 |
| Total legislative | 3,284,087 | 3,525,785 | 3,501,195 | 24,590 |
| Judicial: | | | | |
| Clerk of State Court | | | | |
| Personnel services | 4,266,445 | 4,266,445 | 4,255,959 | 10,486 |
| Operating expenditures | 85,269 | 99,491 | 84,483 | 15,008 |
| Capital outlay | - | 41,461 | 41,461 | - |
| | 4,351,714 | 4,407,397 | 4,381,903 | 25,494 |
| Clerk of Superior Court | | | | |
| Personnel services | 5,265,970 | 5,319,898 | 5,319,895 | 3 |
| Operating expenditures | 248,136 | 209,290 | 209,287 | 3 |
| Capital outlay | - | 50,000 | 48,680 | 1,320 |
| | 5,514,106 | 5,579,188 | 5,577,862 | 1,326 |
| District Attorney | | | | |
| Personnel services | 6,039,348 | 6,534,496 | 6,534,497 | (1) |
| Operating expenditures | 295,035 | 737,921 | 737,916 | 5 |
| | 6,334,383 | 7,272,417 | 7,272,413 | 4 |
| Chief Magistrate | | | | |
| Personnel services | 3,150,739 | 3,150,739 | 2,885,520 | 265,219 |
| Operating expenditures | 81,169 | 98,989 | 84,519 | 14,470 |
| | 3,231,908 | 3,249,728 | 2,970,039 | 279,689 |

Continued on next page.

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Juvenile Court | | | | |
| Personnel services | 5,055,370 | 4,869,540 | 4,698,409 | 171,131 |
| Operating expenditures | 125,025 | 255,941 | 255,893 | 48 |
| | 5,180,395 | 5,125,481 | 4,954,302 | 171,179 |
| Probate Court | | | | |
| Personnel services | 1,223,386 | 1,227,433 | 1,227,433 | - |
| Operating expenditures | 141,335 | 164,913 | 164,913 | - |
| | 1,364,721 | 1,392,346 | 1,392,346 | - |
| Solicitor | | | | |
| Personnel services | 5,069,965 | 5,936,614 | 5,934,917 | 1,697 |
| Operating expenditures | 36,702 | 74,253 | 66,861 | 7,392 |
| | 5,106,667 | 6,010,867 | 6,001,778 | 9,089 |
| State Court | | | | |
| Personnel services | 6,403,066 | 6,405,032 | 6,285,270 | 119,762 |
| Operating expenditures | 439,853 | 693,502 | 683,856 | 9,646 |
| Capital outlay | - | - | - | - |
| | 6,842,919 | 7,098,534 | 6,969,126 | 129,408 |
| Superior Court | | | | |
| Personnel services | 5,380,611 | 5,551,302 | 5,540,719 | 10,583 |
| Operating expenditures | 1,008,285 | 1,251,414 | 1,221,060 | 30,354 |
| | 6,388,896 | 6,802,716 | 6,761,779 | 40,937 |
| Circuit Defender | | | | |
| Personnel services | 774,053 | 746,225 | 746,225 | - |
| Operating expenditures | 4,580,625 | 4,640,659 | 4,640,659 | - |
| | 5,354,678 | 5,386,884 | 5,386,884 | - |
| Total judicial | 49,670,387 | 52,325,558 | 51,668,432 | 657,126 |
| Executive and administrative: | | | | |
| County Manager | | | | |
| Personnel services | 1,082,152 | 1,134,081 | 1,134,719 | (638) |
| Operating expenditures | 96,648 | 108,449 | 104,139 | 4,310 |
| | 1,178,800 | 1,242,530 | 1,238,858 | 3,672 |

Continued on next page.

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| General Administrative | | | | |
| Personnel services | 23,000 | 23,000 | - | 23,000 |
| Operating expenditures | 6,849,610 | 7,016,667 | 7,016,667 | - |
| Capital outlay | - | 63,289 | 63,289 | - |
| | 6,872,610 | 7,102,956 | 7,079,956 | 23,000 |
| Information Services | | | | |
| Personnel services | 9,962,313 | 9,972,513 | 9,624,069 | 348,444 |
| Operating expenditures | 6,598,144 | 6,576,066 | 6,176,443 | 399,623 |
| Capital outlay | - | 82,253 | 82,253 | - |
| | 16,560,457 | 16,630,832 | 15,882,765 | 748,067 |
| Drug Treatment | | | | |
| Personnel services | 286,715 | 291,534 | 291,534 | - |
| Operating expenditures | 222,300 | 232,140 | 177,791 | 54,349 |
| | 509,015 | 523,674 | 469,325 | 54,349 |
| Finance | | | | |
| Personnel services | 2,583,683 | 2,623,252 | 2,623,252 | - |
| Operating expenditures | 251,540 | 261,221 | 214,619 | 46,602 |
| | 2,835,223 | 2,884,473 | 2,837,871 | 46,602 |
| Purchasing | | | | |
| Personnel services | 2,347,646 | 2,298,219 | 2,298,219 | - |
| Operating expenditures | 1,443,245 | 1,777,068 | 1,777,068 | - |
| Capital outlay | 1,500,000 | 3,346,648 | 3,113,624 | 233,024 |
| | 5,290,891 | 7,421,935 | 7,188,911 | 233,024 |
| Fleet | | | | |
| Personnel services | 770,160 | 763,660 | 763,452 | 208 |
| Operating expenditures | 25,660 | 33,384 | 29,906 | 3,478 |
| | 795,820 | 797,044 | 793,358 | 3,686 |
| Tax Assessor | | | | |
| Personnel services | 3,457,144 | 3,457,144 | 3,435,410 | 21,734 |
| Operating expenditures | 1,723,096 | 1,948,511 | 1,903,209 | 45,302 |
| | 5,180,240 | 5,405,655 | 5,338,619 | 67,036 |
| Internal Audit | | | | |
| Personnel services | 309,293 | 328,490 | 328,490 | - |
| Operating expenditures | 3,661 | 4,143 | 4,143 | - |
| | 312,954 | 332,633 | 332,633 | - |
| Human Resources | | | | |
| Personnel services | 1,849,740 | 1,913,460 | 1,772,703 | 140,757 |
| Operating expenditures | 592,334 | 1,001,865 | 504,931 | 496,934 |
| | 2,442,074 | 2,915,325 | 2,277,634 | 637,691 |
| Ethics Board | | | | |
| Operating expenditures | 1,130 | 3,535 | 2,405 | 1,130 |
| | 1,130 | 3,535 | 2,405 | 1,130 |
| Property Management | | | | |
| Personnel services | 4,588,443 | 4,588,504 | 4,491,564 | 96,940 |
| Operating expenditures | 5,116,262 | 5,542,395 | 5,354,140 | 188,255 |
| Capital outlay | - | 48,545 | 42,831 | 5,714 |
| | 9,704,705 | 10,179,444 | 9,888,535 | 290,909 |

Continued on next page.

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Tax Commissioner | | | | |
| Personnel services | 6,970,119 | 6,970,119 | 6,312,768 | 657,351 |
| Operating expenditures | 519,607 | 627,666 | 631,046 | (3,380) |
| Capital outlay | - | 33,650 | 1,689 | 31,961 |
| | 7,489,726 | 7,631,435 | 6,945,503 | 685,932 |
| Public Services | | | | |
| Personnel services | 274,808 | 261,890 | 261,890 | - |
| Operating expenditures | 12,145 | 14,630 | 14,630 | - |
| | 286,953 | 276,520 | 276,520 | - |
| Communications | | | | |
| Personnel services | 1,022,267 | 1,036,637 | 1,035,379 | 1,258 |
| Operating expenditures | 126,600 | 99,041 | 99,041 | - |
| Capital outlay | - | 128,631 | 124,565 | 4,066 |
| | 1,148,867 | 1,264,309 | 1,258,985 | 5,324 |
| Support Services | | | | |
| Personnel services | 682,500 | 682,500 | 601,617 | 80,883 |
| Operating Services | 24,583 | 25,096 | 17,163 | 7,933 |
| | 707,083 | 707,596 | 618,780 | 88,816 |
| Elections & Registration | | | | |
| Personnel services | 2,030,725 | 2,030,724 | 1,945,220 | 85,504 |
| Operating expenditures | 579,021 | 631,034 | 594,083 | 36,951 |
| | 2,609,746 | 2,661,758 | 2,539,303 | 122,455 |
| County Clerk | | | | |
| Personnel services | 270,242 | 270,242 | 262,741 | 7,501 |
| Operating expenditures | 35,648 | 35,848 | 21,909 | 13,939 |
| | 305,890 | 306,090 | 284,650 | 21,440 |
| Law Department | | | | |
| Personnel services | 1,451,287 | 1,578,405 | 1,578,405 | - |
| Operating expenditures | 346,794 | 673,787 | 673,787 | - |
| | 1,798,081 | 2,252,192 | 2,252,192 | - |
| Central Warehouse | | | | |
| Operating expenditures | - | 12,938 | 12,938 | - |
| | - | 12,938 | 12,938 | - |
| Total executive and administrative | 66,030,265 | 70,552,874 | 67,519,741 | 3,033,133 |
| Total general government | 118,984,739 | 126,404,217 | 122,689,368 | 3,714,849 |
| Public Safety: | | | | |
| P S Training Center | | | | |
| Personnel services | 1,303,800 | 1,303,800 | 1,285,645 | 18,155 |
| Operating expenditures | 254,415 | 294,044 | 257,250 | 36,794 |
| Capital outlay | - | 16,000 | 11,760 | 4,240 |
| | 1,558,215 | 1,613,844 | 1,554,655 | 59,189 |
| Police Department | | | | |
| Personnel services | 50,784,359 | 51,894,765 | 51,894,761 | 4 |
| Operating expenditures | 3,817,966 | 5,947,754 | 5,885,233 | 62,521 |
| Capital outlay | - | 983,475 | 843,886 | 139,589 |
| | 54,602,325 | 58,825,994 | 58,623,880 | 202,114 |

Continued on next page.

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Countywide-800MHZ | | | | |
| Personnel services | 204,989 | 260,670 | 260,669 | 1 |
| Operating expenditures | 1,427,085 | 1,396,443 | 1,396,444 | (1) |
| Capital outlay | - | 64,762 | 64,762 | - |
| | 1,632,074 | 1,721,875 | 1,721,875 | - |
| Animal Control | | | | |
| Personnel services | 2,538,065 | 2,528,998 | 2,389,374 | 139,624 |
| Operating expenditures | 469,570 | 472,431 | 468,022 | 4,409 |
| Capital outlay | - | 34,195 | 34,195 | - |
| | 3,007,635 | 3,035,624 | 2,891,591 | 144,033 |
| Public Safety | | | | |
| Personnel services | 1,406,338 | 1,461,116 | 1,461,117 | (1) |
| Operating expenditures | 75,843 | 79,988 | 79,988 | - |
| | 1,482,181 | 1,541,104 | 1,541,105 | (1) |
| Safety Village | | | | |
| Personnel services | 104,790 | 108,479 | 108,479 | - |
| Operating expenditures | 155,244 | 155,312 | 147,908 | 7,404 |
| | 260,034 | 263,791 | 256,387 | 7,404 |
| Sheriff | | | | |
| Personnel services | 18,878,996 | 18,424,073 | 18,252,004 | 172,069 |
| Operating expenditures | 1,506,944 | 1,734,304 | 1,712,070 | 22,234 |
| Capital outlay | - | 37,922 | 37,922 | - |
| | 20,385,940 | 20,196,299 | 20,001,996 | 194,303 |
| Corrections | | | | |
| Personnel services | 32,027,953 | 32,482,876 | 32,482,876 | - |
| Operating expenditures | 14,946,717 | 15,282,004 | 14,424,582 | 857,422 |
| Capital outlay | - | 139,911 | 139,180 | 731 |
| | 46,974,670 | 47,904,791 | 47,046,638 | 858,153 |
| Medical Examiner | | | | |
| Personnel services | 618,143 | 648,050 | 648,051 | (1) |
| Operating expenditures | 528,187 | 517,339 | 517,343 | (4) |
| | 1,146,330 | 1,165,389 | 1,165,394 | (5) |
| Total public safety | 131,049,404 | 136,268,711 | 134,803,521 | 1,465,190 |
| Public Works: | | | | |
| Department of Transportation | | | | |
| Personnel services | 11,045,943 | 11,006,609 | 10,699,275 | 307,334 |
| Operating expenditures | 3,200,591 | 4,619,106 | 4,431,903 | 187,203 |
| Capital outlay | - | 130,465 | 85,881 | 44,584 |
| | 14,246,534 | 15,756,180 | 15,217,059 | 539,121 |
| Total public works | 14,246,534 | 15,756,180 | 15,217,059 | 539,121 |
| Culture and Recreation | | | | |
| Extension Service | | | | |
| Personnel services | 560,143 | 485,958 | 485,957 | 1 |
| Operating expenditures | 23,403 | 49,847 | 49,548 | 299 |
| | 583,546 | 535,805 | 535,505 | 300 |

Continued on next page.

