

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2005**

Prepared Under Authority Granted by
The Board of Commissioners of Fulton County

INTRODUCTORY SECTION

FULTON COUNTY, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2005

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

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FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2005

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**FULTON COUNTY
GEORGIA
2005**

BOARD OF COMMISSIONERS OF FULTON COUNTY

Karen C. Handel, Chair
Nancy A. Boxill, Vice Chair
Emma I. Darnell, Commissioner
William “Bill” Edwards, Commissioner
Tom Lowe, Commissioner
Robert L. (Robb) Pitts, Commissioner
Lynne Riley, Commissioner

Clerk of Commission
Mark Massey

County Manager
Thomas C. Andrews

County Attorney
Overtis Hicks Brantley

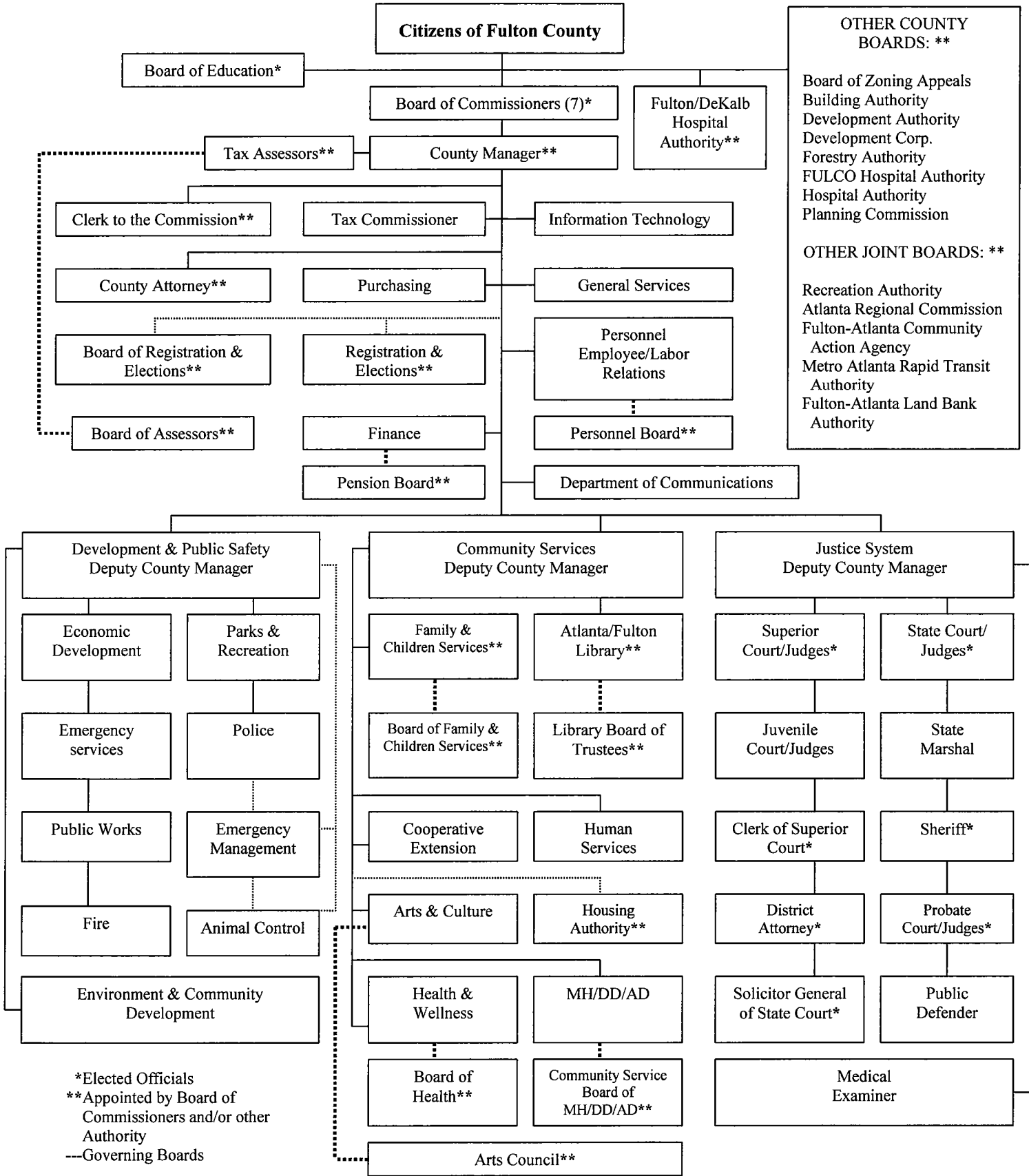
Director of Finance and Budget Officer
Patrick J. O’Connor

