FULTON COUNTY, GEORGIA

FINANCIAL STATEMENTS

Fiscal Year Ended December 31, 2008

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

FULTON COUNTY, GEORGIA

Financial Statements

Year ended December 31, 2008

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

PJC GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Fulton County, Georgia
Atlanta, Georgia

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 Fulton County, Georgia (the "County"), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fulton County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of $433,952, total net assets (deficit) (in thousands) of ($74,870) and total revenues (in thousands) of $207,289 of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority, in the component unit column, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fulton County, Georgia, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress for the Schedule of Employer Contributions and Schedule of Other Postemployment Benefits on pages 3 through 10 and page 62, and the budgetary schedules on pages 65 through 67, 74 through 80 and other schedules on pages 91 through 95 are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

PJC Group, LLC

Atlanta, Georgia
August 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
(in thousands)

As management of Fulton County (the County), we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2008. All financial information contained in this section is in thousands of dollars.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year by $1,891,972 (*net assets*). Of this amount, $508,932 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. The County's total net assets decreased by $96,836 in 2008. Business type activities produced $17,240 of the increase while the governmental activities experienced a decrease of $114,076, of which $55,623 is recognition of the annual expense of providing long term health care benefits to retirees.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of $195,911, a decrease of $72,269 in comparison with the previous year. The County's General Fund and Special Service District Fund, both major funds, decreased net assets by $37,795, while Other Governmental funds also decreased $34,474. It is important to recognize that the governmental fund financial statements differ from the Statement of Activities primarily because cash resources used for capital outlay are treated as expenditures in the governmental funds statements, but are capitalized and not considered expenditures in the statement of activities.

At the close of the fiscal year, total fund balance for the General Fund was $76,233, which is available to meet the government's other ongoing obligations to citizens and creditors. The Special Service District's ending fund balance was $16,033 which has been designated for future year expenditures based on Board resolution. This includes two "sub-districts" that were required by a new State of Georgia requiring a separate accounting for geographic areas within the unincorporated section of the County, and the "South Fulton Taxing District" which is shown as a separate special revenue fund with an ending fund balance as of December 31, 2008 of $1,372. This district remains the last unincorporated area within Fulton County.

The County's total long term governmental liabilities increased by $32,947 in 2008, largely due to recognition of the annual liability for post-employment health benefits offered to eligible retirees. This additional liability of $55,623 represents the unfunded portion of the 2008 annual required contribution for these benefits, while the current total liability for GASB 45 reporting is now $112,277. This is disclosed in the footnotes along with other required provisions of the new implementation for recognition of the County's OPEB liability. Principal payments reduced long term liabilities by $27,965, while the County entered into a small equipment lease for $4,883. Long-term liabilities related to business-type activities decreased by $10,378, largely due to scheduled principal payment on revenue bonds.

The County's capital assets used for governmental activities were valued at $882,737, of which $70,642 are under construction. The County no longer owns, serves, or maintains roadway networks in municipal sections of the County, but does record infrastructure for the remaining unincorporated section of Fulton County.

Business-type capital assets totaled $1,040,471, of which $179,947 is currently under construction mainly relating to a wastewater treatment plant. No interest was required to be capitalized in 2008. Depreciation is based on useful life of the underlying asset using the straight line method.

Overview of the Financial Statements

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

Government-wide financial statements

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

The ***Statement of Net Assets*** presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements include not only the County itself (known as the *primary government*) but also the Fulton-DeKalb Hospital Authority, a discretely presented component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements

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

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

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

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

The basic governmental fund financial statements can be found on pages 13-19 of this report.

Proprietary fund statements

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

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

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

Fiduciary fund statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that

used for proprietary funds. The two funds are the County's defined benefit retirement plan, which is administered by the County with the assistance of professional fund managers, and various agency funds. These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the basic 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 26-62 of this report.

Other Information

The combining statements referred to earlier in connection with one major and non-major governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 63-90 of this report.

Government-wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total		%
	2008	2007	2008	2007	2008	2007	Change
Current and other assets	$ 389,388	451,468	635,881	709,160	1,025,269	1,160,628	(12)
Capital assets	882,737	912,221	1,040,471	949,872	1,923,208	1,862,093	3
Total Assets	1,272,125	1,363,689	1,676,352	1,659,032	2,948,477	3,022,721	(2)
Current liabilities	43,814	53,599	29,622	19,164	73,436	72,763	1
Long-term liabilities	419,806	386,859	563,263	573,641	983,069	960,500	2
Total Liabilities	463,620	440,458	592,885	592,805	1,056,505	1,033,263	2
Net Assets:							
Invested in capital assets, net of related debt	647,458	656,111	667,975	635,696	1,315,433	1,291,807	2
Restricted	21,774	27,165	45,833	44,584	67,607	71,749	(6)
Unrestricted	139,273	239,305	369,659	385,947	508,932	625,252	(19)
Total Net Assets	$ 808,505	922,581	1,083,467	1,066,227	1,891,972	1,988,808	(5)

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

The County has approximately $615 million in cash and investments, of which approximately $235 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately $22

million of restrictions on the above cash and investments for debt service, construction, state and federal grants, and other similar type external restrictions. As restricted cash is invested in capital assets, the related net asset restriction shifts from "Restricted net assets" to "Invested in capital assets, net of related debt".

Government-wide unrestricted net assets totaled $509 million and are available to be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

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

	Governmental Activities		Business-type Activities		Total		Percent
Revenues:	2008	2007	2008	2007	2008	2007	Change
Program revenues:							
Charges for services	$ 63,385	65,860	114,501	144,016	177,886	209,876	(15) %
Operating grants and contributions	54,152	57,098	-	-	54,152	57,098	(5)
Capital grants and contributions	7,842	6,225	19,475	13,944	27,317	20,169	35
General revenues:							
Taxes	564,885	541,982	-	-	564,885	541,982	4
Intergovernmental	-	12,948	-	-	0	12,948	(100)
Other charges for services	15,131	15,043	-	-	15,131	15,043	1
Use of money and property	17,098	25,055	13,971	26,421	31,069	51,476	(40)
Miscellaneous & special items	8,457	(7,187)	467	(1,318)	8,924	(8,505)	(205)
Total revenues	730,950	717,024	148,414	183,063	879,364	900,087	(2)
Expenses:							
Administration	115,459	107,926	-	-	115,459	107,926	7
Public Safety	182,435	187,981	-	-	182,435	187,981	(3)
Legal	139,901	141,646	-	-	139,901	141,646	(1)
Infrastructure & facilities	74,237	49,351	-	-	74,237	49,351	50
Social services	125,031	127,264	-	-	125,031	127,264	(2)
Health services	168,845	186,913	-	-	168,845	186,913	(10)
Interest and debt costs	16,561	17,450	-	-	16,561	17,450	(5)
Water & Sewerage	-	-	123,175	123,630	123,175	123,630	(0)
Contractual	-	-	6,901	15,048	6,901	15,048	(54)
Airport services	-	-	1,098	1,077	1,098	1,077	2
Total expenses	822,469	818,531	131,174	139,755	953,643	958,286	(0)
Extraordinary item	(22,557)	(3,987)	-	-	(22,557)	(3,987)	
Change in net assets	(114,076)	(105,494)	17,240	43,308	(96,836)	(62,186)	56
Beginning net assets	922,581	1,028,075	1,066,227	1,022,919	1,988,808	2,050,994	(3)
Ending net assets	$ 808,505	922,581	1,083,467	1,066,227	1,891,972	1,988,808	(5)

Analysis of governmental activities

Net assets of the governmental activities of the County decreased by $114,076 in 2008, as compared to a decrease of $105,494 in 2007. New accounting standards related to other post-employment benefits contributed $55,623 to the loss for 2008, and $56,654 for 2007. The economy remains a significant factor in dealing with decreasing revenues from both property and sales tax collections. Capital contributions also decreased for 2008 as compared to 2007, as new construction slows in an ailing economy.

Overall, the expenditures for governmental activities remained relative steady from 2007. Health services expenditures decreased approximately $20 million for the Fulton-DeKalb Hospital Authority, a component unit, as 2007 saw a one-time funding increase of a like amount. Other health services include the County's health centers and mental health services that are available to all County residents. Public safety expenditures decreased slightly, which includes the Sheriff's office with related court security and jail costs, police, fire, medical examiner and emergency communications (911). Legal includes civil and criminal courts and related departments that serve the court system and experienced increases with court programs. Also significant in purpose and effort is social services. This includes costs to render assistance to the elderly and poor, cultural enrichment, provide libraries and parks to citizens, and community support where necessary. Administration includes executive and legislative functions, along with supporting services of assessing, billing and collecting property taxes, human resources, legal, finance, and information technology. Infrastructure and facilities is the County's public works and public building management, including roadway and transportation networks, drainage, landfill maintenance and a host of other related efforts, as well as the depreciation on these infrastructure networks. This category increased substantially with increased efforts at maintaining existing buildings and infrastructure assets.

The statement of activities includes depreciation on capital assets used by these governmental functions, including roadways, but does not include costs for capitalizable assets, which differs from the presentation on the statement of revenues and expenditures and changes in fund balances.

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. The Fulton County Airport-Brown field fund accounted for a minimal amount of business-type activity. The County has contracted with new municipalities on a short-term basis to provide municipal type services, primarily Police and Fire rescue services for actual costs.

Governmental Funds Financial Analysis

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term flows, outflows, and balances of resources available to spend. Revenues from overall taxes increased slightly by $5 million from 2007, however other decreases include the State of Georgia's deferral of the homeowner tax relief grants of $13 million, other federal grant funding reductions of $9 million, lower investment yields of $8 million created a $25 million overall governmental fund revenue decrease from 2007. General fund expenditures increased by only $4 million, while other capital funds significantly reduced capital outlay expenditures for a total governmental fund decrease in expenditures of $11 million compared to 2007. The general fund reported an ending fund balance of $76,233, a reduction of $21,129 from 2007. The "Northeast" and the "Northwest" sub-districts are shown in a combining schedule with the original Special Service District on pages 63-67. These two "sub-districts" for the northern part of the unincorporated section of Fulton County remitted payments to newly incorporated cities that now occupy their geographical boundaries to comply with State law, thereby substantially closing out these sub-district funds. The South

Fulton Taxing district, shown as a special revenue fund, continues activity with an ending fund balance for 2008 of $1,372. Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities that yielded a decrease of $34,474 as compared to the prior year fund balances. Total non-major governmental fund balances were $103,645 at year end. Of this amount, $57,699 is designated for capital projects, $13,875 is reserved for debt service, $7,472 is reserved for encumbrances, $27,583 is designated for various other activities and grants and $2,984 remained undesignated as deficit fund balances that will be recovered with future year revenues.

Budgetary Highlights and Control

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2008 General Fund budget was adopted at approximately $671 million, a decrease of $4 million from 2007. No compensation adjustment was passed by the Board for 2008.

Actual revenues exceeded budgeted revenues due to the legal manner in which the General Fund can budget property tax revenues, which is based on the previous year actual collections rather than on anticipated assessment growth. Actual expenditures fell short of budgetary appropriations largely due to postponed activity in facility maintenance and public works efforts.

The legally adopted budget for governmental services for the County's major governmental funds is by department and can be reviewed on pages 17-19 of this report. No changes to the original adopted budget occurred during the year. There are reallocations from non-agency to agency budgets throughout the year for the purpose of funding operational needs as necessary in each County department.

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to $1,923,208 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding to finance acquisition of these assets. Business type activities added infrastructure assets relating to water and sewer system improvements primarily consisting of the Camp Creek Wastewater treatment facility as well as donated infrastructure gained through development.

	Governmental Activities		Business-type Activities		Total		Percent
Capital assets not being depreciated:	2008	2007	2008	2007	2008	2007	Change %
Land & land improvements	$ 45,139	45,139	34,573	34,573	79,712	79,712	-
Construction in progress	70,642	96,440	179,947	131,947	250,589	228,387	10
Capital assets, shown net of depreciation:							
Equipment	14,099	18,091	1,261	1,932	15,360	20,023	(23)
Buildings and improvements	346,853	341,217	1,161	1,297	348,014	342,514	2
Roadway network	406,004	411,334	-	-	406,004	411,334	(1)
Water System	-	-	149,275	153,232	149,275	153,232	(3)
Sewerage system	-	-	674,254	626,891	674,254	626,891	8
Total net capital assets	$ 882,737	912,221	1,040,471	949,872	1,923,208	1,862,093	3

Additional information relating to capital assets and infrastructure is presented in Note 7 on page 44.

Debt Administration

At December 31, 2008, the County had a number of debt issues outstanding. These issues, in thousands, included $1,760 of General Obligation Bonds including accreted interest, all of which are scheduled to mature in 2009, $561,277 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and $51,186 of Building Authority Revenue Bonds (net of unaccreted premiums/discounts). The County has maintained an AA rating from Standard & Poor's Corporation, AA rating from Fitch Investor Services, and an Aa3 rating from Moody's Investors Service on general obligation bond issues. Under existing state statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 10% of total assessed value of real and personal property.

As of December 31, 2008, the County's general obligation bonded debt reserves exceeded the outstanding principal balance of $1,760, and was well below the legal limit of $5,988,387. A recent referendum has approved issuance of up to $275 million in general obligation bonds for new county library facilities as well as renovations of existing libraries, but no debt has been issued as of the date of this report.

At December 31, 2008, total other capital leases totals $72,231, including the capital lease of approximately $54 million attributable to new jail improvements. A new lease of $4,883 was issued for technology equipment. The Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of $110,639 as of December 31, 2008.

Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements beginning on page 48. Other post-employment benefit information required by GASB 45 is shown as required supplementary information on page 62 following the footnotes to the financial statements.

Requests for Information

The basic financial statements are designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 141 Pryor Street, Suite 7100, Atlanta, Georgia 30303. Please also see the County's website at www.co.fulton.ga.us, as this report and other reports are available under Departments – Administration - Finance - Financial Reports.