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Library | | | | |
| Personnel services | 8,069,631 | 8,025,525 | 7,813,542 | 211,983 |
| Operating expenditures | 2,726,515 | 2,923,074 | 2,923,073 | 1 |
| Capital outlay | - | 850,000 | 815,992 | 34,008 |
| | 10,796,146 | 11,798,599 | 11,552,607 | 245,992 |
| Parks and Recreation | | | | |
| Personnel services | 13,081,219 | 13,122,764 | 12,789,843 | 332,921 |
| Operating expenditures | 5,821,101 | 7,244,587 | 6,233,541 | 1,011,046 |
| Capital outlay | - | 1,546,729 | 1,272,905 | 273,824 |
| | 18,902,320 | 21,914,080 | 20,296,289 | 1,617,791 |
| Total culture and recreation | 30,282,012 | 34,248,484 | 32,384,401 | 1,864,083 |
| Health and welfare: | | | | |
| Senior Services | | | | |
| Personnel services | 2,088,995 | 2,165,937 | 2,165,937 | - |
| Operating expenditures | 449,562 | 550,086 | 549,586 | 500 |
| Capital outlay | - | 68,226 | 68,225 | 1 |
| | 2,538,557 | 2,784,249 | 2,783,748 | 501 |
| Cobb County Board of Health | | | | |
| Operating expenditures | 978,560 | 1,060,107 | 1,060,107 | - |
| Total health and welfare | 3,517,117 | 3,844,356 | 3,843,855 | 501 |
| Housing and development: | | | | |
| Community Development | | | | |
| Personnel services | 6,813,950 | 6,935,687 | 6,934,086 | 1,601 |
| Operating expenditures | 350,858 | 680,008 | 637,535 | 42,473 |
| | 7,164,808 | 7,615,695 | 7,571,621 | 44,074 |
| Total housing and development | 7,164,808 | 7,615,695 | 7,571,621 | 44,074 |
| Total current | $ 305,244,614 | $ 324,137,643 | $ 316,509,825 | $ 7,627,818 |
| Debt service: | | | | |
| Principal retirement | $ 75,930 | $ 75,930 | $ 71,218 | $ 4,712 |
| Interest and fiscal charges | 251,292 | 251,292 | 17,555 | 233,737 |
| Total debt service | $ 327,222 | $ 327,222 | $ 88,773 | $ 238,449 |
| Total expenditures | $ 305,571,836 | $ 324,464,865 | $ 316,598,598 | $ 7,866,267 |
| Excess (deficiency) of revenues over expenditures | $ 1,380,426 | $ (12,995,144) | $ 14,739,272 | $ 27,734,416 |

Continued on next page

**Cobb County, Georgia**
**General Fund**
**Schedule of Revenues, Expenditures and**
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**
**For the Fiscal Year Ended September 30, 2014**

| | Budgeted Amounts | | | | | | Variance with Final Budget - Positive | |
|---|---|---|---|---|---|---|---|---|
| | Original | | Final | | Actual | | (Negative) | |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | $ | 18,280,488 | $ | 19,864,852 | $ | 16,891,777 | $ | (2,973,075) |
| Proceeds from sale of capital assets | | 149,996 | | 205,026 | | 381,122 | | 176,096 |
| Transfers out | | (14,157,915) | | (28,553,150) | | (27,022,636) | | 1,530,514 |
| Total other financing sources (uses) | $ | 4,272,569 | $ | (8,483,272) | $ | (9,749,737) | $ | (1,266,465) |
| Net change in fund balance | $ | 5,652,995 | $ | (21,478,416) | $ | 4,989,535 | $ | 26,467,951 |
| Fund balance at beginning of year | | | | | | 86,102,112 | | |
| Fund balance at end of year - budgetary basis | | | | | $ | 91,091,647 | | |
| Reconciliation to GAAP basis: | | | | | | | | |
| Elimination of encumbrances outstanding at end of year | | | | | | 3,556,777 | | |
| Fund balance at end of year - GAAP basis | | | | | $ | 94,648,424 | | |

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## STATISTICAL SECTION

The Statistical Section includes selected financial and general information presented on a multi-year comparative basis. The statistics are used to provide detailed date on the physical, economic, social and political characteristics of the County government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from basic financial statements.

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# COBB COUNTY, GEORGIA
# STATISTICAL SECTION
# September 30, 2014

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding the financial statements, note disclosures, required supplementary information as well as the overall financial position of the County.

## Financial Trends

These schedules contain trend information to help the user understand how the County's financial performance has changed over time. Pages 118-123

## Revenue Capacity

These schedules contain information to help the user assess the County's major revenue sources. Pages 124-127

## Debt Capacity

These schedules present information to help the user assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future. Pages 128-133

## Demographic and Economic Information

These schedules present demographic and economic indicators to help the user understand the environment within which the County's financial activities take place. Pages 134-135

## Operating Information

These schedules contain staffing, key operating and capital statistics comparisons to help the user understand how the information in the County's financial report relates to the services the County provides and the activities it performs. Pages 136-140

Cobb County, Georgia
Net Position by Component
Unaudited

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Net investment in capital asset | $ 3,082,678,386 | $ 3,028,553,894 | $ 2,993,197,551 | $ 2,964,844,393 | $ 2,937,351,872 |
| Restricted | 220,536,169 | 216,347,412 | 190,983,262 | 148,602,863 | 85,902,876 |
| Unrestricted | 96,461,368 | 74,356,405 | 52,489,843 | 30,201,143 | 30,533,812 |
| Total governmental activities net position | $ 3,399,675,923 | $ 3,319,257,711 | $ 3,236,670,656 | $ 3,143,648,399 | $ 3,053,788,560 |
| Business-type activities | | | | | |
| Net investment in capital asset | $ 1,270,930,346 | $ 1,247,891,037 | $ 1,234,745,764 | $ 1,216,295,546 | $ 1,213,125,239 |
| Restricted | 65,285,176 | 71,253,900 | 68,412,045 | 57,377,091 | 41,766,430 |
| Unrestricted | 10,420,926 | 6,776,248 | 5,742,409 | 1,243,157 | (8,524,185) |
| Total business-type activities net position | $ 1,346,636,448 | $ 1,325,921,185 | $ 1,308,900,218 | $ 1,274,915,794 | $ 1,246,367,484 |
| Primary government | | | | | |
| Net investment in capital asset | $ 4,353,608,732 | $ 4,276,444,931 | $ 4,227,943,315 | $ 4,181,139,939 | $ 4,150,477,111 |
| Restricted | 285,821,345 | 287,601,312 | 259,395,307 | 205,979,954 | 127,669,306 |
| Unrestricted | 106,882,294 | 81,132,653 | 58,232,252 | 31,444,300 | 22,009,627 |
| Total primary government net position | $ 4,746,312,371 | $ 4,645,178,896 | $ 4,545,570,874 | $ 4,418,564,193 | $ 4,300,156,044 |

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Net investment in capital asset | $ 2,845,141,332 | $ 2,697,785,423 | $ 2,519,108,757 | $ 2,480,941,152 | $ 2,476,786,038 |
| Restricted | 107,900,772 | 173,324,280 | 183,127,588 | 85,045,197 | 4,501,533 |
| Unrestricted | 56,626,064 | 61,584,531 | 76,623,771 | 82,350,806 | 70,015,602 |
| Total governmental activities net position | $ 3,009,668,168 | $ 2,932,694,234 | $ 2,778,860,116 | $ 2,648,337,155 | $ 2,551,303,173 |
| Business-type activities | | | | | |
| Net investment in capital asset | $ 1,214,901,904 | $ 1,221,223,766 | $ 1,184,655,823 | $ 1,160,044,646 | $ 1,113,718,561 |
| Unrestricted | 18,017,954 | 7,356,104 | 26,521,995 | 4,806,173 | 2,306,436 |
| Total business-type activities net position | $ 1,232,919,858 | $ 1,228,579,870 | $ 1,211,177,818 | $ 1,164,850,819 | $ 1,116,024,997 |
| Primary government | | | | | |
| Net investment in capital asset | $ 4,060,043,236 | $ 3,919,009,189 | $ 3,703,765,580 | $ 3,640,985,798 | $ 3,590,504,599 |
| Restricted | 107,900,772 | 173,324,280 | 183,127,588 | 85,045,197 | 4,501,533 |
| Unrestricted | 74,644,018 | 68,940,635 | 103,145,766 | 87,156,979 | 72,322,038 |
| Total primary government net position | $ 4,242,588,026 | $ 4,161,274,104 | $ 3,990,038,934 | $ 3,813,187,974 | $ 3,667,328,170 |

**Source:** Basic Financial Statements

Cobb County, Georgia
Changes in Net Position
Unaudited

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | $ 132,717,871 | $ 130,306,036 | $ 128,569,788 | $ 124,434,470 | $ 135,559,677 | $ 130,964,498 | $ 129,487,420 | $ 120,717,451 | $ 115,843,895 | $ 107,749,514 |
| Public safety | 226,274,548 | 216,746,332 | 214,304,007 | 208,553,530 | 226,008,723 | 218,818,569 | 216,428,501 | 193,571,694 | 178,947,049 | 168,711,238 |
| Public works | 122,421,838 | 116,643,350 | 114,304,649 | 110,401,097 | 112,031,838 | 110,796,058 | 104,411,823 | 104,327,448 | 90,377,404 | 69,421,056 |
| Health and welfare | 6,472,100 | 5,860,760 | 4,959,244 | 6,152,176 | 8,288,145 | 6,389,272 | 7,216,169 | 13,616,494 | 7,478,849 | 6,684,836 |
| Culture and recreation | 43,385,617 | 41,135,156 | 38,769,474 | 38,136,019 | 43,049,762 | 42,245,820 | 45,361,751 | 35,607,314 | 39,071,797 | 30,582,562 |
| Housing and development | 18,093,093 | 17,753,689 | 16,821,511 | 20,739,086 | 20,588,418 | 14,458,129 | 15,357,027 | 14,722,882 | 13,609,064 | 16,930,505 |
| Interest on long-term debt | 3,636,376 | 4,083,434 | 4,661,298 | 4,875,524 | 5,228,323 | 5,781,065 | 6,547,418 | 6,685,179 | 6,592,636 | 6,300,694 |
| Total governmental activities expenses | $ 553,001,443 | $ 532,528,757 | $ 522,389,971 | $ 513,291,902 | $ 550,754,886 | $ 529,453,411 | $ 524,810,109 | $ 489,248,462 | $ 451,920,694 | $ 406,380,405 |
| Business-type activities: | | | | | | | | | | |
| Water and Sewer | $ 170,145,946 | $ 162,598,501 | $ 161,143,254 | $ 160,087,751 | $ 163,448,806 | $ 156,686,447 | $ 144,220,614 | $ 145,833,553 | $ 144,457,437 | $ 123,198,230 |
| Solid Waste | 877,279 | 899,358 | 1,268,190 | 1,042,053 | 2,079,765 | 10,793,537 | 12,005,039 | 11,953,423 | 11,095,700 | 12,179,338 |
| Transit | 22,845,555 | 22,708,672 | 22,105,963 | 23,823,838 | 24,765,622 | 22,227,266 | 22,799,515 | 19,686,139 | 17,477,215 | 15,362,394 |
| Cobblestone Golf Course | 1,560,622 | 1,595,990 | 1,702,007 | 1,628,098 | 1,537,850 | 1,673,843 | 1,778,843 | 1,741,765 | 1,677,078 | 1,881,091 |
| Mable House Barnes Amphitheatre | - | - | - | - | - | - | - | - | 1,621,898 | 1,370,258 |
| Total business-type activities expenses | $ 195,429,402 | $ 187,802,521 | $ 186,219,414 | $ 186,581,740 | $ 191,832,043 | $ 191,381,093 | $ 180,804,011 | $ 179,214,880 | $ 176,329,328 | $ 153,991,311 |
| Total primary government expenses | $ 748,430,845 | $ 720,331,278 | $ 708,609,385 | $ 699,873,642 | $ 742,586,929 | $ 720,834,504 | $ 705,614,120 | $ 668,463,342 | $ 628,250,022 | $ 560,371,716 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 40,623,239 | $ 44,282,012 | $ 44,083,506 | $ 41,456,332 | $ 48,147,632 | $ 50,767,215 | $ 51,978,918 | $ 53,256,545 | $ 51,709,360 | $ 44,800,932 |
| Public safety | 18,253,052 | 17,729,347 | 15,782,214 | 15,369,970 | 15,237,639 | 15,131,886 | 14,780,887 | 14,341,033 | 14,469,395 | 13,425,582 |
| Public works | 5,890,118 | 5,592,147 | 5,686,233 | 5,226,015 | 5,168,770 | 5,282,949 | 4,949,018 | 5,582,231 | 5,320,149 | 4,796,608 |
| Health and welfare | 173,728 | 159,797 | 125,741 | 108,067 | 80,686 | 82,003 | 80,917 | 74,041 | 80,017 | 79,569 |
| Culture and recreation | 3,493,384 | 3,803,850 | 3,730,765 | 3,443,827 | 3,792,402 | 4,163,871 | 4,218,145 | 4,022,119 | 3,219,150 | 3,266,955 |
| Housing and development | 22,866,032 | 21,680,727 | 20,462,563 | 20,184,412 | 16,456,025 | 16,755,918 | 19,987,871 | 21,749,780 | 21,724,082 | 22,130,157 |
| Operating grants and contributions | 20,517,861 | 24,035,310 | 30,918,003 | 36,156,256 | 33,068,410 | 17,745,892 | 17,665,432 | 17,442,439 | 16,342,417 | 16,700,061 |
| Capital grants and contributions | 21,479,625 | 25,934,892 | 33,672,286 | 24,297,732 | 41,288,426 | 61,489,833 | 99,891,365 | 43,962,989 | 39,290,010 | 32,790,400 |
| Total governmental activities program revenues | $ 133,297,039 | $ 143,218,082 | $ 154,461,311 | $ 146,242,611 | $ 163,239,990 | $ 171,419,567 | $ 213,552,553 | $ 160,431,177 | $ 152,154,580 | $ 137,990,264 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and Sewer | $ 193,284,442 | $ 187,171,300 | $ 199,908,029 | $ 196,795,218 | $ 183,146,980 | $ 170,690,750 | $ 150,084,927 | $ 174,833,409 | $ 167,580,879 | $ 143,171,222 |
| Solid Waste | 340,960 | 281,315 | 319,350 | 297,272 | 181,662 | 5,578,983 | 6,711,561 | 6,215,070 | 5,868,070 | 5,929,112 |
| Transit | 5,817,403 | 6,050,804 | 6,334,856 | 6,061,173 | 4,997,340 | 5,347,538 | 5,095,171 | 3,704,693 | 3,703,228 | 3,297,030 |
| Cobblestone Golf Course | 1,627,680 | 1,825,184 | 1,940,550 | 1,790,455 | 1,027,897 | 1,710,920 | 2,076,810 | 2,146,252 | 2,160,557 | 1,955,870 |
| Mable House Barnes Amphitheater | - | - | - | - | - | - | - | - | 625,294 | 591,996 |
| Operating grants and contributions | - | - | - | - | - | 638,096 | 500,989 | 571,081 | 1,445,712 | - |
| Capital grants and contributions | 16,786,496 | 19,821,770 | 18,250,239 | 15,225,107 | 21,178,823 | 10,517,614 | 31,341,068 | 37,980,311 | 39,555,767 | 38,670,446 |
| Total business-type activities program revenues | $ 217,856,981 | $ 215,150,373 | $ 226,753,024 | $ 220,169,225 | $ 210,532,702 | $ 194,483,901 | $ 195,810,526 | $ 225,450,816 | $ 220,939,507 | $ 193,615,676 |
| Total primary government program revenues | $ 351,154,020 | $ 358,368,455 | $ 381,214,335 | $ 366,411,836 | $ 373,772,692 | $ 365,903,468 | $ 409,363,079 | $ 385,881,993 | $ 373,094,087 | $ 331,605,940 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | $ (419,704,404) | $ (389,310,675) | $ (367,928,660) | $ (367,049,291) | $ (387,514,896) | $ (358,033,844) | $ (311,257,556) | $ (328,817,285) | $ (299,766,114) | $ (268,390,141) |
| Business-type activities | 22,427,579 | 27,347,852 | 40,533,610 | 33,587,485 | 18,700,659 | 3,102,808 | 15,006,515 | 46,235,936 | 44,610,179 | 39,624,365 |
| Total primary government net (expense)/revenue | $ (397,276,825) | $ (361,962,823) | $ (327,395,050) | $ (333,461,806) | $ (368,814,237) | $ (354,931,036) | $ (296,251,041) | $ (282,581,349) | $ (255,155,935) | $ (228,765,776) |