Purchasing Agent
Jerome Noble

Tax Commissioner
Dr. Arthur Ferdinand

County Auditor
PJC Group, LLC

Organizational Chart of Fulton County Government



*Elected Officials
 **Appointed by Board of Commissioners and/or other Authority
 ---Governing Boards

LETTER OF TRANSMITTAL



DEPARTMENT OF FINANCE

SUITE 7001•141 PRYOR ST.,S.W.
ATLANTA, GEORGIA 30303
TELEPHONE (404) 730-7600
FAX (404) 730-7711

June 9, 2006

To the Board of Commissioners,
County Manager, and
Citizens of Fulton County, Georgia

The Comprehensive Annual Financial Report of Fulton County, Georgia (the “County”), for the fiscal year ended December 31, 2005, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County financial activities are included.

Profile of the Government

Fulton is the most populous county in the State of Georgia with 874,100 residents, which is approximately 10% of the entire State’s population. Over three fourths of our residents live within eleven municipalities, including the City of Atlanta and the newly created City of Sandy Springs. The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services to all citizens. The unincorporated section of Fulton County comprises 18% of the county population, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, storm water and sewerage collection and disposal, and building inspection and code enforcement services. These separate services are financed through the County’s Special Service District Fund, which has an independent millage rate from the County’s General Fund, which finances operations for County wide activities. Other unincorporated sections are holding referendums in July 2006 to decide if they should also incorporate.

The financial impact of these incorporations has dramatically affected the County Special Service District, and additional State legislation required the County to begin accounting for revenues and expenditures by “sub-districts” for fiscal 2006. These sub-districts are also required to have separate balanced budgets based on revenues earned in each of these noncontiguous geographic areas.

Fulton County was created by an Act of the Georgia General Assembly in 1853, and the Georgia State Legislature created the Board of County Commissioners in 1880. The 1973 and 1974 Legislature amended the Board to its current seven members. The Board constitutes the governing authority for the County (Ga. Law 1880, page 500). The power of Home Rule was granted to the County by amendment to the Georgia Constitution in 1982. Five of the seven positions are elected by geographic districts and two are elected county-wide. One of the two county-wide positions is designated, by election, as the chairperson of the Board of Commissioners. Members are part-time and serve concurrent four-year terms. A County Manager implements the Board’s policies, administers the county government, appoints department heads, and supervises over 5,800 full-time employees.

The financial statements, schedules, and statistical tables included in this report pertain to all functions and funds directly under the control of the Fulton County Board of Commissioners. Also included are trust and agency funds administered and controlled by various elected or appointed officials or boards which are not reported upon by any other entity. This report includes all funds of the County as well as those entities determined to have met the criteria for inclusion in the County's reporting entity. Various potential component units were evaluated. A component unit was considered to be part of the County's reporting entity when it was concluded that the County was financially accountable for the entity or the nature and significance of the relationship between the County and the entity was such that exclusion would cause the County's financial statements to be misleading or incomplete. This report includes all funds and activities of the Fulton County Building Authority, and the Fulton County Facilities Corporation which are reported as blended component units and the Fulton-DeKalb Hospital Authority which is discretely presented.