BASIC FINANCIAL STATEMENTS

FULTON COUNTY, GEORGIA

Statement of Net Assets

December 31, 2008

(in thousands of dollars)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Fulton-DeKalb Hospital Authority as of May 31, 2008
Assets:				
Cash and cash equivalents	$ 222,465	76,960	299,425	45,058
Investments	14,991	65,436	80,427	6,626
Receivables (net of allowances):				
Taxes	80,430	—	80,430	—
Interest	99	—	99	—
Accounts	474	10,462	10,936	79,269
Due from other governments, net	7,842	3,346	11,188	43,600
Other current assets	12,521	—	12,521	20,310
Restricted assets:				
Cash and cash equivalents	—	25,524	25,524	9,215
Investments	—	209,526	209,526	27,839
Interest receivable	—	704	704	—
Investment in joint venture	—	83,814	83,814	—
Capital assets (non-depreciable)	115,781	214,520	330,301	7,958
Capital assets (net of accumulated depreciation)	766,956	825,951	1,592,907	190,756
Other non-current assets	50,566	160,109	210,675	3,321
Total assets	1,272,125	1,676,352	2,948,477	433,952
Liabilities:				
Accounts payable and accrued expenses	30,011	7,237	37,248	215,609
Accrued interest	1,045	—	1,045	—
Due to others	5,251	—	5,251	—
Claims payable	6,467	—	6,467	36,990
Unearned revenue	1,040	—	1,040	—
Liabilities (payable from restricted assets):				
Contracts and other payables	—	21,918	21,918	—
Unearned revenue	—	467	467	32,129
Non-current liabilities:				
Due within one year	43,830	11,150	54,980	16,119
Due in more than one year	375,976	552,113	928,089	207,975
Total liabilities	463,620	592,885	1,056,505	508,822
Net Assets:				
Invested in capital assets, net of related debt	647,458	667,975	1,315,433	(25,380)
Restricted for debt retirement	13,875	45,833	59,708	—
Restricted for construction	6,546	—	6,546	—
Restricted for other purposes	1,353	—	1,353	22,081
Unrestricted	139,273	369,659	508,932	(71,571)
Total net assets	$ 808,505	1,083,467	1,891,972	(74,870)

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2008

(In thousands of dollars)

Functions/Programs	Expenses	Program revenues: Charges for Services	Program revenues: Operating Grants and Contributions	Program revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental activities	Primary Government: Business-type activities	Primary Government: Total	Component Unit: Fulton-DeKalb Hospital Authority five months ended May 31, 2008
Primary Government								
Governmental activities:								
Administration	$ 115,459	21,677	—	—	(93,782)	—	(93,782)	—
Public safety	182,435	8,033	—	—	(174,402)	—	(174,402)	—
Legal	139,901	24,978	—	—	(114,923)	—	(114,923)	—
Infrastructure and facilities	74,237	5	23	7,842	(66,367)	—	(66,367)	—
Social services	125,031	2,434	15,399	—	(107,199)	—	(107,199)	—
Health services	168,845	6,258	38,730	—	(123,856)	—	(123,856)	—
Interest and other debt related costs	16,561	—	—	—	(16,561)	—	(16,561)	—
Total governmental activities	822,469	63,385	54,152	7,842	(697,090)	—	(697,090)	—
Business-type activities:								
Water and sewerage services	123,175	106,477	—	19,475	—	2,777	2,777	—
Contractual services	6,901	6,901	—	—	—	—	—	—
Airport	1,098	1,123	—	—	—	25	25	—
Total business-type activities	131,174	114,501	—	19,475	—	2,802	2,802	—
Total primary government	953,643	177,886	54,152	27,317	(697,090)	2,802	(694,288)	—
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	284,951	173,675	31,575	1,887	—	—	—	(77,814)
Total component unit	284,951	173,675	31,575	1,887	—	—	—	(77,814)
General revenues:								
Property taxes					525,118	—	525,118	—
Sales taxes					35,374	—	35,374	—
Other taxes					4,393	—	4,393	—
Intergovernmental not restricted for specific programs					—	—	—	44,991
Commission on tax collections					15,131	—	15,131	—
Use of money and property					17,098	13,971	31,069	810
Miscellaneous					8,688	467	9,155	5,609
Special item-Loss on sale of capital assets					(231)	—	(231)	—
Total general revenues					605,571	14,438	620,009	51,410
Extraordinary item - (Note 7)					(22,557)	—	(22,557)	—
Changes in net assets					(114,076)	17,240	(96,836)	(26,404)
Net assets - beginning					922,581	1,066,227	1,988,808	(48,466)
Net assets - ending					$ 808,505	1,083,467	1,891,972	(74,870)

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds

December 31, 2008

(in thousands of dollars)

	General	Special Service District	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	$ 67,830	16,465	96,898	181,193
Investments	—	—	14,991	14,991
Receivables (net of allowances):				
Taxes	72,915	384	7,131	80,430
Interest	99	—	—	99
Accounts		25	449	474
Due from other governments	2,732	—	5,110	7,842
Due from other funds	—	244	—	244
Total assets	$ 143,576	17,118	124,579	285,273
Liabilities:				
Accounts payable	$ 16,581	709	9,296	26,586
Due to other funds	—	—	244	244
Due to others	—	—	5,251	5,251
Deferred revenue	50,762	376	6,143	57,281
Total liabilities	67,343	1,085	20,934	89,362
Fund Balances:				
Reserved for encumbrances	—	—	7,472	7,472
Reserved for debt service	—	—	13,875	13,875
Unreserved, reported in:				
General fund:				
Undesignated	76,233	—	—	76,233
Special Revenue funds:				
Designated for subsequent year expenditures	—	16,033	27,583	43,616
Undesignated			(2,831)	(2,831)
Capital Projects funds:				
Designated for capital projects	—	—	57,699	57,699
Undesignated			(153)	(153)
Total fund balances	76,233	16,033	103,645	195,911
Total liabilities and fund balances	$ 143,576	17,118	124,579	285,273

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Reconciliation of the Balance Sheet to the Statement of Net Assets

Governmental Funds

December 31, 2008

(in thousands of dollars)

Fund Balances - total governmental funds		$ 195,911
Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds:		
	Capital assets:	
	Land	45,139
	Buildings	653,147
	Equipment	105,632
	Roadway network	568,864
	Construction in progress	70,642
	Less Accumulated Depreciation	(560,687)
Total capital assets, net of accumulated depreciation		882,737
Net pension asset at year end that is not a financial resource used in governmental activities and therefore not reported in governmental funds.		49,332
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
	Certificates of participation	(110,995)
	Building Authority bonds payable	(50,919)
	Less unamortized deferred charges on bonds, net	89
	Less deferred charges for issuance costs	1,234
	General obligation bonds payable	(1,760)
	Compensated absences	(42,078)
	Net other post employment benefits (OPEB)	(112,277)
	Other long term capital leases	(72,231)
	Claims and judgments	(9,602)
	Landfill closure and postclosure costs	(20,033)
	Accrued interest	(1,045)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities.		43,901
Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.		56,241
Net assets - total governmental activities		$ 808,505

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	General	Special Service District	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 519,405	274	24,520	544,199
Intergovernmental	3,509	—	51,669	55,178
Charges for services	30,342	—	15,346	45,688
Courts and law enforcement	18,330	20	6,628	24,978
Use of money and property	11,885	1,113	3,996	16,994
Licenses and permits	—	—	7,850	7,850
Miscellaneous	5,974	—	2,714	8,688
Net (depreciation) appreciation in investments	40	(6)	70	104
Total revenues	589,485	1,401	112,793	703,679
Expenditures:				
Current:				
Administration	94,135	—	968	95,103
Public safety	99,091	3,303	46,990	149,384
Legal	113,551	—	—	113,551
Infrastructure and facilities	34,587	—	17,752	52,339
Social services	68,137	—	33,770	101,907
Health services	94,180	—	62,263	156,443
Other nonagency	43,516	7,764	1,031	52,311
Capital outlay	—	—	17,685	17,685
Debt service:				
Principal retirement	3,142	—	24,823	27,965
Interest	4,304	—	9,839	14,143
Total expenditures	554,643	11,067	215,121	780,831
Excess (deficiency) of revenues over (under) expenditures	34,842	(9,666)	(102,328)	(77,152)
Other financing sources (uses):				
Capital lease obligations	—	—	4,883	4,883
Transfers in	2,517	—	71,097	73,614
Transfers out	(58,488)	(7,000)	(8,126)	(73,614)
Total other financing sources (uses)	(55,971)	(7,000)	67,854	4,883
Net change in fund balances	(21,129)	(16,666)	(34,474)	(72,269)
Fund balance at beginning of year	97,362	32,699	138,119	268,180
Fund balance at end of year	$ 76,233	16,033	103,645	195,911

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(in thousands of dollars)

Net change in fund balances - governmental funds	$	(72,269)
Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures Changes in Fund Balances, because:		
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:		
Acquisition of capital assets		18,141
Depreciation expense		(31,653)
Donations of capital assets recorded as capital contributions in the government-wide statements, but not recorded within governmental funds		6,817
Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:		
Issuance of capital lease obligations		(4,883)
Tax Anticipation Note proceeds		(120,000)
Tax Anticipation Note payments		120,000
Principal repayments		27,965
Amortization of bond issue costs		(211)
Amortization of bond discount		8
Change in accrued interest		47
Accreted interest on capital appreciation bonds		(2,262)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Net other postemployement benefits (OPEB) obligations		(55,623)
Compensated absences		239
Claims and judgments		577
Landfill closure costs		1,032
Net pension asset		(345)
Some revenues for governmental activites do not provide current financial resources and are not reported as revenues for governmental funds.		20,685
Special item - Only the loss on sale of capital assets is reported on the statement of activites, while governmental funds report the proceeds from the sale as an increase to financial resources. The change in net assets differs from the change in fund balance by the cost of the capital assets sold or donated.		(231)
Extraordinary item - Loss on transfer of capital assets to other governments.		(22,557)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are included in governmental activities.		447
Change in net assets - governmental activities	$	(114,076)

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Revenue Per Budget Law, less Rollback	$ 589,704	589,704	561,044	(28,660)
Sales Tax	38,000	38,000	36,363	(1,637)
Appropriated Fund Balance	43,765	43,765	40,371	(3,394)
Total revenues and other sources, non-GAAP budget basis	$ 671,469	671,469	637,778	(33,691)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			6,464	
To record net change in interest receivable and depreciation of investments			(219)	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(11,650)	
Appropriated Fund Balance			(40,371)	
Total adjustment to GAAP basis			(45,776)	
Total revenues and other sources, GAAP basis			592,002	
Expenditures:				
Board of Commissioners	$ 3,380	3,380	2,962	418
Clerk to the Commission	1,181	1,181	1,091	90
County Manager	9,389	9,389	8,737	652
Housing and Community Development	2,160	2,160	1,714	446
Finance	7,710	7,710	7,255	455
Information Technology	26,490	26,490	25,416	1,074
Personnel	4,709	4,709	4,272	437
Purchasing	3,951	3,951	3,442	509
County Attorney	4,162	4,162	3,441	721
Tax Assessor	13,662	13,662	12,074	1,588
Tax Commissioner	14,380	14,380	13,249	1,131
Emergency Communications - 911	3,376	3,376	3,374	2
Environment and Community Development	3,747	3,747	3,137	610
Registration and Elections	10,979	11,182	11,155	27
Police	4,198	4,198	3,990	208
Sheriff	98,000	98,000	97,453	547
Medical Examiner	3,733	3,733	3,478	255
Superior Court Judges	5,110	5,110	4,745	365
Superior Court-General	19,921	20,169	19,634	535
Superior Court Clerk	15,300	15,300	14,473	827
State Court Judges	4,137	4,137	3,826	311
State Court-General	13,823	13,981	13,345	636
State Court Solicitor	6,324	6,324	5,964	360

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Juvenile Court	15,020	15,020	14,271	749
Probate Court	2,871	2,871	2,599	272
County Marshal	5,784	5,784	5,726	58
District Attorney	21,876	21,876	21,463	413
Public Defender	11,584	11,584	10,580	1,004
General Services	37,034	37,034	34,419	2,615
Public Works	7,579	7,579	6,991	588
Human Services	30,848	30,848	30,317	531
Arts Council	5,766	5,766	5,341	425
Family and Children Services	13,626	13,626	12,873	753
Cooperative Extension	526	526	496	30
Library	35,031	35,031	33,355	1,676
Health fund transfer	18,541	18,541	16,910	1,631
Fulton-DeKalb Hospital Authority (Grady Hospital)	80,000	80,000	80,000	—
Mental Health transfer	16,397	16,397	14,207	2,190
Non-agency	89,164	88,555	80,003	8,552
Total expenditures and other uses, non-GAAP budget basis	$ 671,469	671,469	637,778	33,691
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(12,996)	
Expenditures incurred on behalf of reimbursing funds for indirect costs			(11,650)	
Total expenditures and other uses, GAAP basis			$ 613,132	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Revenue per Budget Law	$ —	—	1,988	1,988
Appropriated Fund Balance	25,564	25,564	16,079	(9,485)
Total revenues and other sources, non-GAAP budget basis	$ 25,564	25,564	18,067	(7,497)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(536)	
To record net change in interest receivable and depreciation of investments			(51)	
Appropriated fund balance			(16,079)	
Total adjustment to GAAP basis			(16,666)	
Total revenues and other sources, GAAP basis			$ 1,401	
Expenditures and other uses:				
Non agency	25,564	25,857	18,067	7,790
Total expenditures and other uses, non-GAAP budget basis	$ 25,564	25,857	18,067	7,790
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			$ 18,067	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets
Proprietary Funds

December 31, 2008

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	$ 76,088	872	76,960	41,272
Investments	65,436	—	65,436	—
Accounts receivable, net	10,462	—	10,462	—
Due from other governments, net	1,302	2,044	3,346	—
Other current assets	—	—	—	12,521
Restricted assets:		—		
Cash and cash equivalents	25,524	—	25,524	—
Investments	209,526	—	209,526	—
Interest receivable	704	—	704	—
Total current assets	389,042	2,916	391,958	53,793
Noncurrent assets:				
Investment in joint venture	83,814	—	83,814	—
Nondepreciable capital assets	186,611	27,909	214,520	—
Depreciable capital assets (net of accumulated depreciation)	824,696	1,255	825,951	—
Other assets	160,109	—	160,109	—
Total noncurrent assets	1,255,230	29,164	1,284,394	—
Total assets	1,644,272	32,080	1,676,352	53,793