Continued on next page

Cobb County, Georgia
Changes in Net Position
Unaudited

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|---|---|---|---|---|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | $ 292,056,548 | $ 271,694,680 | $ 266,092,328 | $ 266,292,261 | $ 242,217,484 | $ 258,642,957 | $ 251,204,278 | $ 238,915,529 | $ 218,244,514 | $ 214,511,969 |
| Sales taxes | 133,078,439 | 128,892,927 | 130,658,337 | 126,853,951 | 121,143,588 | 113,364,227 | 132,348,036 | 134,143,700 | 100,562,325 | 161,617 |
| Insurance and premium tax | 23,663,963 | 22,768,278 | 21,312,299 | 21,696,998 | 22,308,881 | 22,633,407 | 22,094,857 | 21,012,449 | 20,050,624 | 18,776,151 |
| Alcoholic beverage tax | 4,822,275 | 4,735,183 | 4,611,903 | 4,724,926 | 4,766,808 | 4,743,585 | 4,896,525 | 4,786,541 | 4,115,598 | 4,524,862 |
| Hotel/Motel tax | 12,330,071 | 11,244,163 | 10,366,262 | 9,887,246 | 9,450,045 | 9,327,241 | 11,084,810 | 10,625,801 | 10,452,605 | 3,327,163 |
| Real estate transfer tax | 1,864,910 | 1,372,033 | 964,058 | 818,501 | 735,743 | 805,210 | 1,285,897 | 2,381,465 | 2,565,691 | 2,449,347 |
| Miscellaneous taxes | 12,971,101 | 13,110,068 | 11,736,588 | 11,257,991 | 11,846,938 | 10,946,137 | 10,982,764 | 10,213,949 | 11,190,228 | 8,990,786 |
| Miscellaneous | 12,232,740 | 10,517,034 | 7,274,977 | 8,430,128 | 9,375,895 | 10,034,725 | 6,435,465 | 7,369,832 | 9,046,114 | 4,090,731 |
| Grant and contributions not restricted to specific programs | - | - | - | - | - | - | 11,458,132 | 11,291,129 | 11,256,630 | 12,289,502 |
| Gain on sale of capital assets | 441,383 | 154,803 | 11,123 | - | 967,324 | 43,858 | 248,756 | 160,675 | 812,344 | 392,556 |
| Unrestricted investment earnings | 823,219 | 1,072,135 | 1,045,701 | 1,296,604 | 2,219,575 | 5,550,704 | 12,485,150 | 13,999,773 | 7,251,088 | 2,881,915 |
| Special item-Adjustment to intergovernmental agreement | 3,555,000 | - | - | - | - | - | - | - | - | - |
| Transfers | 2,282,967 | 6,539,853 | 6,877,341 | 5,650,524 | 6,603,007 | (1,084,273) | 567,004 | 4,439,403 | 2,643,338 | 6,057,506 |
| Total governmental activities | $ 500,122,616 | $ 472,101,157 | $ 460,950,917 | $ 456,909,130 | $ 431,635,288 | $ 435,007,778 | $ 465,091,674 | $ 459,340,246 | $ 398,191,099 | $ 278,454,105 |
| Business-type activities: | | | | | | | | | | |
| Miscellaneous | $ 435,300 | $ 228,151 | $ 193,332 | $ 399,651 | $ 615,141 | $ 721,233 | $ 942,405 | $ 913,102 | $ 1,487,088 | $ - |
| Gain on sale of capital assets | 59,484 | 64,731 | 34,395 | 90,422 | 375,196 | (1,060,661) | 31,240 | 47,478 | - | 157,878 |
| Increase/decrease in fair market value | - | - | - | - | - | - | - | - | - | (18) |
| Unrestricted investment earnings | 75,867 | 110,224 | 100,428 | 121,276 | 359,637 | 492,335 | 1,988,896 | 3,569,886 | 5,371,893 | 3,677,132 |
| Transfers | (2,282,967) | (6,539,853) | (6,877,341) | (5,650,524) | (6,603,007) | 1,084,273 | (567,004) | (4,439,403) | (2,643,338) | (6,057,506) |
| Total business-type activities | $ (1,712,316) | $ (6,136,747) | $ (6,549,186) | $ (5,039,175) | $ (5,253,033) | $ 1,237,180 | $ 2,395,537 | $ 91,063 | $ 4,215,643 | $ (2,222,514) |
| Total primary government | $ 498,410,300 | $ 465,964,410 | $ 454,401,731 | $ 451,869,955 | $ 426,382,255 | $ 436,244,958 | $ 467,487,211 | $ 459,431,309 | $ 402,406,742 | $ 276,231,591 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | $ 80,418,212 | $ 82,790,482 | $ 93,022,257 | $ 89,859,839 | $ 44,120,392 | $ 76,973,934 | $ 153,834,118 | $ 130,522,961 | $ 98,424,985 | $ 10,063,964 |
| Business-type activities | 20,715,263 | 21,211,105 | 33,984,424 | 28,548,310 | 13,447,626 | 4,339,988 | 17,402,052 | 46,326,999 | 48,825,822 | 37,401,851 |
| Total primary government | $ 101,133,475 | $ 104,001,587 | $ 127,006,681 | $ 118,408,149 | $ 57,568,018 | $ 81,313,922 | $ 171,236,170 | $ 176,849,960 | $ 147,250,807 | $ 47,465,815 |
| Restatement | | | | | | | | | | |
| Governmental activities | $ - | $ (203,427) | $ - | $ - | $ - | $ - | $ - | $ - | $ (1,391,003) | $ (53,650,392) |
| Business-type activities | - | (4,190,138) | - | - | - | - | - | - | - | - |
| Total primary government | $ - | $ (4,393,565) | $ - | $ - | $ - | $ - | $ - | $ - | $ (1,391,003) | $ (53,650,392) |
| Change in Net Position and Restatement | | | | | | | | | | |
| Governmental activities | $ 80,418,212 | $ 82,587,055 | $ 93,022,257 | $ 89,859,839 | $ 44,120,392 | $ 76,973,934 | $ 153,834,118 | $ 130,522,961 | $ 97,033,982 | $ (43,586,428) |
| Business-type activities | 20,715,263 | 17,020,967 | 33,984,424 | 28,548,310 | 13,447,626 | 4,339,988 | 17,402,052 | 46,326,999 | 48,825,822 | 37,401,851 |
| Total primary government | $ 101,133,475 | $ 99,608,022 | $ 127,006,681 | $ 118,408,149 | $ 57,568,018 | $ 81,313,922 | $ 171,236,170 | $ 176,849,960 | $ 145,859,804 | $ (6,184,577) |

Continued from proceeding page

Cobb County, Georgia
Fund Balances, Governmental Funds
Unaudited

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| General Fund | | | | | |
| Nonspendable | $ 5,175,239 | $ 5,057,876 | $ 5,388,509 | $ 3,866,278 | $ 3,377,881.00 |
| Restricted | 1,630,134 | 1,652,111 | 2,003,534 | 2,142,090 | 1,909,472 |
| Committed | 26,228,765 | 24,679,900 | 26,838,346 | 22,853,051 | 4,395,900 |
| Assigned | 36,617 | 36,617 | 38,137 | 38,137 | 895,727 |
| Unassigned | 61,577,669 | 54,675,608 | 44,213,159 | 35,375,643 | 29,130,898 |
| Total General Fund | $ 94,648,424 | $ 86,102,112 | $ 78,481,685 | $ 64,275,199 | $ 39,709,878 |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Nonspendable | $ 129,453 | $ 127,347 | $ 323,167 | $ 150,710 | $ 1,983 |
| Restricted | 218,906,035 | 213,561,868 | 188,186,359 | 145,233,251 | 93,562,980 |
| Committed | 25,890,974 | 6,692,707 | 892,897 | 1,862,719 | 7,338,797 |
| Assigned | - | - | - | 1,566,956 | 20,576,836 |
| Unassigned | (4,777,418) | (1,762,062) | - | - | (8,747,169) |
| Total all other governmental funds | $ 240,149,044 | $ 218,619,860 | $ 189,402,423 | $ 148,813,636 | $ 112,733,427 |

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| General Fund | | | | | |
| Reserved | $ 5,744,747 | $ 6,035,817 | $ 7,085,586 | $ 6,763,639 | $ 6,893,207 |
| Unreserved | 42,189,697 | 40,743,565 | 51,628,912 | 53,847,873 | 49,737,523 |
| Total General Fund | 47,934,444 | 46,779,382 | 58,714,498 | $ 60,611,512 | $ 56,630,730 |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Reserved | $ 133,774,416 | $ 136,002,073 | $ 90,325,264 | $ 56,453,588 | $ 8,678,307 |
| Unreserved | | | | | |
| Special Revenue Funds | 426,956 | 17,907,147 | 26,838,435 | 27,327,858 | 23,536,835 |
| Capital Projects Funds | 17,165,427 | 72,154,167 | 142,747,333 | 78,621,544 | 47,925,922 |
| Total all other governmental funds | $ 151,366,799 | $ 226,063,387 | $ 162,402,990 | $ 80,141,064 | $ 93,623,546 |

**Source:** Basic Financial Statements

Note: The County implemented GASB 54 in FY 2010, thus the fund balance classifications were changed in reporting for 2010 and subsequent years.