ECONOMIC CONDITIONS AND OUTLOOK

The Georgia State University Economic Forecasting Center publishes quarterly data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area is doing well but “is still under watch”. In a summary from the May 2006 publication, Dr. Rajeev Dhawan, Director of the Georgia State University’s Economic Forecasting Center believes the area’s economic position remains positive throughout most sectors of concern in the local economy. However, oil prices could prove detrimental to Delta, one of the area’s largest employers, while rising interest rates will dampen the housing boom. Positive job growth is still expected to continue throughout 2006 and 2007. Mr. Dhawan expects a gain of 90,878 jobs statewide in 2006 with another 71,689 jobs emerging in 2007. Georgia jobs paying higher wages (over \$45,000) increased by 10,348 in 2005 and are expected to increase by 16,893 in 2006, while 2007 would see another 12,651 jobs created. Tourism and health care added a collective 42,000 jobs statewide and remains on track to add the same number over the next three years. The Georgia Department of Labor reported a statewide unemployment rate for April of 2006 is 4.3%, a significant improvement from the 5.0% unemployment rate for April 2005. Fulton County’s unemployment rate of April 2006 has dropped to 4.9% as compared to 5.7% for April 2005.

Dr. Dhawan is recognized locally as an excellent source of economic forecasts and other information. The economic data in this letter is derived from information contained in their May 2006 publication.

Our accrual basis sales tax collections, a leading economic indicator, increased significantly by 8.7% in 2005 to almost \$75 million, up from approximately \$69 million for 2004, which was 9.6% higher than approximately \$63 million in 2003. Sales tax collections are expected to be lower by approximately \$18 million in 2006 as Sandy Springs now shares in the overall sales tax revenues earned within the geographic borders of Fulton County.

The challenge for metro Atlanta governments like Fulton County is to understand these economic trends and determine ways to continue to provide quality services. The County is primarily dependent on property tax and sales tax collections for three fourths of total revenues, followed by license and fee revenues and grants. Fulton County remains in a relatively strong financial position as compared to other governments who are primarily dependent on sales tax revenues. The County is continually reevaluating our short and long term financial needs and its service delivery strategies in light of recent legislative changes in our unincorporated sections.

FINANCIAL INFORMATION

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

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

- 1) The Governmental Accounting Standards Board (GASB);
- 2) The American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing; and
- 3) The Government Finance Officers Association of the United States and Canada (GFOA).

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

BUDGETARY CONTROLS

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. Activities of the General Fund and Special Services District Fund are included in the annual budget.

Supplemental appropriations may not legally exceed the total fund appropriation without a resolution approved by the Board of Commissioners. Appropriations are in detail by class of expenditure for each department and are controlled administratively at the line item level. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Financial Section of this report, the County continues to meet its responsibility for sound financial management.

FIDUCIARY OPERATIONS

Effective September 1, 1991, the Fulton County Employees' Retirement System (the Plan) was established as successor to four separate pension plans previously maintained (the General Employees' Pension Plan, the Public Safety Pension Plan, the Judges and Solicitors' Pension Plan, and the Employees' Pension Plan). Employees who did not elect to participate in the Plan continue to be eligible for the same benefits of the prior plans in which they participated; however, participation in the Plan was made a condition of employment for new employees as of September 1, 1991. The Plan continues its commitment to maintaining a well-diversified portfolio of equities and bonds professionally managed within the risk parameters established by the pension fund's investment policy and the requirements of State law. Net assets, available for plan benefits and other pertinent data related to the County's retirement system, are described more fully in the notes to the financial statements.

On June 16, 1999, the County adopted a 401(A) defined contribution plan and closed the Employee Retirement System Plan to new participants. All active participants in the Fulton County Employees' Retirement System have the annual option to migrate to the defined contribution plan. The County contracts with professional investment managers to actively manage the County's pension funds.

CASH MANAGEMENT

The County's investment policy is designed to minimize credit and market risks, while assuming prudent risk to maintain a competitive yield on its portfolio. All general government investments are managed first for the preservation of principal and second for enhanced investment return. Investments are limited to those which are eligible under Georgia state law. These are primarily Treasury and Government Agency Securities. All investments have a fixed coupon or investment return and a fixed maturity date. The County generally does not actively trade its portfolio but instead invests to hold the investments to maturity. Each investment is selected to prudently maximize the return on the investment, and each investment's maturity is selected to provide appropriate liquidity to meet the County's obligations on a day-to-day basis.