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets (continued)
Proprietary Funds

December 31, 2008

(In thousands of dollars)

Liabilities and Net Assets	Business Type Activities - Enterprise Funds: Water and sewerage system fund	Business Type Activities - Enterprise Funds: Other Enterprise funds	Business Type Activities - Enterprise Funds: Total Enterprise Funds	Governmental Activities- Internal Service Funds
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	$ 4,798	2,057	6,855	3,425
Accrued liabilities	382	—	382	—
Claims payable	—	—	—	6,467
	5,180	2,057	7,237	9,892
Current liabilities (payable from restricted assets):				
Contracts and other payables	21,918	—	21,918	—
Revenue bonds payable - current	10,965	—	10,965	—
Deferred revenue	467	—	467	—
Note payable - current	185	—	185	—
	33,535	—	33,535	—
Total current liabilities	38,715	2,057	40,772	9,892
Non-current liabilities:				
Revenue bonds payable - noncurrent	550,312	—	550,312	—
Note payable	251	—	251	—
Other long-term liabilities	1,550	—	1,550	—
Total non-current liabilities	552,113	—	552,113	—
Total liabilities	590,828	2,057	592,885	9,892
Net Assets:				
Invested in capital assets, net of related debt	638,811	29,164	667,975	—
Restricted for debt retirement	45,833	—	45,833	—
Unrestricted	368,800	859	369,659	43,901
Total net assets	$ 1,053,444	30,023	1,083,467	43,901

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	$	8,024	8,024	90,664
Water and sewerage charges	106,477	—	106,477	—
Total operating revenues	106,477	8,024	114,501	90,664
Operating expenses:				
Administrative and general	5,050	273	5,323	24,806
Depreciation and amortization	26,210	174	26,384	—
Personal services	18,648	651	19,299	—
Contractual services	22,435	6,901	29,336	65,411
Operating services	22,157	—	22,157	—
Total operating expenses	94,500	7,999	102,499	90,217
Operating income (loss)	11,977	25	12,002	447
Non-operating revenues (expenses):				
Gain on investment in joint venture	467	—	467	—
Interest income	13,971	—	13,971	—
Interest expense	(28,675)	—	(28,675)	—
Total non-operating revenues (expenses)	(14,237)	—	(14,237)	—
Income (loss) before contributions	(2,260)	25	(2,235)	447
Capital contributions	19,475	—	19,475	—
Change in net assets	17,215	25	17,240	447
Net assets at beginning of year	1,036,229	29,998	1,066,227	43,454
Net assets at end of year	$ 1,053,444	30,023	1,083,467	43,901

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental Activities-
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	$ 105,042	8,024	113,066	91,816
Payments to suppliers	(39,325)	(1,535)	(40,860)	(88,977)
Payments to employees	(18,671)	(6,277)	(24,948)	—
Net cash provided by operating activities	47,046	212	47,258	2,839
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(39,128)	—	(39,128)	—
Principal and interest payments on notes payable	(210)	—	(210)	—
Payments for other assets	(9,824)	—	(9,824)	—
Additions to property, plant, and equipment	(91,400)	—	(91,400)	—
Net cash used by capital and related financing activities	(140,562)	—	(140,562)	—
Cash flows from investing activities:				
Purchase of investments	(273,383)	—	(273,383)	—
Proceeds from sale of investments	321,532	—	321,532	—
Interest received on investments	13,600	—	13,600	—
Net cash provided by investing activities	61,749	—	61,749	—
(Decrease) increase in cash and cash equivalents	(31,767)	212	(31,555)	2,839
Cash and cash equivalents at beginning of year	133,379	660	134,039	38,433
Cash and cash equivalents at end of year	$ 101,612	872	102,484	41,272
Reconcilation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 11,977	25	12,002	447
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	26,210	174	26,384	—
Changes in assets and liabilities:				
Changes in customer receivables - net	(1,257)	—	(1,257)	—
Other assets	153	—	153	(513)
Change in due from other governments - net	(178)	—	(178)	—
Accounts and claims payable	(23)	13	(10)	2,905
Due from other funds	432	—	432	
Accrued liabilities	1,304	—	1,304	—
Deferred revenue	—	—	—	—
Contractual and other liabilities	8,428	—	8,428	—
Net cash provided by (used in) operating activities	$ 47,046	212	47,258	2,839
Non-cash transactions:				
Unrealized gain on investments	$ 1,579	—	—	—
Donated capital assets contributed by outside sources	19,475	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2008

(In thousands of dollars)

Assets:		Pension trust fund	Agency funds
Cash and cash equivalents	$	18,538	78,074
Investments, at fair value:			
US Treasury Obligations		13,850	—
US Agency Obligations		221,528	—
Corporate asset & mortgage backed securities		50,161	—
Corporate debt		64,362	—
Corporate equities		353,194	—
International mutual funds		69,872	—
Commingled equity funds		79,128	—
Taxes receivable (net of allowance)		—	176,624
Interest and dividends receivable		3,636	—
Accounts receivable		378	—
Prepaid pension benefits		5,887	—
Total assets		880,534	254,698
Liabilities:			
Due to other taxing districts		—	188,439
Due to others		5	66,259
Total liabilities		5	254,698
Net Assets:			
Net Assets held in trust for pension benefits, (A schedule of funding progress is presented on page 57)		880,529	—
Total net assets	$	880,529	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Pension Trust Fund
Additions:	
Investment income:	
Net depreciation in fair value of investments	$ (305,486)
Interest and dividends	26,814
Less: investment expenses	(2,952)
Net investment loss	(281,624)
Employee contributions	4,900
Employer contributions	32,446
Contributions from other participating governments	411
Other income	55
Total additions	(243,812)
Deductions:	
Benefit payments	79,977
Transfer of plan assets to 401(A) plan or other plans	243
Refunds of contributions to terminated employees	471
Administrative fees and other expenses	502
Total deductions	81,193
Net decrease in net assets held in trust for pension benefits	(325,005)
Net assets held in trust for pension benefits:	
Beginning of year	1,205,534
End of year	$ 880,529

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

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

(a) Financial Reporting Entity

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

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit - The Fulton-DeKalb Hospital Authority (the "Hospital Authority") is governed by a ten-member board, of which seven members are appointed by the County's Board of Commissioners. Fulton County provided $80 million in funding to the Hospital Authority during 2008.

On May 20, 2008, the Hospital Authority entered into a forty year lease and transfer agreement with the Grady Memorial Hospital Corporation (GMHC), a non-profit corporation organized under the laws of the State of Georgia, to lease the Authority's health system facilities. The agreement transfers the operating assets and existing operations, as well as the performance and discharge of all other obligations for a consideration of annual rent of $2,500. The Authority assigns, transfers and conveys right, title, and interest in and to all assets to the SMHC. Information of the Authority presented in this financial statement represents the period from January 1, 2008 through May 31, 2008.

The GMHC will perform and discharge all obligations of the Authority and will pay all amounts when due under, any federal, state or other government programs, including grants, bond contract, operating contracts, service agreements and City of Atlanta Grant. The GMHC is the agent of the Authority and shall perform the Authority's obligations under the Operating Contract, including proving indigent care, reports, financial statements and budget. Assets that were excluded from the transfer operating agreements were the Fulton-DeKalb Authority Employee Retirement Plan, assets of the Pension Plan, Nonexpendable permanent endowments as classified in the December 31, 2006 audited financial statements of the Authority, and funds or other monies received under the Bond Contract.

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

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

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

Joint Ventures

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

(1) Summary of Significant Accounting Policies (continued)

Under the joint venture agreement, the County guarantees one-third of the Recreation Authority's debt in the event the Recreation Authority should be unable to meet its debt service obligations. In prior years, the County has had to provide debt service funding under such guarantee. The joint venture debt specific to the Arena is secured from various sources, including a pledge of the operating revenues of the facility pursuant to an Operator Revenue Security Agreement with the arena operator. The arena debt is also secured through a Guarantee Agreement with the professional sports franchise for an aggregate amount not to exceed $60 million and an irrevocable letter of standby credit of $15 million. The debt related to the zoo utilizes a separate guarantor agreement. The annual debt service for the 2007 Recreation Authority Atlanta Zoo bonds issued 2007 is paid with approximately three-fourths participation from the City of Atlanta, and one fourth participation from Fulton County.

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

City of Atlanta
Suite 11100
68 Mitchell Street, S.W.
Atlanta, Georgia 30335

Atlanta Regional Commission - The County is a joint venture partner with the Atlanta Regional Commission based on GASB Statement No. 14. Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Membership in a Regional Development Center (RDC) is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RDC in Georgia. The County paid dues in the amount of $677 to the ARC for the year ended December 31, 2008. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Complete financial statements of the RDC may be obtained at the following address:

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

Atlanta-Fulton County Water Resources Commission - The Atlanta-Fulton County Water Resource Commission is a joint venture between the County and the City of Atlanta for the construction and operation of a water treatment facility in north Fulton County. The County and the City share equally the costs of construction of the plant, and each is entitled to receive 50% of the total water supply treated by the plant or 50% of the plant's capacity, whichever is greater. The costs of operation of the plant were borne pro rata by the City and the County on the basis of water delivered to each party. The County incurred charges of approximately $7.6 million in 2008 for water produced at this facility, which is classified as an operating cost to the Fulton County Water & Sewerage System.

(1) Summary of Significant Accounting Policies (continued)

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

At December 31, 2008, the County's share of the depreciated cost of the facility is shown as "Investment in joint venture" in the accompanying statement of net assets.

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

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

Cost-Sharing Arrangements

In February 2003, the County entered into a cost-sharing arrangement with neighboring Cobb County, Georgia. The County paid $58 million for the purchase of capacity for 50 years at the R.L Sutton wastewater treatment plant and the adjoining underground conveyance system. In November 2007 the County incurred $99.9 million in similar capital costs for long-term wastewater treatment capacity through facilities owned by the City of Atlanta. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis, and incurred an additional $10.8 million for the Cobb County facility during 2008. These costs are shown as other assets on the financial statements of the Water and Sewerage System fund, and are being amortized over 28 years for the Atlanta facilities and 40 years for the Cobb County facilities, both using the straight-line method. Amortization of these intangible assets, approximately $5.3 million for 2008 is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary funds. The amount remaining as of December 31, 2008 is approximately $155.8 million.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the County and its component units. Eliminations have been made to minimize the double-counting of internal activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. These statements distinguish between the governmental and business-type activities.

(1) Summary of Significant Accounting Policies (continued)

The Statement of Net Assets presents the County's non-fiduciary assets and liabilities, with the difference reported as net assets. These net assets are reported in three categories:

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

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

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories.

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

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

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

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

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

(1) Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested unmatured sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County has elected not to apply any Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989 to its business type activities and enterprise funds. The focus for proprietary fund measurement is upon determination of operating income, changes, in net assets, 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 funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

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

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

The County reports the following major governmental funds:

General Fund

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

(1) Summary of Significant Accounting Policies (continued)

Special Service District Fund

The Special Service District Fund accounts for operations of the County's police, fire and recreation and economic development departments. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections for this fund are restricted for use in the unincorporated sections of Fulton County. A new state law required the County in fiscal 2006 to separately report revenues and expenditures by geographic sub-districts. The "sub-district" in the southern end of unincorporated Fulton County opted to become a separate taxing district, and is therefore discretely presented as a special revenue fund. The two "sub-districts" are combined with the original special service district for financial reporting purposes, including a budget to actual presentation to meet the requirements of new state law. Minimal residual activity occurred in these two sub-districts in 2008, as these geographic areas are now incorporated municipalities.

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports two non-major proprietary funds:

Fulton County Airport-Brown field

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

Contractual funds with other municipalities

This fund accounts for the services provided for Police and Fire rescue services to newly formed municipalities within Fulton County, including expenditures as well as the reimbursements from the City of Milton, Johns Creek and Sandy Springs to the County.

The County reports the following fiduciary funds:

Fulton County Employees' Retirement System

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

(1) Summary of Significant Accounting Policies (continued)

Agency Funds

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

The County reports the following other fund types:

Internal Service funds

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

(d) Cash, Cash Equivalents, and Investments

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

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

(e) Inventories

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

(f) Interfund Receivables/Payables

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

(g) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined as assets with an individual cost in excess of $5,000 for equipment or $100,000 for all other assets, and a useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General

(1) Summary of Significant Accounting Policies (continued)

infrastructure assets consist of the road network that were acquired or that received substantial improvements subsequent to January 1, 1980 and are reported at estimated historical cost using various industry and trade cost data combined with actual information maintained at the County.

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2008.

Sales and transfers of infrastructure have previously been recorded with the advent of new incorporations of municipalities within Fulton County.

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

Asset Class	Estimated Useful Life
Buildings and related improvements	40 years
Plant and related components	50 years
Roadway networks and related infrastructure	20-50 years
Equipment	2-10 years

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

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

(h) Bond Premiums and Discounts/Debt Issuance Costs

In the governmental funds, bond premiums, discounts and issuance costs are treated as period costs in the year of issue. In the government-wide and the proprietary fund statements, bond premiums, discounts and issuance costs are deferred and amortized over the term of the related bonds using the effective interest method.

(i) Restricted Assets

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

(1) Summary of Significant Accounting Policies (continued)

(j) Compensated Absences

County employees are granted annual leave and sick leave in varying amounts. In the event of termination, an employee is reimbursed for an accumulated annual leave up to a maximum of 360 hours. Employees are not reimbursed for accumulated sick leave if terminated prior to retirement. Therefore, accrued sick leave is not reported in the accompanying financial statements. Upon retirement, accumulated sick leave may be counted as creditable service for pension benefit purposes. Nonexempt employees who work overtime can accrue compensatory leave for each overtime hour worked, up to a specified maximum. At termination, employees are paid for any accumulated compensatory leave. Starting in 2007, the policy was amended so that exempt employees are no longer eligible to accrue compensatory time.