Cobb County, Georgia
Changes in Fund Balances, Governmental Funds
Unaudited

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes | $ 482,026,428 | $ 455,554,341 | $ 446,198,262 | $ 443,553,657 | $ 415,633,188 |
| Licenses and permits | 23,216,980 | 22,458,136 | 21,107,725 | 20,697,338 | 16,659,309 |
| Intergovernmental | 36,254,145 | 41,040,211 | 47,026,534 | 44,740,225 | 50,635,105 |
| Charges for services | 55,346,568 | 58,421,713 | 57,801,007 | 52,247,547 | 58,462,632 |
| Fines and forfeits | 12,736,005 | 12,368,031 | 10,963,315 | 12,842,713 | 13,761,213 |
| Interest earned | 1,483,303 | 1,348,103 | 1,337,327 | 1,565,632 | 2,174,725 |
| Contributions | - | - | - | - | - |
| Miscellaneous | 12,232,740 | 10,517,034 | 7,508,969 | 8,426,162 | 10,053,251 |
| Total revenues | $ 623,296,169 | $ 601,707,569 | $ 591,943,139 | $ 584,073,274 | $ 567,379,423 |
| Expenditures | | | | | |
| General government | $ 128,252,106 | $ 127,567,454 | $ 122,402,883 | $ 117,985,464 | $ 125,328,297 |
| Public safety | 217,489,182 | 216,546,285 | 207,712,179 | 201,220,539 | 216,262,152 |
| Public works | 22,150,532 | 20,675,829 | 20,134,131 | 21,071,499 | 19,089,629 |
| Health and welfare | 6,443,854 | 6,070,001 | 5,075,377 | 6,073,248 | 8,199,261 |
| Culture and recreation | 40,020,320 | 38,387,445 | 36,379,623 | 35,222,986 | 39,403,023 |
| Housing and development | 17,146,174 | 17,447,786 | 18,364,641 | 24,233,973 | 20,834,947 |
| Debt service | | | | | |
| Principal retirement | 10,519,015 | 13,252,657 | 13,691,395 | 15,472,073 | 10,666,662 |
| Interest and fiscal charges | 3,917,464 | 4,293,197 | 4,834,172 | 5,221,351 | 5,640,833 |
| Capital outlay | 121,817,341 | 94,945,037 | 83,866,243 | 85,476,054 | 177,623,740 |
| Intergovernmental | 35,103,822 | 33,970,260 | 32,479,600 | 20,541,070 | - |
| Total expenditures | $ 602,859,810 | $ 573,155,951 | $ 544,940,244 | $ 532,518,257 | $ 623,048,544 |
| Excess of revenues over (under) expenditures | $ 20,436,359 | $ 28,551,618 | $ 47,002,895 | $ 51,555,017 | $ (55,669,121) |
| Other financing sources (uses) | | | | | |
| Transfers in | $ 43,470,427 | $ 33,104,084 | $ 31,780,837 | $ 39,754,285 | $ 48,899,093 |
| Transfers out | (40,806,305) | (25,876,763) | (24,535,492) | (32,786,823) | (41,516,848) |
| Capital lease proceeds | 110,242 | 904,122 | 527,412 | 1,778,899 | 280,310 |
| Proceeds from sale of capital assets | 469,872 | 154,803 | 19,621 | 344,152 | 1,871,876 |
| Bonds issued | - | - | - | - | 10,730,000 |
| Premium on bonds issued | 79,901 | - | - | - | - |
| Premium on issance of certificates | 6,315,000 | - | - | - | 103,572 |
| Total other financing sources (uses) | $ 9,639,137 | $ 8,286,246 | $ 7,792,378 | $ 9,090,513 | $ 20,368,003 |
| Net change in fund balances before restatement | $ 30,075,496 | $ 36,837,864 | $ 54,795,273 | $ 60,645,530 | $ (35,301,118) |
| Restatement | $ - | $ - | $ - | $ - | $ 30,328 |
| Net change in fund balances after restatement | $ 30,075,496 | $ 36,837,864 | $ 54,795,273 | $ 60,645,530 | $ (35,270,790) |
| Debt service as a percentage of noncapital expenditures | 3.03% | 3.71% | 4.06% | 4.64% | 3.43% |

**Source:** Basic Financial Statements
**Note:** Capital outlay in capital project funds in years prior to 2008 was classified by function

Cobb County, Georgia
Changes in Fund Balances, Governmental Funds
Unaudited

| 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| $ 420,576,822 | $ 430,494,106 | $ 421,478,808 | $ 365,649,916 | $ 243,253,752 |
| 16,895,893 | 20,002,557 | 21,757,476 | 21,477,431 | 21,952,259 |
| 41,864,297 | 47,620,520 | 43,927,165 | 40,119,513 | 45,972,924 |
| 59,486,597 | 58,031,429 | 59,521,098 | 57,707,513 | 53,948,110 |
| 15,801,352 | 17,961,770 | 17,747,175 | 17,337,209 | 19,439,582 |
| 5,339,066 | 11,702,780 | 13,130,180 | 6,717,914 | 2,684,393 |
| - | - | - | - | 73,565 |
| 10,034,725 | 6,435,465 | 7,369,832 | 9,046,114 | 6,249,544 |
| $ 569,998,752 | $ 592,248,627 | $ 584,931,734 | $ 518,055,610 | $ 393,574,129 |
| | | | | |
| $ 123,341,205 | $ 125,709,498 | $ 133,657,911 | $ 121,042,343 | $ 136,122,674 |
| 207,638,521 | 205,020,261 | 199,303,102 | 184,595,327 | 167,931,065 |
| 37,719,789 | 30,598,324 | 89,477,872 | 57,385,232 | 40,980,529 |
| 7,738,451 | 7,769,638 | 7,413,307 | 6,578,840 | 6,284,246 |
| 39,065,599 | 42,377,184 | 52,030,237 | 39,809,495 | 32,471,529 |
| 14,074,012 | 15,183,400 | 15,150,457 | 15,105,680 | 16,859,368 |
| | | | | |
| 12,913,462 | 13,961,512 | 16,548,903 | 10,944,224 | 7,123,315 |
| 6,157,146 | 6,742,631 | 6,977,162 | 6,963,792 | 3,859,569 |
| 218,458,686 | 207,489,112 | - | - | - |
| - | - | - | - | - |
| $ 667,106,871 | $ 654,851,560 | $ 520,558,951 | $ 442,424,933 | $ 411,632,295 |
| | | | | |
| $ (97,108,119) | $ (62,602,933) | $ 64,372,783 | $ 75,630,677 | $ (18,058,166) |
| | | | | |
| $ 39,580,576 | $ 60,545,358 | $ 80,462,127 | $ 58,146,991 | $ 41,216,609 |
| (40,312,340) | (59,309,482) | (82,436,523) | (55,394,987) | (34,830,124) |
| 12,567,168 | 291,405 | 6,975,011 | 7,019,390 | - |
| 174,369 | 292,891 | 310,697 | 840,637 | 1,515,000 |
| - | 15,000,000 | 25,000,000 | - | 19,245,880 |
| - | - | 926,933 | - | - |
| - | - | - | - | (19,144,311) |
| $ 12,009,773 | $ 16,820,172 | $ 31,238,245 | $ 10,612,031 | $ 8,003,054 |
| | | | | |
| $ (85,098,346) | $ (45,782,761) | $ 95,611,028 | $ 86,242,708 | $ (10,055,112) |
| $ - | $ - | $ - | $ - | $ 7,131,636 |
| | | | | |
| $ (85,098,346) | $ (45,782,761) | $ 95,611,028 | $ 86,242,708 | $ (2,923,476) |
| | | | | |
| 4.12% | 4.50% | 5.30% | 4.50% | 3.20% |

Cobb County, Georgia
Assessed Value and Actual Value
Unaudited

| | Real Property | | | | | | Personal Property | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Residential Property | | Commercial Property | | Other | | | | | | | |
| Fiscal Year | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Total Assessed Value | Total Direct Tax Rate (1) | Estimated Actual Value | Assessed Value as of a Percentage of Actual Value |
| 2005 | $ 16,509,842,871 | $ 41,274,607,178 | $ 6,468,662,962 | $ 16,171,657,405 | $ 2,341,387,292 | $ 5,853,468,230 | $ 2,782,135,693 | $ 6,955,339,233 | $ 28,102,028,818 | 9.72 | $ 70,255,072,045 | 40% |
| 2006 | 18,163,497,752 | 45,408,744,380 | 6,908,697,628 | 17,271,744,070 | 2,314,114,953 | 5,785,287,383 | 2,900,098,221 | 7,250,245,553 | 30,286,408,554 | 9.60 | 75,716,021,385 | 40% |
| 2007 | 19,808,664,015 | 49,521,660,038 | 7,250,705,550 | 18,126,763,875 | 2,518,491,916 | 6,296,229,790 | 2,994,219,975 | 7,485,549,938 | 32,572,081,456 | 9.60 | 81,430,203,640 | 40% |
| 2008 | 20,221,351,894 | 50,553,379,735 | 8,105,159,926 | 20,262,899,815 | 2,558,206,943 | 6,395,517,358 | 2,934,178,648 | 7,335,446,620 | 33,818,897,411 | 9.60 | 84,547,243,528 | 40% |
| 2009 | 20,135,446,844 | 50,338,617,110 | 8,007,177,834 | 20,017,944,585 | 2,650,047,807 | 6,625,119,518 | 2,964,921,509 | 7,412,303,773 | 33,757,593,994 | 9.60 | 84,393,984,985 | 40% |
| 2010 | 18,078,841,365 | 45,197,103,413 | 7,720,793,266 | 19,301,983,165 | 2,430,590,424 | 6,076,476,060 | 3,198,128,714 | 7,995,321,785 | 31,428,353,769 | 9.60 | 78,570,884,423 | 40% |
| 2011 | 17,078,999,812 | 42,697,499,530 | 7,109,351,351 | 17,773,378,378 | 2,531,565,795 | 6,328,914,488 | 2,990,728,676 | 7,476,821,690 | 29,710,645,634 | 11.11 | 74,276,614,085 | 40% |
| 2012 | 15,982,982,729 | 39,957,456,823 | 7,447,369,118 | 18,618,422,795 | 2,667,891,919 | 6,669,729,798 | 2,901,783,664 | 7,254,459,160 | 29,000,027,430 | 11.11 | 72,500,068,575 | 40% |
| 2013 | 15,811,957,069 | 39,529,892,673 | 7,082,047,086 | 17,705,117,715 | 2,914,805,850 | 7,287,014,625 | 3,005,768,196 | 7,514,420,490 | 28,814,578,201 | 10.91 | 72,036,445,503 | 40% |
| 2014 | 16,907,664,617 | 42,269,161,543 | 7,260,294,717 | 18,150,736,793 | 2,683,400,022 | 6,708,500,055 | 3,072,303,669 | 7,680,759,173 | 29,923,663,025 | 10.71 | 74,809,157,563 | 40% |

**Source:** Cobb County Tax Digest
**Note:** (1) Per $1,000 of assessed value.

Cobb County, Georgia
Direct and Overlapping Property Tax Rates
Unaudited

| | Year Taxes Are Payable | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Cobb County Direct Rates | | | | | | | | | | |
| General | 7.32 | 7.52 | 7.72 | 7.72 | 6.82 | 6.82 | 6.82 | 6.82 | 6.82 | 6.85 |
| Fire District | 3.06 | 3.06 | 3.06 | 3.06 | 2.56 | 2.56 | 2.56 | 2.56 | 2.56 | 2.65 |
| Debt Service | 0.33 | 0.33 | 0.33 | 0.33 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| Total direct rates | 10.71 | 10.91 | 11.11 | 11.11 | 9.60 | 9.60 | 9.60 | 9.60 | 9.60 | 9.72 |
| Cumberland Special Service District | 2.70 | - | - | - | - | - | - | - | - | - |
| City Rates | | | | | | | | | | |
| Acworth | 37.31 | 37.56 | 37.81 | 36.47 | 36.35 | 36.35 | 36.35 | 36.35 | 37.44 | 37.74 |
| Austell | 29.71 | 30.90 | 31.15 | 30.32 | 29.31 | 29.31 | 29.31 | 29.31 | 30.31 | 30.34 |
| Kennesaw | 39.21 | 39.46 | 39.71 | 39.76 | 38.25 | 38.25 | 38.25 | 38.25 | 38.00 | 36.62 |
| Marietta | 31.77 | 30.73 | 31.45 | 31.50 | 30.49 | 29.94 | 29.94 | 29.94 | 29.94 | 29.97 |
| Powder Springs | 38.21 | 38.46 | 38.71 | 38.76 | 37.25 | 37.25 | 37.25 | 37.25 | 38.25 | 38.37 |
| Smyrna | 35.64 | 35.89 | 36.14 | 36.19 | 35.18 | 35.18 | 35.18 | 35.18 | 36.36 | 36.79 |
| School District | | | | | | | | | | |
| Cobb County Board of Education | 18.90 | 18.90 | 18.90 | 18.90 | 18.90 | 18.90 | 18.90 | 18.90 | 19.90 | 19.90 |
| State of Georgia | 0.10 | 0.15 | 0.20 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |

**Source:** Cobb County Tax Commissioner's Office

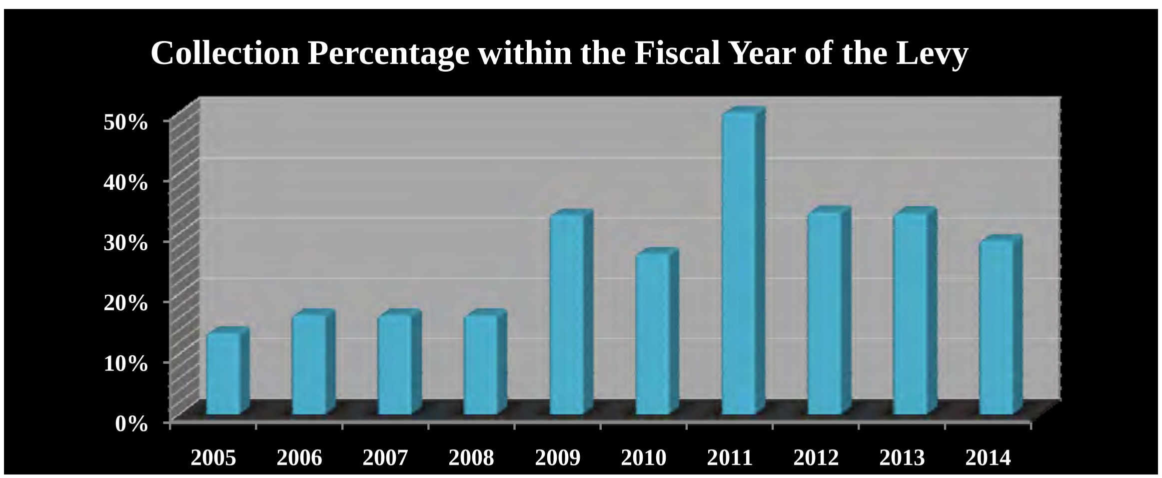
Cobb County, Georgia
Principal Property Tax Payers
Unaudited

| | Fiscal Year 2014 | | Fiscal Year 2005 | |
|---|---|---|---|---|
| Taxpayer | Taxes Levied | Percentage of Total County Taxes Levied | Taxes Levied | Percentage of Total County Taxes Levied |
| AMLI Land Development | $ | | $ 1,850,929 | 1.02% |
| Georgia Power Co. | 14,620,355 | 6.32% | 2,400,274 | 1.33% |
| Home Depot | 7,201,395 | 3.11% | 5,486,039 | 3.04% |
| Ohio Teacher's Retirement Fund | 3,085,634 | 1.33% | | |
| 3200 Windy Hill Road Investments | | | 1,728,169 | 0.96% |
| Cobb EMC | 3,124,996 | 1.35% | 2,318,837 | 1.28% |
| Lockheed Martin Corp | 4,340,189 | 1.87% | 2,556,145 | 1.42% |
| CP Venture Five, LLC | 1,675,581 | 0.72% | | |
| BellSouth Telecommunication | 3,397,879 | 1.47% | 3,186,562 | 1.76% |
| Post Properties | | | 3,475,860 | 1.92% |
| Walton Communities | 1,485,799 | 0.64% | | |
| Inland Properties | 1,626,265 | 0.70% | 2,136,492 | 1.18% |
| Wildwood Properties | | | 3,032,732 | 1.68% |
| Atlanta Gas Light | 2,229,742 | 0.96% | | |

**Source:** Cobb County Tax Commissioner's Office

Cobb County, Georgia
Property Tax Levies and Collections
Unaudited

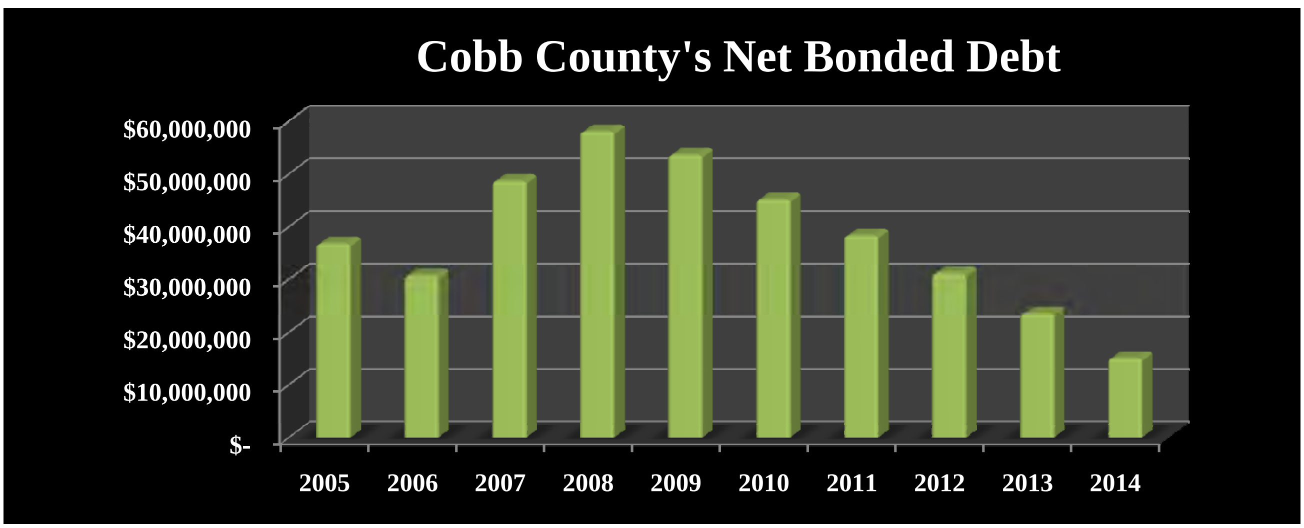
| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | Adjustments | Total Adjusted Levy | Collected within the Fiscal Year of the Levy: Amount | Collected within the Fiscal Year of the Levy: Percentage of Original Levy | Collections in Subsequent Years | Total Collections to Date: Amount | Total Collections to Date: Percentage of Adjusted Levy |
|---|---|---|---|---|---|---|---|---|
| 2005 | $ 197,751,595 | $ (1,841,598) | $ 195,909,997 | $ 26,498,532 | 13.40% | $ 168,383,383 | $ 194,881,915 | 99.48% |
| 2006 | 211,393,308 | (1,137,603) | 210,255,705 | 34,705,014 | 16.42% | 173,819,883 | 208,522,082 | 99.18% |
| 2007 | 226,524,907 | (1,246,479) | 225,278,428 | 37,148,299 | 16.40% | 186,898,340 | 224,033,057 | 99.45% |
| 2008 | 240,393,700 | (1,195,186) | 239,198,514 | 39,301,350 | 16.35% | 198,061,151 | 237,343,292 | 99.22% |
| 2009 | 239,646,001 | (2,650,394) | 236,995,607 | 79,131,484 | 33.02% | 156,792,106 | 235,847,444 | 99.52% |
| 2010 | 224,451,029 | (3,263,579) | 221,187,450 | 59,693,126 | 26.60% | 160,298,697 | 219,752,562 | 99.35% |
| 2011 | 246,978,483 | (2,126,916) | 244,851,567 | 124,618,748 | 50.46% | 118,925,736 | 241,891,840 | 98.79% |
| 2012 | 242,052,858 | (4,729,609) | 237,323,248 | 81,038,859 | 33.48% | 153,303,335 | 234,342,194 | 98.74% |
| 2013 | 233,824,893 | (2,335,597) | 231,489,296 | 77,847,895 | 33.29% | 152,053,337 | 229,901,232 | 99.31% |
| 2014 | 247,294,515 | (2,934,282) | 244,360,233 | 71,107,105 | 28.75% | - | 71,107,105 | 29.10% |




**Source:** Cobb County Tax Commissioner's Office

Cobb County, Georgia
Ratios of General Bonded Debt Outstanding
Unaudited

| | General Bonded Debt Outstanding | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Net Bonded Debt | Percentage of Personal Income | Percentage Actual Value of Taxable Property | Per Capita |
| 2005 | $ 44,895,000 | $ 8,058,583 | $ 36,836,417 | 0.12% | 0.05% | $ 56.96 |
| 2006 | 39,095,000 | 8,366,821 | 30,728,179 | 0.10% | 0.04% | 46.42 |
| 2007 | 58,070,000 | 9,380,967 | 48,689,033 | 0.15% | 0.06% | 72.62 |
| 2008 | 66,815,000 | 8,732,742 | 58,082,258 | 0.18% | 0.07% | 85.44 |
| 2009 | 60,300,000 | 6,617,567 | 53,682,433 | 0.17% | 0.06% | 78.39 |
| 2010 | 53,480,000 | 8,244,274 | 45,235,726 | 0.15% | 0.06% | 65.58 |
| 2011 | 47,070,000 | 8,728,738 | 38,341,262 | 0.13% | 0.05% | 54.97 |
| 2012 | 40,370,000 | 9,248,141 | 31,121,859 | 0.10% | 0.04% | 44.01 |
| 2013 | 33,375,000 | 9,841,774 | 23,533,226 | 0.08% | 0.03% | 32.82 |
| 2014 | 26,065,000 | 10,930,878 | 15,134,122 | 0.05% | 0.02% | 20.82 |




**Source:** Basic Financial Statements

Cobb County, Georgia
Direct and Overlapping Governmental Activities Debt
Unaudited
As of September 30, 2014

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Direct and Overlapping Debt |
|---|---|---|---|
| Cities | | | |
| Kennesaw | $ 11,155,000 | 100% | $ 11,155,000 |
| Marietta | 105,140,000 | 100% | 105,140,000 |
| Powder Springs | 7,085,000 | 100% | 7,085,000 |
| Total cities | | | $ 123,380,000 |
| Development Authorities | | | |
| Acworth | $ 10,645,000 | 100% | $ 10,645,000 |
| Kennesaw | 2,930,000 | 100% | 2,930,000 |
| Marietta | 25,510,000 | 100% | 25,510,000 |
| Smyrna | 47,025,000 | 100% | 47,025,000 |
| Total development authorities | | | $ 86,110,000 |
| Subtotal, overlapping debt | | | $ 209,490,000 |
| Total direct debt | | | |
| Tax Anticipation Notes | 52,000,000 | | |
| General Obligation Debt | 26,065,000 | | |
| Certificates of Participation | 9,670,000 | | |
| Intergovernmental Contract Payable | 41,635,000 | | |
| Revenue Anticipation Certificates | 6,315,000 | | |
| Total direct debt | | | $ 135,685,000 |
| Total direct and overlapping debt | | | $ 345,175,000 |

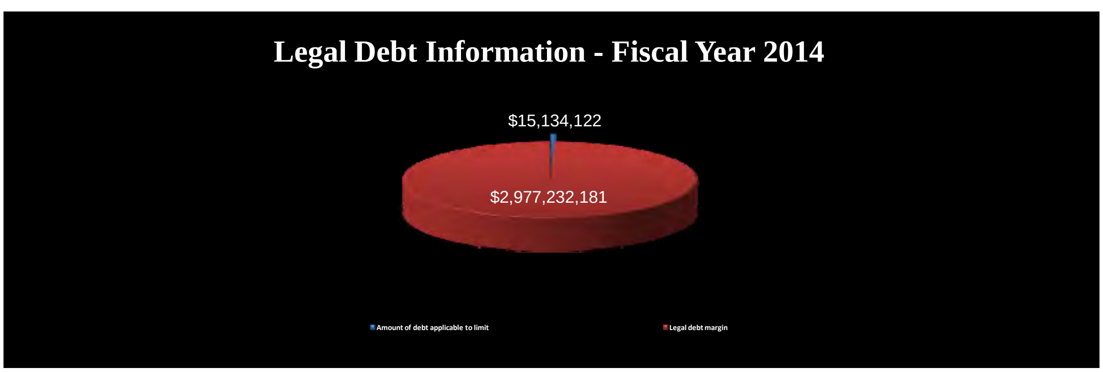
Note: (1) Entities are situated entirely within the geographic boundaries of the County

Cobb County, Georgia
Legal Debt Margin Information
Unaudited

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Assessed value of property | $ 29,923,663,025 | $ 28,814,578,201 | $ 29,000,027,430 | $ 29,710,645,634 | $ 31,428,353,769 |
| Debt limit, 10% of assessed value | 2,992,366,303 | 2,881,457,820 | 2,900,002,743 | 2,971,064,563 | 3,142,835,377 |
| Amount of debt applicable to limit | 15,134,122 | 23,533,226 | 31,121,859 | 38,341,262 | 45,235,726 |
| General Obligation Bonds | 26,065,000 | 33,375,000 | 40,370,000 | 47,070,000 | 53,480,000 |
| Less: Resources restricted to paying principal | (10,930,878) | (9,841,774) | (9,248,141) | (8,728,738) | (8,244,274) |
| Total net debt applicable to limit | 15,134,122 | 23,533,226 | 31,121,859 | 38,341,262 | 45,235,726 |
| Legal debt margin | $ 2,977,232,181 | $ (23,533,226) | $ 2,868,880,884 | $ 2,932,723,301 | $ 3,097,599,651 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.51% | 0.82% | 1.07% | 1.29% | 1.44% |

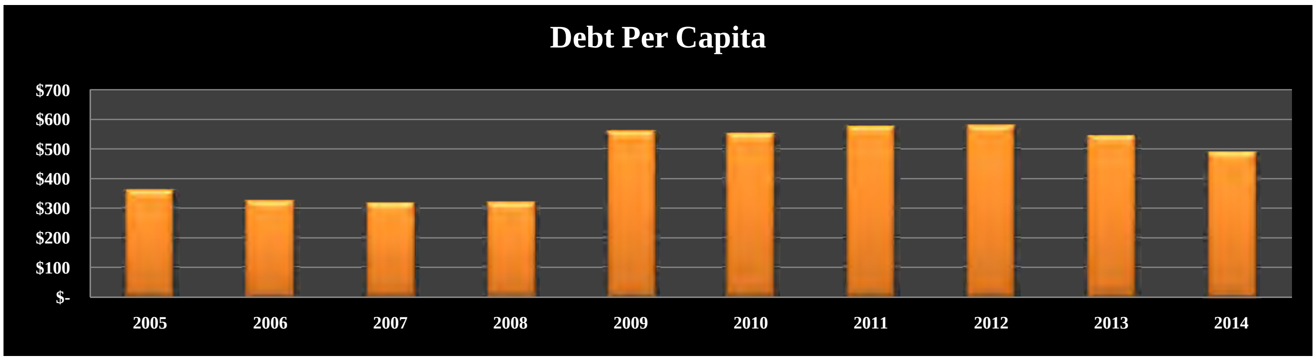
| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Assessed value of property | $ 33,757,593,994 | $ 33,818,897,411 | $ 32,572,081,456 | $ 30,286,408,554 | $ 28,102,028,818 |
| Debt limit, 10% of assessed value | 3,375,759,399 | 3,381,889,741 | 3,257,208,146 | 3,028,640,855 | 2,810,202,882 |
| Amount of debt applicable to limit | 53,682,433 | 58,082,258 | 48,689,033 | 30,728,179 | 36,836,417 |
| General Obligation Bonds | 60,300,000 | 66,815,000 | 58,070,000 | 39,095,000 | 44,895,000 |
| Less: Resources restricted to paying principal | (6,617,567) | (8,732,742) | (9,380,967) | (8,366,821) | (8,058,583) |
| Total net debt applicable to limit | 53,682,433 | 58,082,258 | 48,689,033 | 30,728,179 | 36,836,417 |
| Legal debt margin | $ 3,322,076,966 | $ 3,323,807,483 | $ 3,208,519,113 | $ 2,997,912,676 | $ 2,773,366,465 |
| Total net debt applicable to the limit as a percentage of debt limit | 1.59% | 1.72% | 1.49% | 1.01% | 1.31% |