No investment is leveraged, and the County does not enter into reverse repurchase agreements for the purpose of investment speculation. Deposits are safeguarded by federal deposit insurance and collateralization. All collateral on deposits are held either by the County, its agents, or a financial institution's trust department in the County's name. Approximately 85% of the cash equivalents and investments held by the County for government wide activities during the year and at December 31, 2005, are rated highest as to quality. The County's new GASB 40 disclosures also show maturities of the County's portfolio. Investments are held in the County's name either by the counterpart financial institution's trust department or by a securities and exchange commission-registered brokerage firm.

RISK MANAGEMENT

The Risk Management Division of the Finance Department is responsible for establishing guidelines for the purchase of insurance and evaluation of self-insurance to adequately protect the County's risk exposure. A Risk Management Information System has been developed which provides information on insurance premiums, cost allocation, claims filed, litigation expenses, and reserves for self-insured risks.

The Division has implemented a Property Information System, an enhancement of the Risk Management Information System, to store and retrieve data on all Fulton County properties for insurance purposes, as well as utilization by other departments. This system consolidated approximately 80% of the County's insurance programs and accomplished a significant cost reduction with increased liability coverage.

A separate fund was established in 1999 for risk management functions which resides in our Internal Service fund. This fund is designed to record the activities of various exposures, including general liability, employee and vehicle liability and automobile physical damage.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of PJC Group, LLC was selected by the County's Board of Commissioners to fulfill this requirement. This firm also conducts the audit of the requirements of the Federal Single Audit Act of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements and supplementary information is included in the Financial Section of this report. The auditors' report related specifically to the Single Audit is included in the Single Audit Report published separately.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fulton County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the nineteenth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

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

Sincerely,



Patrick J. O' Connor, CPA, CPFO
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fulton County,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

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FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

PJC GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Atlanta, GA 30303
(404) 659-3384 Fax (404) 659-6863

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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinion on these financial statements based on our audit. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$496,424, total net assets (in thousands) of \$29,181 and total revenues (in thousands) of \$527,089 of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority in the component unit column, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Fulton County, Georgia, as of December 31, 2005, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective 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.

As discussed in note 1(b) to the financial statements, the County has adopted the provisions of Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures – amendment of GASB Statement No. 3*, and Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, as of January 1, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2006 on our consideration of Fulton County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10 are not required parts of the basis financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fulton County, Georgia's basic financial statements. The introductory section, the combining and individual non-major fund financial statements and schedules, and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables and data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PJC Group, LLC

June 9, 2006

**MANAGEMENT'S
DISCUSSION
AND
ANALYSIS**

Management's Discussion and Analysis (in thousands)

As management of Fulton County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found earlier in this report. All financial information contained in this section is in thousands of dollars.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year by \$2,036,954 (*net assets*). Of this amount, \$537,738 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. The County's total net assets increased by \$149,995 in 2005 before an extraordinary item reduced net assets by \$253,247 for infrastructure transferred to a new municipality within County. Business type activities produced \$89,783 of the increase while the governmental activities experienced an increase of \$60,212.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$292,487, a decrease of \$7,128 in comparison with the previous year. The County's General Fund and Special Service District Fund, both major funds, generated net assets of \$16,991, while Other Governmental funds decreased \$24,119. 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 \$100,208, of which \$25,446 has been designated for future year expenditures based on Board resolution. The remaining \$74,762 is available to meet the government's other ongoing obligations to citizens and creditors. The Special Service District's ending fund balance was \$44,646 which has been designated for future year expenditures based on Board resolution.

The County's total long term liabilities decreased by \$41,976 in 2005 with scheduled principal payments on long term debt. Long-term liabilities related to general governmental activities decreased by \$33,609, while long-term liabilities related to business-type activities decreased by \$8,367.

The County's capital assets used for governmental activities were valued at \$981,915, of which \$52,346 are under construction. \$253 million of roadway networks net of accumulated depreciation was removed from the government-wide capital assets for roads and roadway networks that reside in a newly formed municipality within the County's unincorporated section. The County no longer owns, serves, or maintains these roadway networks. If other unincorporated areas of the County opt to become municipalities, roadway networks within their borders would also transfer to these new cities.