Liabilities for compensated absences other than sick leave are all considered long-term obligations of the County as amounts were not matured and payable at year end. As a result, for governmental activities, the accrued compensation amounts are reported as a liability, but no liability is reported the governmental fund statements. For all Proprietary Funds, accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. The liability for accumulated vacation leave is classified as noncurrent in the Proprietary Funds, as that portion which will be paid in the forthcoming year cannot be reasonably estimated. These liabilities are paid to employees generally from the fund that incurred their payroll cost at time of departure. These accumulated leave costs are not charged to a single County-wide fund, but are charged to the fund incurring the costs for the departing employee.

(k) Estimated Claims Payable

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

(l) Net Patient Service Revenues

Net patient service revenues of the Hospital Authority are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(m) Uncompensated Care

The Hospital Authority provides care to patients, who meet certain criteria under its uncompensated care policy, without charge or at discounted rates based upon the patient's ability to pay. Because the Hospital Authority does not pursue collection of amounts determined to qualify as uncompensated care, they are not reported as net patient service revenues.

(1) Summary of Significant Accounting Policies (continued)

(n) Management Estimates

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

(2) Budgetary Accounting and Compliance

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid(budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2009 are recorded as expenditures in 2008 (budget) as opposed to 2009 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

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

	Net changes in fund balance	
	General Fund	Special Service District Fund
GAAP basis	$ (21,129)	(16,666)
Adjustments to accruals:		
Tax revenues and interest receivable	(6,246)	587
Liabilities	(12,996)	—
Fund balance utilized	40,371	16,079
Budget basis	$ —	—

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

(1) Prior to November 15 of the preceding budget year, the Budget Commission, consisting of the Chairman of the Board of Commissioners, the County Manager, and the Director of Finance, receives budget requests from County departments.

(2) Budgetary Accounting and Compliance (continued)

(2) Hearings may be held by the Budget Commission to review budget requests, justifications, and recommendations.

(3) By November 15, the Budget Commission presents a recommended budget for the fiscal year beginning the following January 1 to the Board of Commissioners. This budget includes recommended expenditures and estimated revenues to finance them.

(4) In December, the Board of Commissioners adopts a tentative budget which is published by the last Wednesday in December.

(5) A public hearing is held and the budget is legally adopted by the Board of Commissioners at the regular January meeting of the current budget year. A balanced budget is required by law.

(6) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:

(i) Departments, with the approval of the Director of Finance, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
(ii) Amounts which would increase total department appropriations, salary appropriations, or travel appropriations require Board of Commissioner approval.

(7) Budgets are legally adopted for the two major funds, the General Fund and Special Services District Fund (a Special Revenue Fund). Formal budgetary integration is employed as a management control device during the year for the General and Special Services District Funds. Budgets were also legally adopted for debt service fund and other special revenue funds for the fiscal year ending December 31, 2008. Project-length budgets are adopted upon approval for the capital project. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.

(8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2008.

The Public Health Services fund (Special Revenue Funds) and the Fulton County Facilities fund (Capital Projects fund) had accumulated fund deficits at December 31, 2008 of $2,831, which includes a residual deficit from the previous years operations that included the Mental Health fund, and $153, respectively. These deficits will be alleviated through future charges for services and other revenues.

The Fulton-DeKalb Hospital Authority, a discretely presented component unit, also had a total deficit in net assets of $74,870 as of May 31, 2008.

(3) Cash and Investments – Primary Government

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

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As of December 31, 2008, the County's primary governmental and business type funds had the following investments:

		December 31, 2008			
Fixed Income:		**Fair value**	**to 3 months**	**4-12 months**	**1-5 years**
US Treasury Obligations	$	10,699	-	-	10,699
US Agency Obligations		187,258	-	133,228	54,030
Fixed Income subtotal		197,957	-	133,228	64,729
Collateralized Repurchase Agreement		59,435			
Certificates of Deposit		50,000			
Bankers' acceptances		271,471			
Insured Money Market funds		24,933			
Total cash equivalents and investments	$	603,796			

State of Georgia statutes authorize the County to invest in direct obligations of the U.S. government, obligations insured or guaranteed by the U.S. government or a U.S. government agency, obligations of any corporation of the U.S. government, prime bankers' acceptances, obligations of the State of Georgia or other states, certain collateralized repurchase agreements, certain obligations of other political subdivisions of the State of Georgia, certain certificates of deposit, and the Georgia Fund-1 state investment pool. In accordance with its investment policy and bond covenants, the Water and Sewerage System fund manages its exposure to the risk of declines in fair values of investment by limiting the maturities of its investments to a maximum of five years for all debt service and debt service reserve accounts, and three years for investments held in the construction funds.

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

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the County's exposure to credit quality risk for the fixed income investments held as of December 31, 2008. The repurchase agreement, certificates of deposit and bankers' acceptances are not rated but are collateralized at 102%. The following is a summary of the carrying amounts of the cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2008 (in thousands of dollars):

		2008
Balances by category:		
Cash and deposits	$	11,106
Cash equivalents		313,843
Investments		289,953
	$	614,902
Balances as presented in the Statement of Net Assets:		
Unrestricted activities:		
Cash and cash equivalents	$	299,425
Investments		80,427
Restricted activities:		
Cash and cash equivalents		25,524
Investments		209,526
	$	614,902

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

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

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The following table provides information about Pension Trust fund's exposure to interest rate risk as of December 31, 2008.

	December 31, 2008				
Fixed Income:	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
US Treasury Obligations	$ 13,850	-	2,569	3,736	7,545
US Agency Obligations	221,528	913	13,277	20,491	186,847
Corporate Debt	64,362	1,183	24,795	24,226	14,158
Corporate Asset backed Securities	21,891	1,005	4,651	7,013	9,222
CMO	3,353	-	-	-	3,353
CMBS	24,917	-	-	725	24,192
Fixed Income subtotal	349,901	3,101	45,292	56,191	245,317
Equity securities	353,194				
Commingled equity funds	79,128				
Mutual funds:					
International	69,872				
Cash Equivalents	18,538				
Total cash equivalents and investments	$ 870,633				

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2008 (in thousands of dollars):

	2008	
	Pension Trust Fund	Agency funds
Balances by category:		
Cash and cash equivalents	$ 18,538	78,074
Investments	852,095	-
	$ 870,633	78,074

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

The Agency funds' cash is collateralized with securities held by the pledging financial institutions' trust department or in the County's name. The agency funds contain four bankers acceptances, with stated fair market values of $12,794 that mature by January 28, 2009 and are classified as cash equivalents. Additional certificates of deposit of $1,572 and $3,346 in money market funds are held by the agency funds and are also classified as cash equivalents.

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the Pension Trust fund's exposure to credit quality risk for the fixed income investments held as of December 31, 2008.

		December 31, 2008 ratings			
Fixed Income:	Fair Value	AAA	AA	A	BBB
US Treasury Obligations	$ 13,850	13,850	-	-	-
US Agency Obligations	221,528	221,528	-	-	-
Corporate Debt	64,362	3,165	5,680	32,608	22,909
Corporate Asset Backed Securities	21,891	9,440	1,971	9,032	1,448
CMO	3,353	722	1,664	967	-
CMBS	24,917	24,917	-	-	-
Fixed Income totals	$ 349,901	273,622	9,315	42,607	24,357

(3) Cash and Investments – Component unit

Hospital Authority

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of May 31, 2008, all the Authority's deposits were either recovered by federal depository insurance or collateralized through securities held by the pledging financial institution's trust department in the Authority's name. The Authority has no custodial credit risk policies requiring additional collateral beyond what is required under State of Georgia law.

Investment Type	Average rating		Fair Value	Maturities (in years) <1	1-5	6-10	>10
Mixed funds	Aaa	$	19,389	19,337	52	-	-
Money Market	N/A		4,444	4,444	-	-	-
U.S Government Agencies	Aaa		8,525	7,743	782	-	-
Marketable Equity Securities	N/A		2,107	2,107	-	-	-
Total investments		$	34,465	33,631	834	-	-

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its' exposure to fair value losses arising from increasing investment rates. The Authority's practice emphasizes the purchase of shorter term or more liquid investments.

Credit Risk

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority has no formal policy on concentration of credit risk beyond that stipulated by the Georgia government Code, and has no investments in any one issuer greater than 5% of total Authority investments as of May 31, 2008.

Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:		May 31, 2008
Cash and cash equivalents	$	45,058
Investments		6,626
Restricted		
Cash and cash equivalents (deposits and trusts)		9,215
Investments		27,839
Total	$	88,738
Total cash and cash equivalents	$	54,273
Total investments		34,465
Total cash, cash equivalents and investments	$	88,738

(4) Taxes

(a) Property Taxes

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

The South Fulton Taxing District was established in 2006 as a special revenue fund which levies taxes to provide resources for municipal type services such as police, fire, parks, and economic development. State legislation required the circa 2005 special service district to be divided for financial reporting into "sub-districts" and categorized revenue and expenditures by geographic areas. A combining schedule of these sub-districts and the existing special service district are shown on pages 63 and 64, while schedules of budgetary comparisons are on pages 65 through 67. The two sub-districts covered geographic areas are now incorporated municipalities, so only minimal activity occurs in these remnant sub-district funds. State legislation in 2008 required payments to these new municipalities for all unencumbered residual cash in sub-district funds.

(b) Local Option Sales Tax

The County received varying portions of a 1% local option sales tax levied on all retail sales made within the County. The proceeds of such tax collected each year are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes, which would otherwise be required to be levied in the subsequent year. The incorporations of the City of Sandy Springs, Johns Creek, Milton and Chattahoochee Hills changed the allocation of sales taxes received by Fulton County, as will other incorporations throughout unincorporated Fulton County.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2008 are as follows (in thousands of dollars):

	2008
Taxes Receivable:	
General Fund	$ 6,200
Special Service District Fund	200
South Fulton Special Taxing District	400
Other Governmental funds - Debt Service Fund	91
Agency Funds	17,600
	$ 24,491
Accounts Receivable – Water and Sewerage System Fund	$ 454

(6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed $2,695 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission, and $37 is owed for the costs of providing municipal elections in 2008. Additionally, due from other governments in the Other Governmental Funds include a receivable of $4,621 for federal financial assistance related to various grantor receivables. $390 is due for reimbursement for providing judicial services and $99 is due for reimbursement of capital costs in the emergency communication system from one municipality.

Business type funds are owed $2,044 from three municipalities for contractual services provided in 2006 through 2008 for police and fire services. $1,302, net of a $454 reserve, is also due from other area municipalities to the Water and Sewerage System Fund for wastewater treatment charges, sewer use fees, water line construction and miscellaneous surcharges not yet remitted to the County at December 31, 2008.

(7) Capital Assets and Infrastructure

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

	January 1, 2008	Increases	Decreases	December 31, 2008
Capital assets not being depreciated:				
Land and land improvements	$ 45,139	—	—	45,139
Construction in progress	96,440	28,552	(54,350)	70,642
Total capital assets not being depreciated	141,579	28,552	(54,350)	115,781
Capital assets being depreciated:				
Equipment	103,197	2,435	—	105,632
Buildings and other improvements	634,728	18,946	(527)	653,147
Roadway network	562,047	6,817	—	568,864
Total capital assets being depreciated	1,299,972	28,198	(527)	1,327,643
Less accumulated depreciation for:				
Equipment	(85,106)	(6,427)	—	(91,533)
Buildings and other improvements	(293,511)	(13,079)	296	(306,294)
Roadway network	(150,713)	(12,147)	—	(162,860)
Total accumulated depreciation	(529,330)	(31,653)	296	(560,687)
Net capital assets being depreciated	770,642	(3,455)	(231)	766,956
Net capital assets- governmental activities	$ 912,221	25,097	(54,581)	882,737

(7) Capital Assets and Infrastructure (continued)

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

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

Ownership of roadway networks net of accumulated depreciation had been transferred to newly formed municipalities within the County for roads within their geographic borders formerly owned by the County. These new governments are now responsible for roadways within its jurisdiction, and these assets are no longer owned nor reported as the County's capital assets. Additional roads have been granted to these municipalities and are shown as extraordinary items on page 12 on the Statement of Activities.

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

	January 1, 2008	Increases	Decreases	December 31, 2008
Airport fund:				
Capital assets not being depreciated:				
Land and land improvements	$ 27,909	—	—	27,909
Total capital assets not being depreciated	27,909	—	—	27,909
Capital assets being depreciated:				
Equipment	1,250	—	—	1,250
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	6,707	—	—	6,707
Less accumulated depreciation for:				
Equipment	(1,118)	(38)	—	(1,156)
Buildings and other improvements	(4,160)	(136)	—	(4,296)
Total accumulated depreciation	(5,278)	(174)	—	(5,452)
Net capital assets being depreciated	1,429	(174)	—	1,255
Net capital assets-Airport fund	$ 29,338	(174)	—	29,164

(7) Capital Assets and Infrastructure (continued)

	January 1, 2008	Increases	Decreases	December 31, 2008
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	$ 6,664	—	—	6,664
Construction in progress	131,947	91,839	(43,839)	179,947
Total capital assets not being depreciated	138,611	91,839	(43,839)	186,611
Capital assets being depreciated:				
Equipment	13,164	37	—	13,201
Water system	202,920	45	—	202,965
Sewerage system	817,063	63,269	—	880,332
Total capital assets being depreciated	1,033,147	63,351	—	1,096,498
Less accumulated depreciation for:				
Equipment	(11,364)	(670)	—	(12,034)
Water system	(49,688)	(4,002)	—	(53,690)
Sewerage system	(190,172)	(15,906)	—	(206,078)
Total accumulated depreciation	(251,224)	(20,578)	—	(271,802)
Net capital assets being depreciated	781,923	42,773	—	824,696
Net capital assets-Water and Sewerage System fund	$ 920,534	134,612	(43,839)	1,011,307

No interest was capitalized from borrowings related to construction projects during 2008.