**Source:** Cobb County Tax Commissioner's Office



Cobb County, Georgia
Ratios of Outstanding Debt By Type
Unaudited

| | Governmental Activities | | Business - Type Activities | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Capital Leases | Revenue Bonds | Capital Leases | Notes Payable | Total Primary Government | Percentage of Personal Income | Per Capita |
| 2005 | $ 44,895,000 | $ 17,744,916 | $ 171,815,000 | $ - | $ 136,615 | $ 234,591,531 | 0.78% | $ 362.72 |
| 2006 | 39,095,000 | 20,600,870 | 153,835,000 | 144,381 | 27,978 | 213,703,229 | 0.69% | 322.86 |
| 2007 | 58,070,000 | 18,136,978 | 135,565,000 | 108,769 | - | 211,880,747 | 0.66% | 316.03 |
| 2008 | 66,815,000 | 11,766,872 | 116,950,000 | 190,709 | 20,759,274 | 216,481,855 | 0.68% | 318.44 |
| 2009 | 60,300,000 | 19,055,578 | 236,025,000 | 102,032 | 69,257,915 | 384,740,525 | 1.30% | 561.85 |
| 2010 | 53,480,000 | 16,767,946 | 224,675,000 | 17,401 | 87,374,239 | 382,314,586 | 1.27% | 554.28 |
| 2011 | 47,070,000 | 10,766,312 | 212,490,000 | - | 132,316,878 | 402,643,190 | 1.31% | 577.22 |
| 2012 | 40,370,000 | 5,907,329 | 198,990,000 | 325,654 | 163,412,065 | 409,005,048 | 1.31% | 578.37 |
| 2013 | 33,375,000 | 2,298,794 | 185,325,000 | 258,842 | 164,395,534 | 385,653,170 | 1.23% | 545.35 |
| 2014 | 26,065,000 | 1,115,021 | 171,505,000 | 190,749 | 156,084,686 | 354,960,456 | 1.08% | 488.35 |




**Source: Overlapping debt for cities xls**

Cobb County, Georgia
Revenue Bond Coverage
Unaudited

Water and Sewer Bonds:

| Fiscal Year | Gross Revenues (2) | Direct Operating Expenses (1) | Net Revenue Available for Debt Service | Debt Service Requirements Principal | Interest | Total | Coverage |
|---|---|---|---|---|---|---|---|
| 2005 | $ 153,188,996 | $ 88,727,602 | $ 64,461,394 | $ 15,425,000 | $ 7,341,200 | $ 22,766,200 | 2.83 |
| 2006 | 180,208,549 | 100,559,507 | 79,649,042 | 15,770,000 | 6,891,850 | 22,661,850 | 3.51 |
| 2007 | 184,031,381 | 103,915,935 | 80,115,446 | 15,950,000 | 6,103,350 | 22,053,350 | 3.63 |
| 2008 | 155,667,100 | 102,378,852 | 53,288,248 | 16,330,000 | 5,305,850 | 21,635,850 | 2.46 |
| 2009 | 173,328,501 | 111,624,602 | 61,703,899 | 5,135,000 | 5,503,503 | 10,638,503 | 5.80 |
| 2010 | 184,733,255 | 113,271,988 | 71,461,267 | 8,915,000 | 9,202,344 | 18,117,344 | 3.94 |
| 2011 | 197,794,263 | 111,410,679 | 86,383,584 | 9,665,000 | 9,485,689 | 19,150,689 | 4.51 |
| 2012 | 201,676,082 | 114,183,662 | 87,492,420 | 10,015,000 | 9,044,825 | 19,059,825 | 4.59 |
| 2013 | 188,229,350 | 113,474,593 | 74,754,757 | 10,395,000 | 8,588,025 | 18,983,025 | 3.94 |
| 2014 | 194,473,101 | 122,988,407 | 71,484,694 | 11,770,000 | 6,471,112 | 18,241,112 | 3.92 |

Solid Waste Disposal Bonds:

| Fiscal Year | Gross Revenues (2) | Direct Operating Expenses (1) | Net Revenue Available for Debt Service | Debt Service Requirements Principal | Interest | Total | Coverage |
|---|---|---|---|---|---|---|---|
| 2005 | $ 11,094,215 | $ 9,403,159 | $ 1,691,056 | $ 19,025,000 | $ 1,090,199 | $ 20,115,199 | 0.08 |
| 2006 | 12,779,670 | 9,494,382 | 3,285,288 | 1,720,000 | 732,913 | 2,452,913 | 1.34 |
| 2007 | 15,311,516 | 10,566,538 | 4,744,978 | 1,800,000 | 680,113 | 2,480,113 | 1.91 |
| 2008 | 16,526,644 | 10,695,503 | 5,831,141 | 1,855,000 | 607,897 | 2,462,897 | 2.37 |
| 2009 | 31,470,188 | 9,594,733 | 21,875,455 | 1,910,000 | 553,431 | 2,463,431 | 8.88 |
| 2010 | 3,607,290 | 1,132,822 | 2,474,468 | 1,970,000 | 510,750 | 2,480,750 | 1.00 |
| 2011 | 4,389,603 | 209,105 | 4,180,498 | 2,030,000 | 440,600 | 2,470,600 | 1.69 |
| 2012 | 3,641,614 | 557,738 | 3,083,876 | 1,850,000 | 353,750 | 2,203,750 | 1.40 |
| 2013 | 2,366,692 | 336,353 | 2,030,339 | 2,100,000 | 228,750 | 2,328,750 | 0.87 |
| 2014 | 3,126,248 | 429,480 | 2,696,768 | 2,050,000 | 125,625 | 2,175,625 | 1.24 |

(1) Depreciation expense not included.
(2) Includes non operating revenues and transfers in.

Cobb County, Georgia
Annual Debt Service Requirements
Unaudited

| Year Ending September 30 | Governmental Activities General Obligation Bonds Principal | Governmental Activities General Obligation Bonds Interest | Business Type Activities Revenue Bonds Principal | Business Type Activities Revenue Bonds Interest | Component Units Revenue Bonds Principal | Component Units Revenue Bonds Interest |
|---|---|---|---|---|---|---|
| 2015 | $ 7,625,000 | $ 929,238 | $ 13,590,000 | $ 6,165,538 | $ 5,605,000 | $ 5,035,477 |
| 2016 | 7,950,000 | 607,412 | 11,950,000 | 5,748,383 | 5,855,000 | 4,765,646 |
| 2017 | 8,305,000 | 257,118 | 12,330,000 | 5,368,200 | 6,185,000 | 4,503,290 |
| 2018 | 2,185,000 | 35,506 | 12,725,000 | 4,974,325 | 6,515,000 | 4,218,771 |
| 2019 | - | - | 13,150,000 | 4,566,200 | 6,895,000 | 3,896,657 |
| 2020-2024 | - | - | 64,750,000 | 15,906,069 | 41,155,000 | 13,771,444 |
| 2025-2029 | - | - | 43,010,000 | 5,711,813 | 37,550,000 | 3,423,698 |
| | $ 26,065,000 | $ 1,829,274 | $ 171,505,000 | $ 48,440,528 | $ 109,760,000 | $ 39,614,983 |

Total Primary Government

| Year Ending September 30 | General Obligation Bonds Principal | General Obligation Bonds Interest | Revenue Bonds Principal | Revenue Bonds Interest | Total Principal | Total Interest |
|---|---|---|---|---|---|---|
| 2015 | $ 7,625,000 | $ 929,238 | $ 13,590,000 | $ 6,165,538 | $ 21,215,000 | $ 7,094,776 |
| 2016 | 7,950,000 | 607,412 | 11,950,000 | 5,748,383 | 19,900,000 | 6,355,795 |
| 2017 | 8,305,000 | 257,118 | 12,330,000 | 5,368,200 | 20,635,000 | 5,625,318 |
| 2018 | 2,185,000 | 35,506 | 12,725,000 | 4,974,325 | 14,910,000 | 5,009,831 |
| 2019 | - | - | 13,150,000 | 4,566,200 | 13,150,000 | 4,566,200 |
| 2020-2024 | - | - | 64,750,000 | 15,906,069 | 64,750,000 | 15,906,069 |
| 2025-2029 | - | - | 43,010,000 | 5,711,813 | 43,010,000 | 5,711,813 |
| | $ 26,065,000 | $ 1,829,274 | $ 171,505,000 | $ 48,440,528 | $ 197,570,000 | $ 50,269,802 |

Cobb County, Georgia
Demographic and Economic Statistics
Unaudited

| Year | Population (1) | Personal Income (1) | Per Capita Personal Income (1) | County Unemployment Rate (2) |
|---|---|---|---|---|
| 2005 | 646,750 | $ 30,072,010,000 | $ 46,497 | 4.3% |
| 2006 | 661,910 | 31,079,610,000 | 46,954 | 4.0% |
| 2007 | 670,440 | 32,249,690,000 | 48,102 | 3.5% |
| 2008 | 679,820 | 31,744,830,000 | 46,696 | 6.2% |
| 2009 | 684,780 | 29,643,900,000 | 43,290 | 9.6% |
| 2010 | 689,750 | 30,144,950,000 | 43,704 | 9.5% |
| 2011 | 697,550 | 30,776,120,000 | 44,120 | 8.4% |
| 2012 | 707,170 | 31,338,650,000 | 44,316 | 7.3% |
| 2013 | 716,950 | 32,029,550,000 | 44,675 | 7.1% |
| 2014 | 726,850 | 32,765,870,000 | 45,079 | 6.0% |

| City | Population |
|---|---|
| Acworth | 21,476 |
| Austell | 6,810 |
| Kennesaw | 32,001 |
| Marietta | 59,089 |
| Powder Springs | 14,411 |
| Smyrna | 53,438 |
| Total | 187,225 |

**Source:**
(1) Woods & Poole Economics 2013 Data Pamphlet
(2) Office of Economic Development and Cobb Chamber of Commerce

Cobb County, Georgia
Principal Employers
Unaudited

| | | 2014 | | 2005 | |
|---|---|---|---|---|---|
| Employer | Industry | Employees | Percentage of Total County Employment | Employees | Percentage of Total County Employment |
| Cobb County Schools | Government | 14,100 | 3.80% | 13,784 | 3.26% |
| Wellstar Health System | Healthcare | 13,498 | 3.63% | 8,409 | 1.99% |
| Home Depot | Retail | 20,000 | 5.38% | 8,421 | 1.99% |
| Lockheed Martin | Aircraft/Defense | 6,000 | 1.62% | 7,800 | 1.85% |
| Kennesaw State University | Education | 5,146 | 1.39% | 3,254 | 0.77% |
| Cobb County Government | Government | 5,068 | 1.36% | 5,413 | 1.28% |
| Publix Super Markets | Retail | 3,574 | 0.96% | 3,151 | 0.75% |
| Kroger Co. | Retail | 2,226 | 0.60% | | |
| Six Flags Over Georgia | Theme Park | 2,464 | 0.66% | 2,765 | 0.65% |
| Dobbins Air Force Base | Defense | | | 2,359 | 0.56% |
| Genuine Parts | Retail | | | 2,000 | 0.47% |
| Marietta City Schools | Government | 1,151 | 0.31% | | |

**Source:** Office of Economic Development and Cobb Chamber of Commerce

Cobb County, Georgia
Building Permits and Construction
Unaudited

| | Single Family Residence | | | Commerical Industrial, Other | | | Total New Construction | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Permits | | Values | Permits | | Values | Permits | | Values |
| 2014 | 938 | $ | 277,097,942 | 6,414 | $ | 318,658,575 | 7,352 | $ | 595,756,517 |
| 2013 | 1,077 | | 316,049,472 | 5,243 | | 395,524,902 | 6,320 | | 711,574,374 |
| 2012 | 734 | | 203,691,614 | 4,933 | | 377,565,829 | 5,667 | | 581,257,443 |
| 2011 | 586 | | 157,087,812 | 5,144 | | 466,193,085 | 5,730 | | 623,280,897 |
| 2010 | 467 | | 107,288,665 | 5,041 | | 267,126,934 | 5,508 | | 374,415,599 |
| 2009 | 248 | | 59,240,178 | 4,842 | | 183,535,565 | 5,090 | | 242,775,743 |
| 2008 | 617 | | 159,861,048 | 7,232 | | 503,751,188 | 7,849 | | 663,612,236 |
| 2007 | 1,514 | | 388,899,310 | 8,518 | | 505,347,410 | 10,032 | | 894,246,720 |
| 2006 | 2,200 | | 618,290,028 | 8,004 | | 463,781,522 | 10,204 | | 1,082,071,550 |
| 2005 | 2,712 | | 639,717,589 | 7,167 | | 602,899,368 | 9,879 | | 1,242,616,957 |