Business-type capital assets totaled \$900,003, of which \$56,462 is currently under construction. No interest was required to be capitalized in 2005. 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. Internal service funds are used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for a portion of its general facilities services, such as fleet vehicle costs, office supplies, health costs for employees and retirees, risk management and project related insurance costs, known as the Owner Controlled Insurance Program (OCIP). Because these funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage system fund which is considered a major proprietary fund of the County. The Fulton County Airport-Brown Field is a non-major enterprise fund. 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 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 26-60 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 61-81 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		% Change
	2005	2004	2005	2004	2005	2004	
Current and other assets	\$ 449,044	444,050	688,509	674,063	1,137,553	1,118,113	2
Capital assets	981,915	1,210,009	900,003	838,610	1,881,918	2,048,619	(8)
Total Assets	<u>1,430,959</u>	<u>1,654,059</u>	<u>1,588,512</u>	<u>1,512,673</u>	<u>3,019,471</u>	<u>3,166,732</u>	(5)
Current liabilities	49,659	45,935	10,101	15,678	59,760	61,613	(3)
Long-term liabilities	330,329	363,938	592,428	600,795	922,757	964,733	(4)
Total Liabilities	<u>379,988</u>	<u>409,873</u>	<u>602,529</u>	<u>616,473</u>	<u>982,517</u>	<u>1,026,346</u>	(4)
Net Assets:							
Invested in capital assets, net of related debt	733,571	932,446	667,370	607,009	1,400,941	1,539,455	(9)
Restricted	57,364	78,932	40,911	41,809	98,275	120,741	(19)
Unrestricted	260,036	232,808	277,702	247,382	537,738	480,190	12
Total Net Assets	<u>\$ 1,050,971</u>	<u>1,244,186</u>	<u>985,983</u>	<u>896,200</u>	<u>2,036,954</u>	<u>2,140,386</u>	(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 \$852 million in cash and investments, of which approximately \$399 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$57 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 \$538 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 Change	
	2005	2004	2005	2004	2005	2004		
Revenues:								
Program revenues:								
Charges for services	\$ 81,792	81,468	134,464	119,138	216,256	200,606	8	%
Operating grants and contributions	61,850	57,732	-	-	61,850	57,732	7	
Capital grants and contributions	50,871	25,205	60,455	8,954	111,326	34,159	226	
General revenues:								
Taxes	582,017	577,675	-	-	582,017	577,675	1	
Intergovernmental	15,917	15,475	-	-	15,917	15,475	3	
Other charges for services	12,928	12,204	-	-	12,928	12,204	6	
Use of money and property	22,585	16,439	13,000	3,826	35,585	20,265	76	
Miscellaneous	5,603	8,775	(678)	714	4,925	9,489	(48)	
Total revenues	<u>833,563</u>	<u>794,973</u>	<u>207,241</u>	<u>132,632</u>	<u>1,040,804</u>	<u>927,605</u>	12	
Expenses:								
Administration	97,780	100,089	-	-	97,780	100,089	(2)	
Public Safety	194,271	177,082	-	-	194,271	177,082	10	
Legal	115,217	112,916	-	-	115,217	112,916	2	
Infrastructure & facilities	81,466	67,431	-	-	81,466	67,431	21	
Social services	106,794	111,306	-	-	106,794	111,306	(4)	
Health services	160,770	158,414	-	-	160,770	158,414	1	
Interest and debt costs	17,053	18,277	-	-	17,053	18,277	(7)	
Water & Sewerage	-	-	116,583	99,571	116,583	99,571	17	
Airport services	-	-	875	965	875	965	(9)	
Total expenses	<u>773,351</u>	<u>745,515</u>	<u>117,458</u>	<u>100,536</u>	<u>890,809</u>	<u>846,051</u>	5	
Change in net assets	60,212	49,458	89,783	32,096	149,995	81,554	84	
Extraordinary item	(253,427)	-	-	-	(253,427)	-		
Beginning net assets	<u>1,244,186</u>	<u>1,194,728</u>	<u>896,200</u>	<u>864,104</u>	<u>2,140,386</u>	<u>2,058,832</u>	4	
Ending net assets	<u>\$ 1,050,971</u>	<u>1,244,186</u>	<u>985,983</u>	<u>896,200</u>	<u>2,036,954</u>	<u>2,140,386</u>	(5)	

Analysis of governmental activities

Net assets of the governmental activities of the County increased by \$60,212 in 2005, as compared to \$49,458 in 2004. Property and sales taxes remain the primary source of revenue for the County, while charges for services, operating grants and capital contributions comprise the other components of revenues for governmental activities. Capital contributions from developers for infrastructure increased approximately \$25 million in 2005, and interest revenues increased \$17 million due to higher rates and higher available balances that were invested for 2005.