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

Governmental activities:	
Administration	$ 1,951
Public Safety	4,096
Legal	4,291
Infrastructure and facilities	17,024
Social services	3,901
Health services	390
Total depreciation expense, governmental activities	$ 31,653
Business-type activities:	
Water and Sewerage	$ 20,578
Airport	174
Total depreciation expense, business-type activities	$ 20,752

(7) Capital Assets and Infrastructure – Component unit

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

		January 1, 2008	Increases	Decreases	May 31, 2008
Capital assets not being depreciated:					
Land	$	1,657	—	—	1,657
Construction in progress		5,382	2,037	(1,118)	6,301
Total capital assets not being depreciated		7,039	2,037	(1,118)	7,958
Capital assets being depreciated:					
Equipment		106,258	3,958	—	110,216
Buildings		460,886	1,043	—	461,929
Total capital assets being depreciated		567,144	5,001	—	572,145
Less accumulated depreciation for:					
Equipment		(61,625)	(4,482)	—	(66,107)
Buildings and other improvements		(307,549)	(7,733)	—	(315,282)
Total accumulated depreciation		(369,174)	(12,215)	—	(381,389)
Net capital assets being depreciated		197,970	(7,214)	—	190,756
Net capital assets- governmental activities	$	205,009	(5,177)	(1,118)	198,714

Total depreciation expense for the Hospital Authority for the five months ended May 31, 2008 was $12,215. All depreciation was incurred on assets acquired to provide health services.

(8) Long-Term Debt & Other Obligations

(a) Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2008 (in thousands of dollars):

Governmental activities:	January 1, 2008	Additions	Retirements	Other*	December 31, 2008	Due within one year
Certificates of participation	$ 116,660	-	(5,665)	-	110,995	5,950
Less deferred charges, net	(406)	-	-	50	(356)	
Total Certificates of Participation	116,254	-	(5,665)	50	110,639	
Building Authority Revenue Bonds	61,349	-	(12,655)	2,225	50,919	12,324
Less deferred charges, net	325	-	-	(58)	267	
Total Building Authority Revenue Bonds	61,674	-	(12,655)	2,167	51,186	
General Obligation Bonds	4,581	-	(2,858)	37	1,760	1,760
Compensated absences	42,317	14,492	(14,731)	-	42,078	14,492
Other long term capital lease obligations	74,135	4,883	(6,787)	-	72,231	7,889
Net other post employment benefits	56,654	68,285	(12,662)	-	112,277	-
Claims and judgments	10,179	-	-	(577)	9,602	318
Post-closure care	21,065	-	(1,032)	-	20,033	1,097
Total Governmental activities	$ 386,859	87,660	(56,390)	1,677	419,806	43,830
Business-type activities:						
Water & Sewerage Revenue Bonds	$ 570,115	-	(10,335)	-	559,780	10,965
Less deferred charges, net	1,343	-	-	154	1,497	
Total Water & Sewerage Revenue Bonds	571,458	-	(10,335)	154	561,277	
Note Payable	610	-	(174)	-	436	185
Other long-term liabilites	1,573	797	(820)	-	1,550	
Total business-type activities	$ 573,641	797	(11,329)	154	563,263	11,150

*Includes accretion of interest on revenue bonds, amortization of bond premium and discount, and other adjustments to long term liabilities.

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

Bonds Payable

(1) ***General Obligation Bonds*** - The County issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds have been issued for general government activities and are reported as a governmental activity in the government wide Statement of Net Assets. General obligation bonds currently outstanding are as follows (in thousands of dollars):

Issue year	Interest rate range	Final maturity date	Outstanding Balance	Annual principal installments	Purpose
1992	5.375%	2009	$ 1,760	1,760	Capital facilities

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

Issue year	Interest rate range	Final Maturity Date	Outstanding balance	Annual principal installments	Purpose
General governmental activities:					
1991 Building Authority	6.70-6.75%	2011	$ 14,314	$ 5,975-6,015	Capital facilities
2002-A Building Authority	3.40-5.25	2014	3,085	450-580	Capital facilities
2002-B Building Authority	3.25-5.00	2014	20,535	215-6,975	Capital facilities
2002-C Building Authority	4.00-5.00	2010	12,985	6,340-6,645	Capital facilities
			$ 50,919		
Business-type activities:					
1992 Water and Sewerage	6.25%	2009	$ 1,840	$ 1,840	Water/Sewer facilities
1998 Water and Sewerage	4.75-5.25	2027	271,495	8,980-20,320	Water/Sewer facilities
2004 Water and Sewerage	2.375-5.25	2034	286,445	145-36,935	Water/Sewer facilities
			$ 559,780		

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

The annual requirements to amortize bonds payable as of December 31, 2008, including interest payments are as follows (in thousands of dollars):

Year Ending December 31	General Obligation Bonds		Building Authority Revenue Bonds		Water and Sewerage Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 1,760	95	12,324	2,468	10,965	27,851	25,049	30,414
2010	-	-	12,096	2,713	11,555	27,258	23,651	29,971
2011	-	-	4,974	2,881	12,160	26,654	17,134	29,535
2012	-	-	6,800	1,080	12,795	26,019	19,595	27,099
2013	-	-	7,170	739	13,465	25,350	20,635	26,089
2014-2018	-	-	7,555	379	78,095	115,980	85,650	116,359
2019-2023	-	-	-	-	99,070	95,013	99,070	95,013
2024-2028	-	-	-	-	125,255	68,814	125,255	68,814
2029-2033	-	-	-	-	159,485	34,588	159,485	34,588
2034	-	-	-	-	36,935	1,881	36,935	1,881
Total	1,760	95	50,919	10,260	559,780	449,408	612,459	459,763
Deferred charges/ premiums	-	-	267	(267)	1,497	(1,497)	1,764	(1,764)
Total	$ 1,760	95	51,186	9,993	561,277	447,911	614,223	457,999

In current and prior years, the County defeased certain outstanding revenue and general obligation bonds and lines of credit by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds and lines of credit. Accordingly, the trust accounts and the defeased bonds are not included in the accompanying financial statements. At December 31, 2008, the outstanding amount of bonds considered defeased totaled $39,355.

(3) ***Covenants*** - The various bond indentures contain a number of limitations and restrictions. The County's management believes that it is in compliance with all limitations and restrictions at December 31, 2008.

(4) ***Debt Margins*** - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. At December 31, 2008, amounts available in the Debt Service Fund exceeded the amount of General Obligation Bonds of $1,760. The statutory limit and debt margin at that date was $5,988,387.

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

Certificates of Participation

The County entered into a capital lease obligation with the Fulton County Facilities Corporation, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement in which the County agreed to make twenty annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation as of December 31, 2008 is $110,995 with interest rates ranging from 5.00% to 6.00%.

The annual requirements to amortize this capital lease obligation as of December 31, 2008, including interest payments of $46,700 are as follows (in thousands of dollars):

Year ended December 31,	Lease Payments
2009	$ 12,220
2010	11,973
2011	11,665
2012	11,305
2013	11,286
2014-2018	80,062
2019	19,184
	$ 157,695

(d) Note Payable

The Enterprise Funds entered into a note payable agreement with the Georgia Environmental Facilities Authority to finance construction of certain treatment facilities. The note which totals $436 at December 31, 2008 is payable in quarterly installments of principal and interest and bears interest at 6.7%. The annual requirements to pay the note as of December 31, 2008 are as follows (in thousands of dollars):

Year ended December 31,	Principal	Interest	Total payments
2009	$ 185	25	210
2010	197	13	210
2011	54	-	54
	$ 436	38	474

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

(e) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling $72,231 with interest rates ranging from 3.95% to 7.66%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets acquired through capital leases are $89,962 as of December 31, 2008, of which $38,910 is recorded as buildings, $4,883 is equipment and $46,169 recorded for mechanical, electrical and plumbing improvements to the County's jail and capitalized as construction in progress.

The annual requirements to amortize these other capital lease obligations as of December 31, 2007, including interest payments and executory costs of $29,982 are as follows (in thousands):

Year ended December 31,	Capital lease obligation
2009	$ 11,653
2010	8,761
2011	7,744
2012	7,789
2013	8,268
2014-2018	25,905
2019-2023	21,395
2024-2026	10,698
	102,213

(f) Hospital Authority Revenue Bonds

Changes in the Authority's non-current liabilities for the year ended May 31, 2008 are noted below: (in thousands)

	January 1, 2008	Additions	Retirements	May 31, 2008	Due within one year
Long-term debt:					
Revenue Certificates	$ 227,468	440	(13,320)	214,588	13,365
Capital lease obligations	11,319	-	(1,813)	9,506	2,754
total long-term debt	238,787	440	(15,133)	224,094	16,119
Other long-term liabilities:					
Deferred revenue	1,794	30,861	(526)	32,129	-
Total	$ 240,581	31,301	(15,659)	256,223	16,119

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

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

Year Ending December 31	Authority Long Term Debt		Authority Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 13,365	10,792	2,754	327	16,119	11,119
2010	13,985	10,177	2,678	222	16,663	10,399
2011	14,630	9,530	2,738	115	17,368	9,645
2012	15,355	8,809	1,177	29	16,532	8,838
2013	16,115	8,051	159	5	16,274	8,056
2014-2018	93,835	26,982	-	-	93,835	26,982
2019-2020	44,795	3,541	-	-	44,795	3,541
Total	212,080	77,882	9,506	698	221,586	78,580
Deferred charges/ premiums	2,508	-	-	-	2,508	-
Total	$ 214,588	77,882	9,506	698	224,094	78,580

In prior years, the Hospital Authority defeased certain outstanding revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account and the defeased bonds are not included in the Hospital Authority's financial statements. At May 31, 2008, the Hospital Authority's outstanding amount of bonds considered defeased in prior years totaled $13,055 for the Authority's 1990A, 1990B, 1991 Revenue Refunding certificates.

(g) Hospital Authority Capital Lease Obligations

The Hospital Authority has entered into various capital lease agreements for equipment, which expire at various dates through 2013. At May 31, 2008, the gross amount of capital assets under capital leases is $37,118 and the related accumulated depreciation is $16,510.

(9) Other Long-Term Obligations

(a) Fulton County

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 20 years. The County payments specific to landfill postclosure care approximated $1,032 in 2008, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification.

(9) Other Long-Term Obligations (continued)

(b) Hospital Authority

The Authority engages an independent actuary to make an annual evaluation for general and professional liability risks. The provision for these risks for the five months ending May 31, 2008 was $5,394 consisting of $4,263 of additional accruals and $1,131 of excess insurance premiums that were charged to operating expenses in the five month period ended May 31, 2008. The cumulative unfunded portion of the actuarially recommended reserve is $38,700 as of May 31, 2008. The Authority also estimated the reserve for workers' compensation liability by calculating a future reserve for compensated absences and related medical expenses for all open claims outstanding as of that date plus estimating an amount for claims incurred by not reported, which totaled $6,949 as of May 31, 2008.

The Authority has a $27,000 letter of credit to provide interim working capital prior during the five month period ended May 31, 2008. The line of credit expired in December 2007 and no outstanding balance remained as of this date. The balance under the line of credit bore interest at a variable rate equal to the sum of the LIBOR market index rate plus 85 basis points, (6.09% at December 31, 2007). $61,600 was drawn from this line of credit during 2007.

(10) Interfund Assets/Liabilities and Transfers

Interfund receivable and payable balances as of December 31, 2008 are attributable to unsettled balances at year-end for charges and transfers between funds. A Non-major governmental fund owed the Special Service district fund, a major fund, $244 as of December 31, 2008. No other balances exist as of December 31, 2008. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

	Transferred To			
Transferred From	General fund	Special Service District funds	Non-Major Govern-mental funds	Total
General fund	$ —	—	58,488	58,488
Special Service District funds	2,517	—	4,483	7,000
Non-major governmental funds	—	—	8,126	8,126
	$ 2,517	—	71,097	73,614

(11) Risk Management

The County is self-insured for workers' compensation, unemployment, auto and general liability. The County pays for such claims as they become due from this fund, including claims and judgments. The present value of the estimated future liability for outstanding claims, including estimated incurred but unreported claims, as of December 31, 2008, which is expected to be paid after one year, is $9,602. This estimated future liability is reported in the governmental activities of the government-wide statements. The County purchases commercial insurance for these exposures at various claim levels. The County has not experienced any significant decrease in insurance coverage in 2008. Settled claims have not exceeded commercial coverage in each of the past three fiscal years.

Additionally, the County is partially self-insured for employee medical claims. The County accounts for its liability for such medical claims and estimated incurred and unreported claims, together with the accumulation of resources for their payment through employee charges and County contributions, in the Insurance Stabilization Fund (Internal Service Fund). At December 31, 2008, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is $4,611. At December 31, 2008, the County held $23,781 in cash and cash equivalents available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of $4,720 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2008, the County held $17,334 in cash and cash equivalents available for payment of these claims.

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

Changes in the balances of claims liabilities for the County for the period ended December 31, 2008 was as follows (in thousands of dollars):

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2007	$ 15,803	66,693	(65,321)	17,175
2008	17,175	67,117	(65,359)	18,933

(12) Deferred Compensation Plan

The County has adopted a deferred compensation plan (the "Plan") in accordance with the 2001 revisions of Section 457 of the Internal Revenue Code. The Plan, available to all Fulton County employees, allows an employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed $15,000. These are based on the new provisions of the 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. Valic, ICMA, Nationwide, and CityStreet independently managed assets of the plan throughout 2008.

(13) Retirement Plans

(a) County Pension Plan

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

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

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

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

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

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

(13) Retirement Plans (continued)

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

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, including contributions to the Supplemental Plan described in this note, made for 2008 are as follows (in thousands of dollars):

	2008
Total required employer contributions:	
Dollar amount	$ 33,836
Percent of covered payroll	43.28%
Actual employer contributions:	
Dollar amount	$ 32,857
Percent of covered payroll	42.03%

Employee contribution rates are established in accordance with pension law. During 2008 actual countywide employee contributions were $4,900 which represented 6.27% of covered payroll. The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.1% investment rate of return, (b) projected salary increases ranging from 0.0% in 2009, 2.0% for 2010-2014 and 4.0% thereafter, (c) inflationary adjustments at or exceeding 3% annually. The net pension asset is being amortized on a level dollar amount over 30 years. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Membership

Current membership in the Plan and current year payrolls for 2008 are as follows:

Members:		
Retired and receiving benefits	$	2,670
Terminated with vested benefits		44
Active employees:		
Vested		1,218
Nonvested		223
Total members		4,155
Total current year payroll for employees covered by the Plan (in thousands)	$	78,184

(13) Retirement Plans (continued)

The Plan's annual pension cost and net pension obligation for 2008 were as follows:

	(In thousands of dollars)
Annual required contribution	$ 33,836
Interest on net pension obligation	(4,074)
Adjustment to annual required contribution	4,676
Annual pension cost	34,438
Contributions made, including interest	34,093
Increase in net pension obligation	345
Net pension obligation (asset) beginning of year	(49,677)
Net pension obligation (asset) end of year	$ (49,332)

Actuarial changes for the January 1, 2009 valuation include two changes. The first is a reduction of the assumed rate of return from 8.2% to 8.1% to better reflect anticipated investment performance. Secondly, the salary scale assumptions for future service were changed from 4.0% for all years to calendar year rates of 0.0% in 2009, 2.0% from 2010 to 2014, and 4.0% thereafter. This change reflects both the near-term economic outlook and the demographic characteristics of the population. The affect of these changes decreased the actuarial liability by $12,317 as of January 1, 2009. No actuarial assumption changes were made for the actuarial evaluations dated January 1, 2008.