**Source:** Cobb County Building Inspections Department

Cobb County, Georgia
Commercial and Saving Bank Deposit
Unaudited

Combined Financial Institutional Statistics

| Year | | Total Deposits (in thousands) |
|---|---|---|
| 2014 | $ | 10,933,235 |
| 2013 | $ | 10,269,243 |
| 2012 | $ | 10,102,532 |
| 2011 | $ | 9,489,929 |
| 2010 | $ | 9,467,972 |
| 2009 | $ | 10,542,221 |
| 2008 | $ | 10,739,032 |
| 2007 | $ | 10,026,064 |
| 2006 | $ | 9,368,719 |
| 2005 | $ | 8,478,070 |

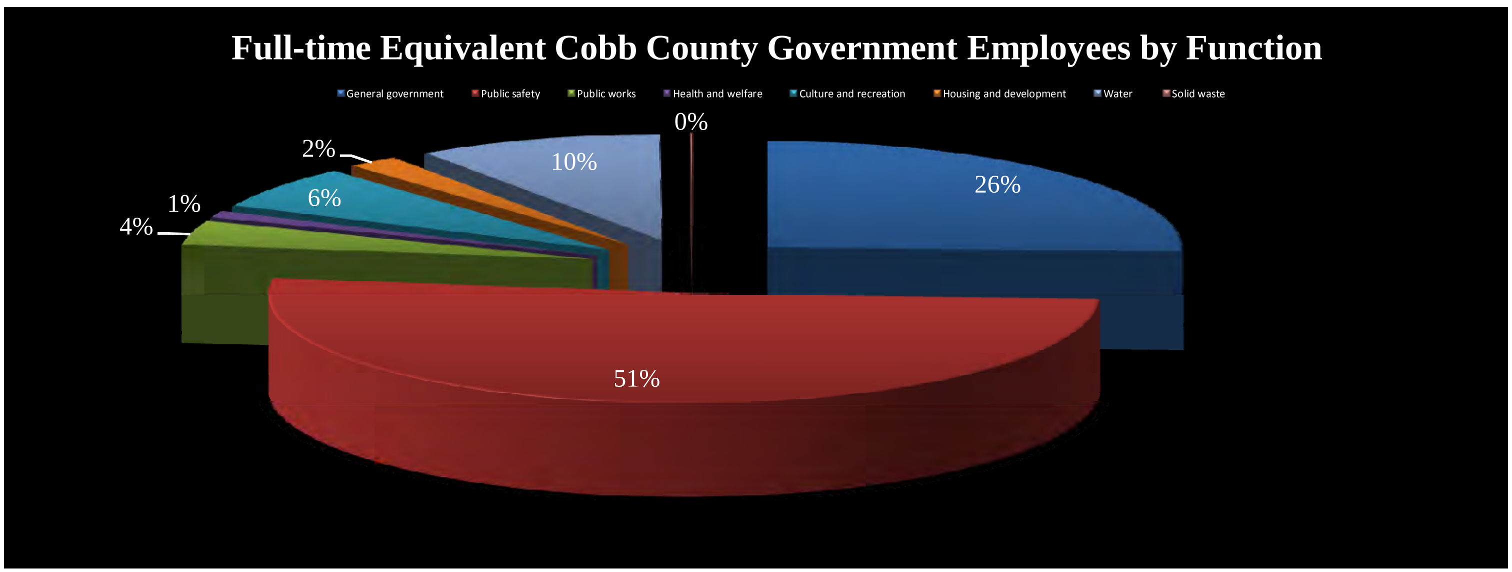
Source: Federal Deposit Insurance Corporation

Cobb County, Georgia

Full-time Equivalent Cobb County Government Employees by Function

Unaudited

| | Full-time Equivalent Employees as of September 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General government | 1,141 | 1,148 | 1,150 | 1,141 | 1,143 | 1,170 | 1,175 | 1,169 | 1,145 | 1,105 |
| Public safety | 2,348 | 2,304 | 2,294 | 2,294 | 2,294 | 2,291 | 2,251 | 2,174 | 2,095 | 2,072 |
| Public works | 165 | 165 | 159 | 148 | 148 | 174 | 179 | 179 | 174 | 167 |
| Health and welfare | 46 | 45 | 43 | 53 | 53 | 59 | 58 | 57 | 57 | 56 |
| Culture and recreation | 292 | 291 | 318 | 318 | 318 | 331 | 338 | 336 | 331 | 324 |
| Housing and development | 90 | 88 | 92 | 92 | 93 | 103 | 112 | 112 | 108 | 108 |
| Water | 434 | 429 | 429 | 429 | 429 | 434 | 439 | 439 | 419 | 417 |
| Solid waste | 4 | 4 | 6 | 6 | 7 | 58 | 58 | 58 | 58 | 57 |
| Total | 4,520 | 4,474 | 4,491 | 4,481 | 4,485 | 4,620 | 4,610 | 4,524 | 4,387 | 4,306 |




**Source:** Cobb County Human Resources Department

Cobb County, Georgia
Operating Indicators by Function
Unaudited

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General government | | | | | | | | | | |
| Vehicle tags issued | 698,400 | 698,010 | 632,813 | 695,116 | 681,339 | 679,519 | 696,900 | 717,060 | 703,127 | 689,536 |
| Public safety | | | | | | | | | | |
| E-911 calls | 399,038 | 381,924 | 393,208 | 380,090 | 382,357 | 392,177 | 358,375 | 367,507 | 399,423 | 387,682 |
| Police service calls | 483,756 | 454,620 | 458,160 | 457,878 | 488,890 | 502,275 | 425,049 | 494,134 | 529,557 | 520,575 |
| Fire/EMS dispatches | 74,074 | 68,021 | 64,823 | 64,854 | 61,841 | 61,763 | 64,006 | 64,697 | 63,572 | 62,013 |
| Public works | | | | | | | | | | |
| Miles of road resurfacing | 124 | 124 | 92 | 64 | 36 | 45 | 77 | 72 | 55 | 59 |
| Health and welfare | | | | | | | | | | |
| Number of child support cases | 6,436 | 6,217 | 7,500 | 7,587 | 7,814 | 8,108 | 7,953 | 8,058 | 7,873 | 7,747 |
| Culture and recreation | | | | | | | | | | |
| Golf rounds played | 38,795 | 42,014 | 44,848 | 40,385 | 24,198 | 40,414 | 46,715 | 47,242 | 47,834 | 44,692 |
| Housing and development | | | | | | | | | | |
| Building permits issued | 7,352 | 6,319 | 5,667 | 5,730 | 5,508 | 9,014 | 11,912 | 10,032 | 10,204 | 9,879 |
| Water | | | | | | | | | | |
| Water accounts | 178,823 | 177,837 | 174,837 | 176,406 | 175,688 | 175,075 | 174,709 | 173,725 | 171,609 | 164,323 |
| Water Purchase | 50,166,716 | 45,611,090 | 47,698,883 | 44,919,089 | 40,513,474 | 35,430,555 | 24,963,608 | 28,851,891 | 26,821,705 | 23,825,006 |
| Sales | 88,651,958 | 86,189,236 | 93,143,253 | 89,932,972 | 82,614,026 | 76,054,675 | 63,192,343 | 71,775,004 | 68,823,230 | 56,406,582 |
| Daily average consumption | | | | | | | | | | |
| - 1,000 gal units | 53,104 | 51,552 | 56,709 | 56,909 | 56,312 | 54,027 | 54,100 | 67,925 | 66,644 | 61,705 |
| Solid waste | | | | | | | | | | |
| Solid waste and compost tonnage | ** | ** | ** | ** | ** | 144,661 | 167,642 | 156,389 | 151,137 | 162,544 |

**Source**: Department managers within each function/program.
* Information not available
**At the end of FY2009, Solid Waste was privitized

Cobb County, Georgia
Capital Asset Statistics by Function
Unaudited

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Function/Program | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| General government | | | | | | | | | | |
| Vehicles | 253 | 243 | 243 | 236 | 234 | 238 | 235 | 242 | 231 | 237 |
| Public safety | | | | | | | | | | |
| Police stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire stations | 30 | 30 | 30 | 31 | 31 | 29 | 29 | 28 | 27 | 27 |
| Public works | | | | | | | | | | |
| Miles of road*** | 3,228 | 3,275 | 3,256 | 3,451 | 3,418 | 3,393 | 2,434 | 2,492 | 2,472 | 2,434 |
| Miles of sidewalks | 1,210 | 1,186 | 1,174 | 1,160 | 1,146 | 1,130 | 1,100 | 1,080 | 1,060 | 1,030 |
| Health and welfare | | | | | | | | | | |
| Senior service centers | 6 | 6 | 5 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Culture and recreation | | | | | | | | | | |
| County parks | 77 | 77 | 77 | 77 | 77 | 75 | 74 | 66 | 66 | 65 |
| County libraries | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| County golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Housing and development | | | | | | | | | | |
| HUD homes built | 4 | 28 | 14 | 2 | 1 | 1 | 1 | 2 | 3 | 1 |
| Water | | | | | | | | | | |
| Miles of water mains* | 2,907 | 3,150 | 3,133 | 3,130 | 3,121 | 3,086 | 3,062 | 3,023 | 2,987 | 2,945 |
| Miles of sewers* | 2,607 | 2,603 | 2,605 | 2,596 | 2,611 | 2,582 | 2,576 | 2,558 | 2,529 | 2,493 |
| Solid waste | | | | | | | | | | |
| Landfills | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

**Source**: Department managers within each function/program.
*In 2010, Water began utilizing Geographical Information System [GIS] to calculate assets. Historical data has been revised based on 2010 GIS quantities
***In 2012, the miles of roads indicator was reduced so as to not include private roads.

## COMPLIANCE SECTION

The Compliance Section includes the Single Audit with the independent auditor's report on compliance, a Schedule of Expenditures of Federal Awards with notes and an illustrative Schedule of Findings and Questioned Costs. It also contains the special report of the 1 percent Sales and Use Tax and the Water System Comparative Statement of Revenues and Expenses as required by the Security and Exchange Commission's Rule 15c2-12(b)(5).

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# Cobb County, Georgia
# Road Sales Tax Funds
# Schedule of Projects Constructed with Special Sales Tax Proceeds
# For the Fiscal Year Ended September 30, 2014

| Project | Original Estimated Cost | Revised Estimated Cost | Expenditures Prior Years | Expenditures Current Year | Expenditures Total | Estimated Percentage of Completion |
|---|---|---|---|---|---|---|
| 2006 SPLOST: | | | | | | |
| Public Safety | | | | | | |
| Jail Expansion | $ 110,000,000 | $ 110,000,000 | $ 108,978,902 | $ 787,140 | $ 109,766,042 | 99.79% |
| New Court House | 55,000,000 | 63,000,000 | 62,358,848 | - | 62,358,848 | 98.98% |
| 800Mhz Communication System: | | | | | | |
| Cobb County | 22,625,636 | 23,556,090 | 23,556,090 | - | 23,556,090 | 100.00% |
| City of Acworth 800Mhz | 208,728 | 229,395 | 229,395 | - | 229,395 | 100.00% |
| City of Austell 800Mhz | 160,334 | 192,681 | 192,681 | - | 192,681 | 100.00% |
| City of Kennesaw 800 Mhz | 353,942 | 428,767 | 428,767 | - | 428,767 | 100.00% |
| City of Marietta 800 Mhz | 2,519,952 | 1,409,151 | 1,409,151 | - | 1,409,151 | 100.00% |
| City of Powder Springs 800 Mhz | 281,340 | 253,476 | 253,476 | - | 253,476 | 100.00% |
| City of Smyrna 800 Mhz | 850,068 | 930,440 | 930,440 | - | 930,440 | 100.00% |
| Transportation: | | | | | | |
| Cobb County | 525,324,286 | 538,592,796 | 443,700,560 | 17,183,886 | 460,884,446 | 85.57% |
| City of Acworth | 11,090,749 | 9,974,670 | 9,974,670 | - | 9,974,670 | 100.00% |
| City of Austell | 2,042,132 | 1,743,270 | 1,743,270 | - | 1,743,270 | 100.00% |
| City of Kennesaw | 9,931,674 | 7,988,479 | 7,988,479 | - | 7,988,479 | 100.00% |
| City of Marietta | 58,273,797 | 52,533,354 | 52,533,354 | - | 52,533,354 | 100.00% |
| City of Powder Springs | 13,212,326 | 11,537,187 | 11,537,187 | - | 11,537,187 | 100.00% |
| City of Smyrna | 42,725,391 | 37,005,532 | 37,005,532 | - | 37,005,532 | 100.00% |
| Program Total | $ 854,600,355 | $ 859,375,288 | $ 762,820,802 | $ 17,971,026 | $ 780,791,828 | 90.86% |
| 2011 SPLOST: | | | | | | |
| Facilities | $ 16,748,420 | $ 18,437,517 | $ 7,006,358 | $ 4,884,268 | $ 11,890,626 | 64.49% |
| Parks | 82,023,000 | 83,523,000 | 6,651,608 | 17,182,951 | 23,834,559 | 28.54% |
| Public Safety | | | | | | |
| Equipment | 10,931,400 | 9,529,600 | 4,924,049 | 1,555,190 | 6,479,239 | 67.99% |
| 800Mhz Communication System | 1,965,000 | 1,965,000 | 1,961,502 | - | 1,961,502 | 99.82% |
| Transportation: | | | | | | |
| Cobb County | 250,885,000 | 293,137,689 | 51,095,804 | 67,052,039 | 118,147,843 | 40.30% |
| City of Acworth | 13,323,141 | 7,403,141 | 6,138,618 | 3,611,094 | 9,749,712 | 131.70% |
| City of Austell | 4,672,186 | 2,803,312 | 2,152,703 | 1,266,345 | 3,419,048 | 121.96% |
| City of Kennesaw | 22,107,998 | 16,580,999 | 10,186,228 | 5,992,134 | 16,178,362 | 97.57% |
| City of Marietta | 44,799,421 | 37,919,421 | 20,641,270 | 12,142,399 | 32,783,669 | 86.46% |
| City of Powder Springs | 10,678,598 | 6,796,827 | 4,045,149 | 2,394,319 | 6,439,468 | 94.74% |
| City of Smyrna | 33,934,318 | 29,229,814 | 16,510,189 | 9,697,531 | 26,207,720 | 89.66% |
| Program Total | $ 492,068,482 | $ 507,326,320 | $ 131,313,478 | $ 125,778,270 | $ 257,091,748 | 50.68% |