Overall, the expenditures for governmental activities saw little change from 2004, experiencing a total overall increase of 3.3%, largely attributable to a 4% compensation increase granted in early 2005. Public safety expenditures continue to be the County's largest outlay of resources, 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 slight increases in 2005. Health services are the County's second largest expenditure. This includes the County's health centers and mental health services that are available to all County residents. This includes the County's \$80 million payment to Grady Hospital, also known as the Fulton DeKalb Hospital Authority, which provides health services to the entire region, regardless of ability to pay. 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 increase in depreciation caused the largest percentage increase in expenditure category for 2005.

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. A significant receivable of approximately \$13 million that was previously written off has been reestablished in 2005 based on a written agreement with a neighboring municipality. The Fulton County Airport-Brown field fund accounted for a minimal amount of business-type activity.

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 for Special Service District increased slightly from the previous year due to higher license and permitting activity for economic growth, while General fund revenues were relatively unchanged from 2004. Expenditure outlays remained relatively constant with 2004 for both major funds, with the General fund showing slightly higher expenditures by 1.6%. The general and special service district funds reported combined ending fund balances of \$144,854, of which \$70,092 is designated as indicated on page 13. The total fund balances for the County's two major funds increased by \$16,991 in 2005. \$12.4 million is attributable to a reallocation of funds originating from the Special Service District for capital projects funding that remained unprogrammed. Additionally, the other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities that yielded a decrease of \$24,119 to the prior year fund balances, largely due to capital project expenditures. Total non-major governmental fund balances were \$147,633 at year end. Of this amount, \$77,388 is designated for capital projects, \$23,059 is reserved for debt service, \$21,995 is reserved for encumbrances, and \$25,191 is designated for various other activities and grants.

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 2005 General Fund budget was adopted at approximately \$628 million, 4.0% higher than the previous year's budget. This increase is largely attributable to higher allocations to fund a 4% compensation increase and increase efforts related to jail and courtroom operations through the Sheriff's department.

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 two major governmental funds is by department and can be reviewed on pages 17-19 of this report. No significant 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 cost of salary adjustments as necessary in each County department. Calendar year annual legally adopted budgets for non-major funds appear on pages 67-70.

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to \$1,881,918 (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 substantial projects for water and sewer system improvements in 2005 primarily consisting of the Camp Creek Wastewater treatment facility as well as donated infrastructure gained through development.

	Governmental Activities		Business-type Activities		Total		Percent Change
	2005	2004	2005	2004	2005	2004	
Capital assets not being depreciated:							%
Land & land improvements	\$ 68,189	68,541	34,573	34,573	102,762	103,114	-
Construction in progress	52,346	41,398	56,462	40,492	108,808	81,890	33
Capital assets, shown net of depreciation:							
Equipment	27,046	33,183	2,919	4,088	29,965	37,271	(20)
Buildings and improvements	371,682	383,649	1,569	1,705	373,251	385,354	(3)
Roadway network	462,652	683,238	-	-	462,652	683,238	(32)
Water System	-	-	154,370	131,352	154,370	131,352	-
Sewerage system	-	-	650,110	626,400	650,110	626,400	4
Total net capital assets	\$ 981,915	1,210,009	900,003	838,610	1,881,918	2,048,619	(8)

Significant capital additions consist of receiving \$50.8 million of donated roadway networks from developers in the governmental activities. The Water and Sewerage System also reclassified construction in progress to water and sewerage system assets, along with receiving approximately \$60.5 million in developer built water and sewer mains during 2005. Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 44.

Debt Administration

At December 31, 2005, the County had a number of debt issues outstanding. These issues, in thousands, included \$14,381 of General Obligation Bonds including accreted interest; \$589,949 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and \$84,644 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, 2005, the County's general obligation bonded debt of \$14,381 less reserves of \$13,086 was below the legal limit by \$4,248,395.