The only plan benefit provision change increased the minimum monthly retirement benefit for members retiring after February 1, 2008 under the Fulton County General Employees Pension Act, the Fulton County Judges and Solicitors' General Retirement Fund, the Public Safely Fund, the 1982 and 1991 laws from $440 to $460. This change had no effect on the plan's actuarial liabilities.

Schedule of Employer Contributions
Three-Year Trend Information

Fiscal year ended	Annual Pension Cost (APC)	Percentage of APC contributed	Net pension obligation (asset)
December 31, 2006	$ 37,906	99.2%	$ (49,933)
December 31, 2007	39,608	95.7	(49,677)
December 31, 2008	34,438	95.5	(49,332)

The information required to allocate the net pension asset for Proprietary funds was not available as of this date and net pension asset is reported in the government-wide statements.

(13) Retirement Plans (continued)

(b) Defined Contribution Plan

The Fulton County Defined Contribution Pension Plan was established in June 1999 to provide retirement benefits for new employees, appointees and other County officials, as the defined benefit plan was closed. GEB Corporation serves as an independent administrator of the plan. At December 31, 2008, the plan has 4,155 active participants who contributed 6% of their pensionable earnings, approximately $10,474 during 2008. The County also contributed $13,966 which was 8% of their pensionable earnings throughout the year. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws.

(c) Hospital Authority Pension Plan

The Hospital Authority has a single-employer trusteed noncontributory defined benefit pension plan in which substantially all regular employees are eligible to participate. The Hospital Authority's funding policy is to contribute annually an amount sufficient to meet the actuarially determined pension expense for that year. This plan was frozen effective May 19, 2008, and substantially all of the employees of the Authority transferred to the Grady Memorial Hospital Corporation on May 20, 2008. Effective January 1, 2009, the Authority implemented a Retirement Savings Program 401(k) plan to replace the defined benefit plan above. Information on this plan and these changes may be obtained by writing to Grady Health System Chief Financial Officer, 80 Jesse Hill, Jr. Drive, S.E., Administrative Office, Atlanta, Georgia 30303.

(14) Other Post-Employment Benefits

(a) Fulton County

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, in which all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Fulton County contributes 75-90% of the premium cost for health care coverage, based upon the plan chosen by the participant, and contributes 100% of the premium cost for $10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated $23,162 in 2008, as compared to 21,537 in 2007. In accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County's annual other postemployment benefit (OPEB) cost is calculated based on the Annual Required Contribution of the employer (ARC) which is required to be actuarially determined on a biannual basis. For 2008 and 2007 the Annual Required Contribution and Total OPEB Obligation amounts were determined under the Attained Age funding method. The number of retirees with current health care coverage was 2,130, while 2,633 had life insurance coverage in effect. Active employees with coverage subject to this plan totaled 5,252. The discount rate utilized was 4%, estimated salary increases were 4-5% dependent upon years of service, and a 30 year amortization period.

(14) Other Post-Employment Benefits (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Examples include assumptions of future employment, mortality, and health care cost trends. Amounts determined regarding annual required contributions are subject to revision as results are compared with past expectations and new estimates are made about future trends. The schedule of funding progress presents the second year of implementation of GASB 45.

No financial assets have been dedicated to pay for future OPEB claims against the unfunded accrued actuarial liability of $1,075,768, thereby yielding a funded ratio of 0.0%. The annual required contribution for 2008 is $65,659; interest on the net OPEB obligation is 2,626. $12,662 was contributed by the County for contributions during 2008, yielding a net increase in the OPEB obligation by $55,623 for 2008. Information relating to the County's OPEB plan is presented as required supplementary information on page 62 of this report.

(b) Hospital Authority

No financial assets have been dedicated to pay for future OPEB claims against the unfunded accrued actuarial liability of $85,530, thereby yielding a funded ratio of 0.0%. The annual required contribution for the twelve months 2008 is $8,516; interest on the net OPEB obligation is 553. The OPEB expense for the five month period ended May 31, 2008 was $2,919. $3,773 was an estimate of the annualized contributions by the Authority for 2008, yielding a net increase in the OPEB obligation by $4,826 for the twelve months ended 2008. Information relating to the Authority's OPEB plan is presented as required supplementary information within their report.

(15) Commitments and Contingencies

(a) Fulton County

(1) ***Litigation*** – The County expects several lawsuits stemming from an incident within the courthouse area that resulted in fatalities. The eventual outcome of this suit is not known at this time, but could be substantial in nature.

The County is a also a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability ranging from $7 million to $11 million is believe to be reasonably possible. Of this amount, up to $3 million is believed to be probable. The County will continue to assert its position in a defense against all unsettled claims. The County has accrued $7 million for these cases, $5 million within the long term debt section and $2 million within the claims payable on the government wide Statement Net Assets presented on page 11.

(15) Commitments and Contingencies (continued)

(2) ***Grants*** - The County participates in a number of Federal financial assistance programs. These programs are subject to independent financial and compliance audits by independent auditors and grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

(3) ***Commitments*** - Commitments for water and sewerage system improvements at December 31, 2008 total approximately $103,129.

(b) Hospital Authority

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

(2) ***Operating Leases*** - Leases that do not meet the criteria for capitalization are classified as operating leases with related rental expense charged to operations as incurred. The Hospital Authority has several noncancelable operating leases, primarily for office space, which expire at various dates through 2012. .

(3) The future minimum lease payments under noncancelable operating leases as of May 31, 2008 are as follows (in thousands):

		Operating leases
2008	$	1,837
2009		1,124
2010		485
2011		184
2012		267
	$	3,897

(16) Subsequent Events

The County in June of 2009 issued $120 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County.

The County anticipates refinancing substantially all of the existing Fulton County Facility Corporation Certificates of Participation in order to maximize debt service savings should lower interest rates become available in the short term. County management monitors economic conditions and the impact on the interest rate environment to ensure timing of the transaction will yield the greatest savings to the County.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2008

Fulton County Employees' Retirement System
Schedule of Employer Contributions
Six-Year Trend Information

Year Ended	Annual Required Contribution	Employer Contributions	Percentage Contributed
December 31, 2003	$ 27,002	26,184	97.0%
December 31, 2004	29,778	31,120	104.5
December 31, 2005	32,726	32,340	98.8
December 31, 2006	37,081	36,111	97.4
December 31, 2007	38,895	37,802	97.2
December 31, 2008	33,836	32,750	96.8

Schedule of Funding Progress (including effects of plan modifications)

Actuarial valuation date	Actuarial value of assets (a)	Entry age normal Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b – a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ([b – a]/c)
December 31, 2003	$ 1,018,979	1,149,383	130,404	88.7%	120,074	108.6%
December 31, 2004	1,038,201	1,232,491	194,290	84.2	115,284	168.5
December 31, 2005	1,064,825	1,277,972	213,147	83.3	104,909	203.2
December 31, 2006	1,116,451	1,331,658	215,207	83.8	98,882	217.6
December 31, 2007	1,193,724	1,383,842	190,118	86.3	80,266	236.9
December 31, 2008	1,175,299	1,441,124	265,825	81.6	78,184	340.0

Schedule of Other Post-Employment Benefits Information
For the year ended December 31, 2008

Amortization of unfunded accrued liability (UAAL)	$	42,752
Normal cost at beginning of year		25,533
Annual required contribution (ARC) for other postemployment benefits (OPEB)		65,659
Interest on annual required contribution		2,626
Annual OPEB cost/Annual required contribution		68,285
Annual employer contributions made		(12,662)
Change in net OPEB obligation		55,623
Net OPEB obligation - January 1		56,654
Net OPEB obligation - December 31	$	112,277
Percentage of annual contributions made to annual required contribution		18.54%
Unfunded accrued liability (UAAL)	$	1,075,768
Covered payroll	$	247,868
UAAL as a percentage of covered payroll		434.0%

COMBINING STATEMENTS AND SCHEDULES

FULTON COUNTY, GEORGIA
Combining Balance Sheet
Special Service District-Major Special Revenue fund
For the year ended December 31, 2008

(In thousands of dollars)

	Special Service District	Northwest Fulton Sub-District	Northeast Fulton Sub-District	Total Special Service District
Assets:				
Cash and cash equivalents	$ 15,507	884	74	16,465
Receivables (net of allowances):				
Taxes	289	41	54	384
Accounts	—	25	—	25
Due from other funds	244	—	—	244
Total assets	$ 16,040	950	128	17,118
Liabilities:				
Accounts payable	$ 677	—	32	709
Deferred revenue	289	37	50	376
Total liabilities	966	37	82	1,085
Fund balances (deficit):				
Unreserved:				
Designated for subsequent years expenditures	15,074	913	46	16,033
Total fund balances (deficit)	15,074	913	46	16,033
Total liabilities and fund balances	$ 16,040	950	128	17,118

FULTON COUNTY, GEORGIA

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Service District-Major Special Revenue fund

For the year ended December 31, 2008

(In thousands of dollars)

	Special Service District	Northwest Fulton Sub-District	Northeast Fulton Sub-District	Total Special Service District
Revenues:				
Taxes	$ 95	72	107	274
Courts and law enforcement	14	—	6	20
Use of money and property	1,022	77	14	1,113
Net (depreciation) appreciation in investments	(5)	(1)	—	(6)
Total revenues	1,126	148	127	1,401
Expenditures:				
Current:				
Public safety	3,303	—	—	3,303
Other nonagency	—	4,716	3,048	7,764
Total expenditures	3,303	4,716	3,048	11,067
Excess (deficiency) of revenues over (under) expenditures	(2,177)	(4,568)	(2,921)	(9,666)
Other financing sources (uses):				
Transfers out	(7,000)	—	—	(7,000)
Total other financing sources (uses)	(7,000)	—	—	(7,000)
Net change in fund balances	(9,177)	(4,568)	(2,921)	(16,666)
Fund balance at beginning of year	24,251	5,481	2,967	32,699
Fund balance at end of year	$ 15,074	913	46	16,033

FULTON COUNTY, GEORGIA
Special Service District-Major Special Revenue fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2008
(In thousands of dollars)

	Non-GAAP budget basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Revenue per Budget Law	$ —	—	1,666	1,666
Appropriated Fund Balance	17,394	17,394	8,637	(8,757)
Total revenues and other sources, non-GAAP budget basis	$ 17,394	17,394	10,303	(7,091)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(516)	
To record net change in interest receivable and depreciation of investments			(24)	
Appropriated fund balance			(8,637)	
Total adjustment to GAAP basis			(9,177)	
Total revenues and other sources, GAAP basis			$ 1,126	
Expenditures and other uses:				
Non agency	$ 17,394	17,394	10,303	7,091
Total expenditures and other uses, non-GAAP budget basis	$ 17,394	17,394	10,303	7,091
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			$ 10,303	

FULTON COUNTY, GEORGIA
Special Service District-Major Special Revenue fund
Northwest Fulton Sub-District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2008
(In thousands of dollars)

	Non-GAAP budget basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Revenues per Budget Law	$ -	-	159	
Appropriated Fund Balance	5,415	5,145	4,716	(429)
Total revenues and other sources, non-GAAP budget basis	$ 5,415	5,145	4,875	(429)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			4	
To record net change in interest receivable and depreciation of investments			(15)	
Appropriated fund balance			(4,716)	
Total adjustment to GAAP basis			(4,727)	
Total revenues and other sources, GAAP basis			$ 148	
Expenditures and other uses:				
Non agency	$ 5,415	5,415	4,716	699
Total expenditures and other uses, non-GAAP budget basis	$ 5,415	5,415	4,716	699
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			$ 4,716	

FULTON COUNTY, GEORGIA
Special Service District-Major Special Revenue fund
Northeast Fulton Sub-District
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2008
(In thousands of dollars)

	Non-GAAP budget basis			Variance
	Original Budget	Final Budget	Actual	Positive (Negative)
Revenues:				
Revenues per Budget Law	$ -	-	163	
Appropriated Fund Balance	2,755	2,755	3,048	293
Total revenues and other sources, non-GAAP budget basis	$ 2,755	2,755	3,211	293
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(24)	
To record net change in interest receivable and depreciation of investments			(12)	
Appropriated fund balance			(3,048)	
Total adjustment to GAAP basis			(3,084)	
Total revenues and other sources, GAAP basis			$ 127	
Expenditures and other uses:				
Non agency	$ 2,755	3,048	3,048	—
Total expenditures and other uses, non-GAAP budget basis	$ 2,755	3,048	3,048	—
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			$ 3,048	

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2008

(in thousands of dollars)

		Special Revenue Funds					
	Debt Service fund	South Fulton Taxing District	Grants in Aid	Emergency Telephone	Solid Waste	Stormwater Management	General Government Services
Assets:							
Cash and cash equivalents	$ 11,321	2,188	75	7,429	579	1,290	1,213
Investments	2,551	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	3	7,128	—	—	—	—	—
Accounts	—	—	—	—	—	—	412
Due from other funds	—		—	—	—	—	—
Due from other governments	—	—	4,621	99	—	—	—
Total assets	$ 13,875	9,316	4,696	7,528	579	1,290	1,625
Liabilities:							
Accounts payable	$ —	1,258	3,343	208	2	—	—
Due to other funds	—	—	—	—	244	—	—
Due to others	—	543	—	1,686	—	—	—
Deferred revenue	—	6,143	—	—	—	—	—
Total liabilities	—	7,944	3,343	1,894	246	—	—
Fund balances (deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	13,875	—	—	—	—	—	—
Unreserved:							
Designated	—	1,372	1,353	5,634	333	1,290	1,625
Designated for Property and Infrastructure	—	—	—	—	—	—	—
Undesignated	—	—	—	—	—	—	—
Total fund balances (deficit)	13,875	1,372	1,353	5,634	333	1,290	1,625
Total liabilities and fund balances	$ 13,875	9,316	4,696	7,528	579	1,290	1,625