**Cobb County, Georgia**
**Water and Sewer Enterprise Fund**
**Comparative Statements of Revenues and Expenses**
**For the Fiscal Years Ended September 30, 2014 and 2013**

| | 2014 | 2013 |
|---|---|---|
| Operating revenues: | | |
| Water sales | $ 88,821,317 | $ 86,189,236 |
| Sewer sales | 98,430,492 | 94,566,596 |
| Water connection charges | 4,217,577 | 4,991,910 |
| Sewer connection charges | 1,459,013 | 1,261,174 |
| Other | 746,035 | 360,597 |
| Total operating revenues | $ 193,674,434 | $ 187,369,513 |
| Operating expenses: | | |
| Administrative | $ 19,150,447 | $ 18,899,366 |
| Engineering | 2,700,992 | 2,648,747 |
| Water operations | 58,705,073 | 53,824,828 |
| Sewer operations | 42,431,895 | 38,101,652 |
| Total operating expenses | $ 122,988,407 | $ 113,474,593 |
| Operating income before depreciation | $ 70,686,027 | $ 73,894,920 |
| Less depreciation | (41,265,573) | (40,900,407) |
| Operating income | $ 29,420,454 | $ 32,994,513 |
| Nonoperating revenues (expenses): | | |
| Interest income | $ 74,940 | $ 109,125 |
| Interest and fiscal charges | (6,532,688) | (8,887,971) |
| Amortization | 640,722 | 664,470 |
| Gain from sale of capital assets | 58,503 | 62,706 |
| Total nonoperating revenues (expenses) | $ (5,758,523) | $ (8,051,670) |
| Net income before transfers and capital contributions | $ 23,661,931 | $ 24,942,843 |
| Capital contributions | $ 12,186,327 | $ 10,060,846 |
| Total capital contributions | $ 12,186,327 | $ 10,060,846 |
| Transfers: | | |
| Transfers in | $ 24,502 | $ 23,536 |
| Transfers out | (16,107,136) | (17,610,623) |
| Total transfers | $ (16,082,634) | $ (17,587,087) |
| Change in net position | $ 19,765,624 | $ 17,416,602 |

Note: The comparative financial statement above has been prepared in order to meet continuing disclosure requirements as set forth in the Security and Exchange Commission's Rule 15c2-12(b)(5).

**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***

The Honorable Tim Lee, Chairman
Members of the Cobb County Board of Commissioners
Cobb County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cobb County, Georgia as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Cobb County, Georgia's basic financial statements and have issued our report thereon dated March 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cobb County, Georgia'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 Cobb County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Cobb County, Georgia'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.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cobb County, Georgia'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.

Crace Galvis McGrath

Crace Galvis McGrath, LLC
Kennesaw, Georgia

March 6, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

The Honorable Tim Lee, Chairman
Members of the Cobb County Board of Commissioners
Cobb County, Georgia

Report on Compliance for Each Major Federal Program

We have audited Cobb County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2014. Cobb County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cobb County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cobb County, Georgia's compliance.

*Opinion on Each Major Federal Program*

In our opinion, Cobb County, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of Cobb County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cobb County, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cobb County, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crace Galvis McGrath

Crace Galvis McGrath, LLC
Kennesaw, Georgia

March 6, 2015

**Section I—Summary of Auditor's Results**

*Financial Statements*

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued: | unmodified | | | |
| Internal control over financial reporting: | | | | |
| Material weakness identified? | _______ | yes | X | no |
| Significant deficiency identified not considered to be material weaknesses? | _______ | yes | X | none reported |
| Noncompliance material to financial statements noted? | _______ | yes | X | no |

*Federal Awards*

| | | | | |
|---|---|---|---|---|
| Internal Control over major programs: | | | | |
| Material weakness identified? | _______ | yes | X | no |
| Significant deficiency identified not considered to be material weaknesses? | _______ | yes | X | none reported |
| Type of auditor's report issued on compliance for major programs: | unmodified | | | |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | _______ | yes | X | no |

Identification of major programs:

| CFDA Number | Name of Federal Programs |
|---|---|
| 14.218 | CDBG/Entitlement |
| 14.231 | Emergency Solutions Grant |
| 17.258, 17.259 & 17.260 | WIA Cluster |
| 20.507 | Federal Transit - Formula Grants |
| 93.044, 93.045, & 93.053 | Aging Cluster |
| 93.569 | Community Services Block Grant Program |
| 93.563 | Child Support Enforcement |
| 97.039 | Hazard Mitigation Grant Program |

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 622,449 | | | |
| Auditee qualified as low-risk auditee? | X | yes | ______ | no |

**Section II- Financial Statement Findings**

None Reported

**Section III - Federal Award Findings**

None Reported

# COBB COUNTY, GEORGIA
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### For the Fiscal Year Ended September 30, 2014

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Expenditures |
|---|---|---|---|
| U.S. Department of Defense: | | | |
| Direct Grant: | | | |
| Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies | 12.610 | -- | $ 83,066 |
| U. S. Department of Interior | | | |
| Pass-through Ga. Office of Treasury and Fiscal Services: | | | |
| Payments to States in Lieu of Real Estate Taxes | 15.226 | UNKNOWN | 22,853 |
| U. S. Department of Homeland Security | | | |
| Pass-through Georgia Emergency Management Agency: | | | |
| GA Dept of Homeland Security Grant - Comp Upgrade to Bomb Unit | 97.073 | 2012-SS-0063-S01 | 2,246 |
| GA Dept of Homeland Security Grant - SHSG Program | 97.073 | TER3063-FY2012 | 19,903 |
| GA Dept of Homeland Security Grant - SHSG Program | 97.073 | TER3015-FY2012 | 19,772 |
| | | | 41,921 |
| GA Dept of Homeland Security Grant - EMPG Program | 97.042 | OEM13-034 | 76,648 |
| GA Dept of Homeland Security Grant - EMPG Program | 97.042 | OEM14-034 | 7,998 |
| | | | 84,646 |
| Hazard Mitigation Grant Program | 97.039 | HMGP 1973-0045 | 494,939 |
| Hazard Mitigation Grant Program | 97.039 | HMGP 1858-0013 | 441,426 |
| | | | 936,365 |
| Direct Grant: | | | |
| Emergency Food and Shelter National Board Program | 97.024 | LR0-005 | 6,116 |
| Total for U. S. Department of Homeland Security | | | 1,069,048 |
| U.S. Department of Health and Human Services | | | |
| Direct Grant: | | | |
| National Council on Aging Flu + You Initiative | 93.185 | AG1302/AG1402 | 5,000 |
| Pass-through Georgia Department of Human Resources: | | | |
| Community Services Block Grant | 93.569 | 42700-040-0000009912 | 643,512 |
| Child Support Enforcement | 93.563 | 42700-401-0000020315 | 502,923 |
| Child Support Enforcement | 93.563 | 42700-401-0000032674 | 180,445 |
| | | | 683,368 |
| Pass-through Atlanta Regional Commission: | | | |
| Aging Cluster: | | | |
| Special Programs for the Aging - Title III, Part B | 93.044 | AG1302/AG1402 | 311,670 |
| Special Programs for the Aging - Title III, Part C | 93.045 | AG1302/AG1402 | 489,801 |
| Nutrition Services Incentive Program | 93.053 | AG1302/AG1402 | 14,370 |
| | | | 815,841 |
| National Family Caregiver Support - Title III, Part E | 93.052 | AG1302/AG1402 | 52,781 |
| Total for U. S. Department of Health and Human Services | | | 2,200,502 |

**COBB COUNTY, GEORGIA**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**For the Fiscal Year Ended September 30, 2014**

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Expenditures |
|---|---|---|---|
| U.S. Department of Housing and Urban Development | | | |
| Direct Grants: | | | |
| Community Development Block Grant/Entitlement | 14.218 | B-13-UC-13-0002 | 4,282,650 |
| Community Development Block Grant/Entitlement | 14.218 | B-08-UN-13-0002 | 932,970 |
| Community Development Block Grant/Entitlement | 14.218 | B-12-UN-13-0002 | 77,427 |
| Pass-through the Department of Community Affairs: | | | |
| Neighborhood Stabilization Program | 14.218 | 11-NS-6001 | 805,758 |
| | | | 6,098,805 |
| Home Investment Partnership | 14.239 | M-13-DC-13-201 | 1,065,006 |
| Emergency Solutions Grant Program | 14.231 | S-13-UC-13-0008 | 331,002 |
| Total for U. S. Department of Housing and Urban Development | | | 7,494,813 |
| U.S. Department of Justice | | | |
| Direct Grants: | | | |
| Office of Justice Programs: | | | |
| ARRA - Public Safety Partnership and Community Policing Grant | 16.710 | 2010CKWX0346 | 99,590 |
| Equitable Sharing Program | 16.922 | GA0330200 | 212,112 |
| Equitable Sharing Program | 16.922 | -- | 5,070 |
| | | | 217,182 |
| Pass-through Administrative Office of the Courts: | | | |
| Drug Court Discretionary Grant Program | 16.585 | 2009-DC-BX-0104 | 89,066 |
| Pass-through Georgia Criminal Justice Coordinating Council: | | | |
| Crime Victim Assistance | 16.575 | C12-8-042 | 103,380 |
| Pass-through Metro Atlanta Project Pact: | | | |
| JAG Program Cluster: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2011-DJ-BX-3491 | 6,541 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2011-DJ-BX-3491 | 38,279 |
| ARRA - Edward Byrne Memorial Justice Assistance Grant Program | 16.803 | 2013-DJ-BX-3491 | 59,881 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2014-DJ-BX-3491 | 2,293 |
| | | | 106,994 |
| Total for U. S. Department of Justice | | | 616,212 |
| U.S. Department of Labor | | | |
| Pass through Georgia Governor's Office of Workforce Development: | | | |
| Workforce Investment Act (WIA) Cluster | | | |
| Adult Program | 17.258 | 11-12-12-03-004 | 690 |
| | 17.258 | 11-12-13-03-004 | 14,511 |
| | 17.258 | 11-13-14-03-114 | 1,302,654 |
| | 17.258 | 11-13-13-03-004 | 37,915 |
| Youth Program | 17.259 | 15-12-12-03-004 | 821 |
| | 17.259 | 15-13-11-03-004 | 915,699 |
| | 17.259 | 15-14-14-03-004 | 865,713 |
| ARRA - Dislocated Worker Program | 17.260 | 31-12-12-03-004 | 1,862 |
| | 17.260 | 31-12-13-03-004 | 35,390 |
| | 17.260 | 31-13-14-03-004 | 1,110,456 |
| | 17.260 | 31-13-13-03-004 | 140,596 |
| | | | 4,426,307 |
| U.S. Department of Transportation | | | |
| Direct Grants: | | | |
| Federal Transit Administration - | | | |
| New Freedom Program | 20.521 | -- | 103,949 |

## COBB COUNTY, GEORGIA
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## For the Fiscal Year Ended September 30, 2014

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Expenditures |
|---|---|---|---|
| Capital Improvement, Sect.9 | 20.507 | -- | 600,865 |
| Operating | 20.507 | -- | 1,622,884 |
| Planning | 20.507 | -- | 601,311 |
| Job Access and Reverse Commute Program | 20.507 | -- | 484,396 |
| Mobility Management | 20.507 | -- | 33,321 |
| CCT Adm Roof Repair | 20.507 | -- | 122,473 |
| Discretionary | 20.507 | -- | 925,263 |
| Capital Improvements | 20.507 | -- | 169,381 |
| | | | 4,559,894 |
| Federal Transit Administration - | | | |
| Airport Improvement - Taxiway A&B Design | 20.106 | -- | 101,443 |
| Total for U.S. Department of Transportation | | | 4,765,286 |
| U. S. Department of Treasury | | | |
| Direct Grants: | | | |
| Social Security-Inmate Reporting Incentives | 21.UNKNOWN | -- | 70,200 |
| Total Federal Financial Awards | | | $ 20,748,287 |

**Note 1. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards received by Cobb County, Georgia. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included in this schedule.

**Note 2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C of the County's financial statements.

**Note 3. Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

# COBB COUNTY, GEORGIA
# SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
# For the Fiscal Year Ended September 30, 2014

NONE REPORTED