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2008

(in thousands of dollars)

	Special Revenue Funds						
	Public Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District
Assets:							
Cash and cash equivalents	$ —	533	8,647	253	6,694	2,441	3
Investments	—	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Accounts	—	—	37	—	—	—	—
Due from other governments	—	—	390	—	—	—	—
Total assets	$ —	533	9,074	253	6,694	2,441	3
Liabilities:							
Accounts payable	$ 2,831	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Due to others	—	—	1,721	—	1,301	—	—
Deferred revenue	—	—	—	—	—	—	—
Total liabilities	2,831	—	1,721	—	1,301	—	—
Fund balances (deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	—	—	—	—	—	—	—
Unreserved:							
Designated	—	533	7,353	253	5,393	2,441	3
Designated for Property & Infrastructure	—	—	—	—	—	—	—
Undesignated	(2,831)	—	—	—	—	—	—
Total fund balances (deficit)	(2,831)	533	7,353	253	5,393	2,441	3
Total liabilities and fund balances	$ —	533	9,074	253	6,694	2,441	3

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2008

(in thousands of dollars)

Capital Projects Funds								
Serial bond	Library bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other capital projects	Special Service District projects	Transport-ation Improve-ments	Total Non-major Governmental Funds
114	1	28,782	—	422	13,974	3,934	7,005	96,898
1,961	114	6,702	—	—	967	—	2,696	14,991
—	—	—	—	—	—	—	—	7,131
—	—	—	—	—	—	—	—	449
—	—	—	—	—	—	—	—	5,110
2,075	115	35,484	—	422	14,941	3,934	9,701	124,579
—	—	1,074	89	—	—	209	282	9,296
—	—	—	—	—	—	—	—	244
—	—	—	—	—	—	—	—	5,251
—	—	—	—	—	—	—	—	6,143
—	—	1,074	89	—	—	209	282	20,934
—	—	4,846	64	—	—	621	1,941	7,472
—	—	—	—	—	—	—	—	13,875
—	—	—	—	—	—	—	—	27,583
2,075	115	29,564	—	422	14,941	3,104	7,478	57,699
—	—	—	(153)	—	—	—	—	(2,984)
2,075	115	34,410	(89)	422	14,941	3,725	9,419	103,645
2,075	115	35,484	—	422	14,941	3,934	9,701	124,579

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(in thousands of dollars)

	Debt Service fund	Special Revenue Funds: South Fulton Taxing District	Grants in Aid	Emergency Telephone	Solid Waste	Stormwater Management	General Government Services
Revenues:							
Taxes	$ 44	24,476	—	—	—	—	—
Intergovernmental	—	1	34,036	—	—	—	—
Charges for services	—	633	417	8,033	5	—	—
Courts and law enforcement	—	337	—	—	—	—	—
Use of money and property	253	1,169	8	—	—	—	—
License and permits	—	7,850	—	—	—	—	—
Miscellaneous	—	54	—	—	—	460	158
Net appreciation (depreciation) in investments	3	—	—	—	—	—	—
Total revenues	300	34,520	34,461	8,033	5	460	158
Expenditures:							
Current:							
Administration	—	—	435	—	—	—	218
Public safety	—	32,332	591	7,544	—	—	—
Infrastructure and facilities	—	—	—	—	1,414	—	—
Social services	—	11,022	15,731	—	—	—	—
Health services	—	—	21,727	—	—	—	—
Other nonagency	—	1,031	—	—	—	—	—
Capital outlay	—	—	—	—	—	—	—
Debt service:							
Principal retirement	24,823	—	—	—	—	—	—
Interest	9,839	—	—	—	—	—	—
Total expenditures	34,662	44,385	38,484	7,544	1,414	—	218
Excess (deficiency) of revenues over (under) expenditures	(34,362)	(9,865)	(4,023)	489	(1,409)	460	(60)
Other financing sources (uses):							
Capital lease obligations	—	—	—	—	—	—	—
Transfers in	31,542	6,000	1,556	46	1,257	—	—
Transfers out	—	(794)	(46)	—	—	(5,000)	—
Total other financing sources (uses)	31,542	5,206	1,510	46	1,257	(5,000)	—
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,820)	(4,659)	(2,513)	535	(152)	(4,540)	(60)
Fund balance at beginning of year	16,695	6,031	3,866	5,099	485	5,830	1,685
Fund balance (deficit) at end of year	$ 13,875	1,372	1,353	5,634	333	1,290	1,625

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(in thousands of dollars)

	Special Revenue Funds						
	Public and Mental Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District
$	—	—	—	—	—	—	—
	16,607	—	—	—	—	56	—
	6,258	—	—	—	—	—	—
	—	—	6,291	—	—	—	—
	—	—	60	—	27	75	—
	—	—	—	—	—	—	—
	—	67	—	—	26	—	—
	—	—	—	—	—	—	—
	22,865	67	6,351	—	53	131	—
	—	—	—	—	—	315	—
	—	—	6,523	—	—	—	—
	—	300	—	—	—	—	—
	—	—	—	—	7,017	—	—
	40,536	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	40,536	300	6,523	—	7,017	315	—
	(17,671)	(233)	(172)	—	(6,964)	(184)	—
	—	—	—	—	—	—	—
	16,910	—	—	—	7,560	—	—
	(26)	—	(44)	—	—	—	—
	16,884	—	(44)	—	7,560	—	—
	(787)	(233)	(216)	—	596	(184)	—
	(2,044)	766	7,569	253	4,797	2,625	3
	0	—	—	—	—	—	—
	(2,044)	766	7,569	253	4,797	2,625	3
$	(2,831)	533	7,353	253	5,393	2,441	3

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(in thousands of dollars)

	Capital Projects Funds								
	Serial Bond	Library Bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	Transportation Improvements	Total Nonmajor Governmental Funds
Revenues:									
Taxes	—	—	—	—	—	—	—	—	24,520
Intergovernmental	—	—	—	—	—	—	388	581	51,669
Charges for services	—	—	—	—	—	—	—	—	15,346
Courts and law enforcement	—	—	—	—	—	—	—	—	6,628
Use of money and property	65	4	1,271	21	—	630	96	317	3,996
License and permits	—	—	—	—	—	—	—	—	7,850
Miscellaneous	—	—	1,945	—	—	4	—	—	2,714
Net appreciation (depreciation) in investments	—	—	65	—	—	—	—	2	70
Total revenues	65	4	3,281	21	—	634	484	900	112,793
Expenditures:									
Current:									
Administration	—	—	—	—	—	—	—	—	968
Public safety	—	—	—	—	—	—	—	—	46,990
Infrastructure and facilities	—	—	—	—	—	16,038	—	—	17,752
Social services	—	—	—	—	—	—	—	—	33,770
Health services	—	—	—	—	—	—	—	—	62,263
Other nonagency	—	—	—	—	—	—	—	—	1,031
Capital outlay	—	—	12,845	3	—		800	4,037	17,685
Debt service:									
Principal retirement	—	—	—	—	—	—	—	—	24,823
Interest	—	—	—	—	—	—	—	—	9,839
Total expenditures	—	—	12,845	3	—	16,038	800	4,037	215,121
Excess (deficiency) of revenues over (under) expenditures	65	4	(9,564)	18	—	(15,404)	(316)	(3,137)	(102,328)
Other financing sources (uses):									
Capital lease obligations	—	—	—	—	—	4,883	—	—	4,883
Transfers in	—	—	4,400	—	—	626	200	1,000	71,097
Transfers out	—	—	(2,216)	—	—	—	—	—	(8,126)
Total other financing sources (uses)	—	—	2,184	—	—	5,509	200	1,000	67,854
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	65	4	(7,380)	18	—	(9,895)	(116)	(2,137)	(34,474)
Fund balance at beginning of year	2,010	111	41,790	(107)	422	24,836	3,841	11,556	138,119
Fund balance at end of year	2,075	115	34,410	(89)	422	14,941	3,725	9,419	103,645

FULTON COUNTY, GEORGIA
Debt Service funds
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)
For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt Service funds:				
Revenues				
Taxes	$ 281	281	57	(224)
Use of Money and Property	600	600	305	(295)
Transfers	30,593	30,593	31,542	949
Appropriated Fund Balance	5,480	5,480	2,758	(2,722)
Total revenues	$ 36,954	36,954	34,662	(2,292)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			(11)	
To record net change in interest receivable and depreciation of investments			(52)	
Appropriated Fund Balance			(2,758)	
Total adjustment to GAAP basis			(2,821)	
Total revenues and other sources, GAAP basis			31,841	
Expenditures				
Principal	$ 26,550	26,550	24,823	1,727
Interest	10,354	10,354	9,839	515
Other	50	50	—	50
Total expenditures	$ 36,954	36,954	34,662	2,292
Total expenditures and other uses, GAAP basis			34,662	

FULTON COUNTY, GEORGIA
Special Revenue funds
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2008
(In thousands of dollars)

South Fulton Taxing District:	Non-GAAP budget basis			Variance
	Original Budget	**Final Budget**	**Actual**	**Positive (Negative)**
Revenues:				
Revenue per Budget Law	$ 39,205	39,205	36,802	(2,403)
Insurance Premium Tax	2,795	2,795	3,350	555
Appropriated Fund Balance	6,676	6,676	6,256	(420)
Total revenues and other sources, non-GAAP budget basis	$ 48,676	48,676	46,408	(2,268)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			377	
To record net change in interest receivable and depreciation of investments			(9)	
Appropriated fund balance			(6,256)	
Total adjustment to GAAP basis			(5,888)	
Total revenues and other sources, GAAP basis			$ 40,520	
Expenditures and other uses:				
Fire	$ 15,500	15,500	14,828	672
Police	15,500	15,500	14,658	842
Parks and Recreation	4,380	4,380	4,019	361
Environment and Community Development	5,913	5,913	5,712	201
Finance	383	383	256	127
Non agency	7,000	7,000	6,935	65
Total expenditures and other uses, non-GAAP budget basis	$ 48,676	48,676	46,408	2,268
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(1,229)	
Total expenditures and other uses, GAAP basis			$ 45,179	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Grants in Aid				
Revenues				
Intergovernmental revenue	36,975	36,975	35,987	(988)
Other general revenues	$ 600	600	424	(176)
Transfers	1,556	1,556	1,556	—
Appropriated Fund Balance	—	—	163	163
Total revenues	$ 39,131	39,131	38,130	(1,001)
Reconciliation to GAAP basis:				
To record effect of receivables			(3,269)	
Appropriated Fund Balance			(163)	
Total revenues and other sources, GAAP basis			34,698	
Expenditures				
Administration	435	435	435	—
Public Safety	605	605	591	14
Social and Health services	17,244	17,244	16,191	1,053
Health services	21,452	21,452	20,913	539
Total expenditures and other uses	$ 39,131	39,131	38,130	1,001
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			400	
Total expenditures and other uses, GAAP basis			38,530	
Emergency Communications - 911				
Revenues				
Charges for Services	$ 7,300	7,300	8,079	779
Appropriated fund balance	2,397	2,397	(377)	2,774
Total revenues	9,697	9,697	7,748	3,553
Reconciliation to GAAP basis:				
Appropriated Fund Balance			377	
Total revenues and other sources, GAAP basis			8,079	
Expenditures				
Total public safety expenditures	$ 9,697	9,697	7,702	1,995
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(158)	
Total expenditures and other uses, GAAP basis			7,544	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Solid Waste:				
Revenues				
Charges for Services	$ —	—	5	(5)
Transfers	1,257	1,257	1,257	—
Appropriated fund balance	243	243	215	(1,014)
Total revenues	1,500	1,500	1,477	(1,019)
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(215)	
Total revenues and other sources, GAAP basis			1,262	
Expenditures				
Total facility expenditures	$ 1,500	1,500	1,477	23
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(63)	
Total expenditures and other uses, GAAP basis			1,414	

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Stormwater Management:				
Revenues				
Miscellaneous	$ —	—	460	
Appropriated fund balance	$ 5,500	5,500	—	5,500
Total revenues and other sources, GAAP basis			460	
Expenditures				
Total infrastructure expenditures	$ 5,500	5,500	5,000	500
Total expenditures and other uses, GAAP basis			5,000	

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General Government services:				
Revenues				
Miscellaneous	$ 163	163	158	(5)
Appropriated Fund Balance	351	351	60	(291)
Total revenues	$ 514	514	218	(296)
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(60)	
Total revenues and other sources, GAAP basis			158	
Expenditures				
Total administrative expenditures	$ 514	514	218	296
Total expenditures and other uses, GAAP basis			218	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public Health Services				
Revenues				
Intergovernmental revenue-State	15,340	15,340	16,607	1,267
Other general revenues	$ 7,200	7,200	6,258	(942)
Transfers	18,837	18,837	16,910	(1,927)
Appropriated Fund Balance	1,736	1,736	710	(1,026)
Total revenues	$ 43,113	43,113	40,484	(2,629)
Reconciliation to GAAP basis:				
To record effect of receivables			1	
Appropriated Fund Balance			(710)	
Total revenues and other sources, GAAP basis			39,775	
Expenditures				
Total health services expenditures	$ 43,113	43,113	40,484	2,629
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			78	
Total expenditures and other uses, GAAP basis			40,562	

Public Education Government Television

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Miscellaneous	$ 90	90	67	(23)
Appropriated Fund Balance	808	808	233	(575)
Total revenues	$ 898	898	300	(598)
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(233)	
Total revenues and other sources, GAAP basis			67	
Expenditures				
Total facility expenditures	$ 898	898	300	598
Total expenditures and other uses, GAAP basis			300	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Law Enforcement and Justice services:				
Revenues				
Anticipated revenues	$ 1,959	1,959	1,333	(626)
Appropriated Fund Balance	3,568	3,568	5,234	1,666
Total revenues	$ 5,527	5,527	6,567	1,040
Reconciliation to GAAP basis:				
To record net change in interest receivable and depreciation of investments			—	
Appropriated Fund Balance			(5,234)	
Total revenues and other sources, GAAP basis			1,333	
Expenditures				
Total social service expenditures	$ 5,527	5,527	6,567	(1,040)
Total expenditures and other uses, GAAP basis			6,567	

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Hotel Motel:				
Revenues				
Anticipated revenues	$ —	—	—	—
Appropriated Fund Balance	—	—	—	—
Total revenues	$ —	—	—	—
Reconciliation to GAAP basis:				
Appropriated Fund Balance			—	
Total revenues and other sources, GAAP basis			—	
Expenditures				
Total Non-agency expenditures	$ —	—	—	—
Total expenditures and other uses, GAAP basis			—	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2008

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Social and Cultural services:				
Revenues				
Anticipated revenues	$ 7,492	7,492	7,613	121
Appropriated Fund Balance	3,930	3,930	(596)	(4,526)
Total revenues	$ 11,422	11,422	7,017	(4,405)
Reconciliation to GAAP basis:				
Appropriated Fund Balance			596	
Total revenues and other sources, GAAP basis			7,613	
Expenditures				
Total social services expenditures	$ 11,422	11,422	7,017	4,405
Total expenditures and other uses, GAAP basis			7,017	

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Special revenue funds:				
Revenues				
Anticipated revenues	$ 146	146	153	7
Appropriated Fund Balance	849	849	162	(687)
Total revenues	$ 995	995	315	(680)
Reconciliation to GAAP basis:				
Change in interest receivable			(24)	
Appropriated Fund Balance			(162)	
Total revenues and other sources, GAAP basis			129	
Expenditures				
Anticipated Expenditures	995	995	315	680
Transfers out	—	—	—	—
Total expenditures	$ 995	995	315	680
Total expenditures and other uses, GAAP basis			315	

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Sandy Springs Tax Allocation District:				
Revenues				
Total anticipated revenues	$ —	—	—	—
Total revenues and other sources, GAAP basis			—	
Expenditures				
Total social service expenditures	$ —	—	—	—
Total expenditures and other uses, GAAP basis			—	

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Non-major Enterprise Funds

December 31, 2008

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds				Total Non-major Enterprise Funds
	Sandy Springs Contractual services fund	Milton Contractual services fund	Johns Creek Contractual services fund	Airport fund	
Current assets:					
Cash and cash equivalents	$ —	—	—	872	872
Due from other governments, net	1,146	317	581	—	2,044
Total current assets	1,146	317	581	872	2,916
Noncurrent assets:					
Nondepreciable capital assets	—	—	—	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	—	—	—	1,255	— 1,255
Total noncurrent assets	—	—	—	29,164	29,164
Total assets	1,146	317	581	30,036	32,080
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable & accrued expenses	$ 1,146	317	581	13	2,057
Total liabilities	1,146	317	581	13	2,057
Net Assets:					
Invested in capital assets, net of related debt	—	—	—	29,164	29,164
Unrestricted	—	—	—	859	859
Total net assets	$ —	—	—	30,023	30,023

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2008

(In thousands of dollars)

	Business Type Activities - Enterprise Funds				Total
	Sandy Springs Contractual services fund	Milton Contractual services fund	Johns Creek Contractual services fund	Airport fund	Non-major Enterprise Funds
Operating revenues:					
Charges for services	$ —	—	6,901	1,123	8,024
Total operating revenues	—	—	6,901	1,123	8,024
Operating expenses:					
Administrative and general	—	—	—	273	273
Depreciation and amortization	—	—	—	174	174
Personal services	—	—	—	651	651
Contractual services	—	—	6,901	—	6,901
Total operating expenses	—	—	6,901	1,098	7,999
Operating income (loss)	—	—	—	25	25
Income (loss) before contributions	—	—	—	25	25
Change in net assets	—	—	—	25	25
Net assets at beginning of year	—	—	—	29,998	29,998
Net assets at end of year	$ —	—	—	30,023	30,023

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise funds

For the year ended December 31, 2008

(In thousands of dollars)

	Business Type Activities - Enterprise Funds				Total
	Sandy Springs Contractual services fund	Milton Contractual services fund	Johns Creek Contractual services fund	Airport fund	Non-major Enterprise Funds
Cash flows from operating activities:					
Receipts from customers and users	$ —	—	6,901	1,123	8,024
Payments to suppliers	—	—	(1,275)	(260)	(1,535)
Payments to employees	—	—	(5,626)	(651)	(6,277)
Net cash provided by (used in) operating activities	—	—	—	212	212
Cash flows from capital and related financing activities:					
Additions to property, plant, and equipment	—	—	—	—	—
Net cash provided by capital and related financing activities	—	—	—	—	—
(Decrease) increase in cash and cash equivalents	—	—	—	212	212
Cash and cash equivalents at beginning of year	—	—	—	660	660
Cash and cash equivalents at end of year	$ —	—	—	872	872
Reconcilation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ —	—	—	25	25
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	—	—	174	174
Changes in assets and liabilities:					
Changes in customer receivables - net	—	—	—	—	—
Other assets	—	—	—	—	—
Change in due from other governments - net	983	—	(281)	—	983
Accounts and claims payable	(983)	—	—	13	(970)
Due to other funds	—	—	—	—	—
Accrued liabilities	—	—	—	—	—
Deferred revenue	—	—	—	—	—
Contractual and other liabilities	—	—	281	—	—
Net cash provided by (used in) operating activities	$ —	—	—	212	212

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Internal Service Funds

December 31, 2008

(in thousands of dollars)

Assets	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Current assets:					
Cash and cash equivalents	$ —	23,781	17,334	157	41,272
Other current assets	561	11,960	—	—	12,521
Total assets	561	35,741	17,334	157	53,793
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	561	144	2,720	—	3,425
Claims payable	—	4,467	2,000	—	6,467
Total liabilities	561	4,611	4,720	—	9,892
Net assets:					
Unrestricted	—	31,130	12,614	157	43,901
Total net assets	$ —	31,130	12,614	157	43,901

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2008

(in thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Operating revenues - charges for services	$ 8,896	66,931	14,837	—	90,664
Operating expenses:					
Contractual services	—	65,359	—	52	65,411
Administrative and general	8,896	—	15,910	—	24,806
Total operating expenses	8,896	65,359	15,910	52	90,217
Operating income (loss)	—	1,572	(1,073)	(52)	447
Net assets at beginning of year	—	29,558	13,687	209	43,454
Net assets at end of year	$ —	31,130	12,614	157	43,901

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	$ 9,672	67,307	14,837	—	91,816
Payments to suppliers	(9,672)	(65,857)	(13,396)	(52)	(88,977)
Net cash provided by (used in) operating activities	—	1,450	1,441	(52)	2,839
Increase (decrease) in cash and cash equivalents	—	1,450	1,441	(52)	2,839
Cash and cash equivalents at beginning of year	—	22,331	15,893	209	38,433
Cash and cash equivalents at end of year	$ —	23,781	17,334	157	41,272
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ —	1,572	(1,073)	(52)	447
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	(776)	263	—	—	(513)
Accounts and claims payable	776	(385)	2,514	—	2,905
Net cash provided by (used in) operating activities	$ —	1,450	1,441	(52)	2,839

FULTON COUNTY, GEORGIA

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
Agency Funds

December 31, 2008

(In thousands of dollars)

Assets	Tax Commissioner	Superior Court	State Court	Juvenile Court	Probate Court	Sheriff and Criminal Court	District Attorney	Total Agency Funds
Cash and cash equivalents	$ 11,815	23,497	14,838	89	89	25,243	2,503	78,074
Taxes receivable	176,624	—	—	—	—	—	—	176,624
Total assets	$ 188,439	23,497	14,838	89	89	25,243	2,503	254,698
Liabilities								
Due to other taxing districts	$ 188,439	—	—	—	—	—	—	188,439
Due to others	—	23,497	14,838	89	89	25,243	2,503	66,259
Total liabilities	$ 188,439	23,497	14,838	89	89	25,243	2,503	254,698

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Tax Commissioner:				
Assets				
Cash and cash equivalents	$ 16,061	2,027,106	2,031,352	11,815
Taxes receivable	102,397	1,221,903	1,147,676	176,624
	$ 118,458	3,249,009	3,179,028	188,439
Liabilities				
Due to other taxing districts	$ 118,458	3,249,009	3,179,028	188,439
Superior Court:				
Assets				
Cash and cash equivalents	$ 20,509	124,370	121,382	23,497
Liabilities				
Due to others	$ 20,509	124,370	121,382	23,497
State Court:				
Assets				
Cash and cash equivalents	$ 12,014	50,364	47,540	14,838
Liabilities				
Due to others	$ 12,014	50,364	47,540	14,838

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Juvenile Court:				
Assets				
Cash and cash equivalents	$ 85	88	84	89
Liabilities				
Due to others	$ 85	88	84	89
Probate Court:				
Assets				
Cash and cash equivalents	$ 88	1	—	89
Liabilities				
Due to others	$ 88	1	—	89
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	$ 28,447	144,966	148,170	25,243
Liabilities				
Due to others	$ 28,447	144,966	148,170	25,243
District Attorney:				
Assets				
Cash and cash equivalents	$ 2,439	474	410	2,503
Liabilities				
Due to others	$ 2,439	474	410	2,503

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2008

(In thousands of dollars)

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	$ 79,643	2,347,369	2,348,938	78,074
Taxes receivable	102,397	1,221,903	1,147,676	176,624
	$ 182,040	3,569,272	3,496,614	254,698
Liabilities				
Due to other taxing districts	$ 118,458	3,249,009	3,179,028	188,439
Due to others	63,582	320,263	317,586	66,259
	$ 182,040	3,569,272	3,496,614	254,698

FULTON COUNTY, GEORGIA

Other Schedules
Summary of Debt Service Requirements to Maturity

December 31, 2008

(In thousands of dollars)

Calendar year	Annual principal and interest requirements: General obligation bonds	Building Authority bonds	Fulton County water and sewerage revenue bonds	Totals
2009	$ 1,855	14,792	38,816	55,463
2010	—	14,809	38,813	53,622
2011	—	7,855	38,814	46,669
2012	—	7,880	38,814	46,694
2013	—	7,909	38,815	46,724
2014	—	7,934	38,817	46,751
2015	—	—	38,816	38,816
2016	—	—	38,814	38,814
2017	—	—	38,815	38,815
2018	—	—	38,813	38,813
2019	—	—	38,818	38,818
2020	—	—	38,818	38,818
2021	—	—	38,816	38,816
2022	—	—	38,816	38,816
2023	—	—	38,815	38,815
2024	—	—	38,817	38,817
2025	—	—	38,813	38,813
2026	—	—	38,813	38,813
2027	—	—	38,812	38,812
2028	—	—	38,814	38,814
2029	—	—	38,813	38,813
2030	—	—	38,814	38,814
2031	—	—	38,817	38,817
2032	—	—	38,812	38,812
2033	—	—	38,817	38,817
2034	—	—	38,816	38,816
	$ 1,855	61,179	1,009,188	1,072,222

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
General Obligation Bonds

December 31, 2008

(In thousands of dollars)

Calendar year		Principal	Interest	Totals
2009	$	1,760	95	1,855
	$	1,760	95	1,855

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
Fulton County Building Authority Revenue Bonds

December 31, 2008

(In thousands of dollars)

Calendar year	Principal	Interest	Totals
2009	$ 12,324	2,468	14,792
2010	12,096	2,713	14,809
2011	4,974	2,881	7,855
2012	6,800	1,080	7,880
2013	7,170	739	7,909
2014	7,555	379	7,934
	50,919	10,260	61,179
Unamortized deferred charges (net) at December 31, 2008	267	(267)	—
	$ 51,186	9,993	61,179

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
Water and Sewerage Revenue Bonds
Series 2004, 1998 and 1992

December 31, 2008

(In thousands of dollars)

Calendar year	Principal	Interest	Totals
2009	$ 10,965	27,851	38,816
2010	11,555	27,258	38,813
2011	12,160	26,654	38,814
2012	12,795	26,019	38,814
2013	13,465	25,350	38,815
2014	14,160	24,657	38,817
2015	14,835	23,981	38,816
2016	15,575	23,239	38,814
2017	16,355	22,460	38,815
2018	17,170	21,643	38,813
2019	18,000	20,818	38,818
2020	18,865	19,953	38,818
2021	19,770	19,046	38,816
2022	20,720	18,096	38,816
2023	21,715	17,100	38,815
2024	22,760	16,057	38,817
2025	23,850	14,963	38,813
2026	24,995	13,818	38,813
2027	26,195	12,617	38,812
2028	27,455	11,359	38,814
2029	28,825	9,988	38,813
2030	30,265	8,549	38,814
2031	31,815	7,002	38,817
2032	33,435	5,377	38,812
2033	35,145	3,672	38,817
2034	36,935	1,881	38,816
	559,780	449,408	1,009,188
Unamortized discount at December 31, 2008	1,497	(1,497)	—
	$ 561,277	447,911	1,009,188

FULTON COUNTY, GEORGIA
Other Schedules
Hotel/Motel Tax Collections and Expenditures
Year ended December 31, 2008

Collection Period from January 1st to December 31st

Collection Rate	Hotel/Motel Tax Collected	Expenditures and Obligations: Hotel/Motel Tax Expended	Hotel/Motel Tax Obligated	Hotel/Motel Tax Expended or Obligated	Expended or Obligated as a Percentage of Collected
7%	$36,392	36,392	—	36,392	100.00%

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

PJC GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Fulton County, Georgia
Atlanta, Georgia

We have audited 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 Fulton County, Georgia (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 17, 2009. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority. Those financial statements were audited by other auditors whose report has been furnished to us. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by an entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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.*

This report is intended solely for the information and use of the Board of Commissioners, management and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

RJC Group, LLC

Atlanta, Georgia
August 17, 2009