At December 31, 2005, total other capital leases totals \$31,648, along with a liability for post-closure landfill care of \$14,719.

The Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$126,688 as of December 31, 2005, which decreased by principal paid in 2005 of \$4,915.

The 1996 General Obligation bond was called and retired during 2005, and the 1997 General Obligation bond of \$2,010 is anticipated to be called and retired during 2006.

Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements beginning on page 46.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 141 Pryor Street, Suite 7100, Atlanta, Georgia 30303. Please also see the County's website at www.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, 2005

(in thousands of dollars)

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Fulton-DeKalb Hospital Authority
Assets:				
Cash and cash equivalents	\$ 256,401	66,011	322,412	5,135
Investments	74,483	56,528	131,011	7,686
Receivables (net of allowances):				
Taxes	43,882	—	43,882	—
Accounts	22	8,925	8,947	75,243
Due from other governments, net	13,873	20,673	34,546	107,444
Other current assets	8,096	—	8,096	16,257
Restricted assets:				
Cash and cash equivalents	—	93,177	93,177	6,064
Investments	—	305,973	305,973	36,688
Investment in joint venture	—	77,990	77,990	—
Capital assets (non-depreciable)	120,535	91,035	211,570	4,575
Capital assets (net of accumulated depreciation)	861,380	808,968	1,670,348	234,563
Other non-current assets	52,287	59,232	111,519	2,769
Total assets	1,430,959	1,588,512	3,019,471	496,424
Liabilities:				
Accounts payable and accrued expenses	38,033	3,148	41,181	162,907
Accrued interest	1,179	—	1,179	—
Due to others	3,091	—	3,091	—
Claims payable	5,430	—	5,430	37,744
Unearned revenue	1,926	—	1,926	—
Liabilities (payable from restricted assets):				
Contracts and other payables	—	6,340	6,340	—
Unearned revenue	—	613	613	1,018
Non-current liabilities:				
Due within one year	49,571	10,332	59,903	16,937
Due in more than one year	280,758	582,096	862,854	248,637
Total liabilities	379,988	602,529	982,517	467,243
Net Assets:				
Invested in capital assets, net of related debt	733,571	667,370	1,400,941	(26,436)
Restricted for debt retirement	23,059	40,911	63,970	—
Restricted for construction	32,679	—	32,679	—
Restricted for other purposes	1,626	—	1,626	26,136
Unrestricted	260,036	277,702	537,738	29,481
Total net assets	\$ 1,050,971	985,983	2,036,954	29,181

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2005

(in thousands of dollars)

Functions/Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Fulton-DeKalb Hospital Authority
					Governmental activities	Business-type activities		
Primary Government								
Governmental activities:								
Administration	\$ 97,780	38,588	—	—	(59,192)	—	—	
Public safety	194,271	8,449	—	—	(185,822)	—	—	
Legal	115,217	20,877	304	—	(94,036)	—	—	
Infrastructure and facilities	81,466	768	1,101	50,871	(28,726)	—	—	
Social services	106,794	3,735	17,947	—	(85,112)	—	—	
Health services	160,770	9,375	42,498	—	(108,897)	—	—	
Interest and other debt related costs	17,053	—	—	—	(17,053)	—	—	
Total governmental activities	773,351	81,792	61,850	50,871	(578,838)	—	—	
Business-type activities:								
Water and sewerage services	116,583	133,598	—	60,455	—	77,470	—	
Airport	875	866	—	—	—	(9)	—	
Total business-type activities	117,458	134,464	—	60,455	—	77,461	—	
Total primary government	890,809	216,256	61,850	111,326	(578,838)	77,461	—	
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	633,559	445,270	81,819	—	—	—	(106,470)	
Total component unit	633,559	445,270	81,819	—	—	—	(106,470)	
General revenues:								
Property taxes					491,448	—	—	
Sales taxes					74,930	—	—	
Other taxes					15,639	—	—	
Intergovernmental not restricted for specific programs					15,917	—	104,875	
Commission on tax collections					12,928	—	—	
Use of money and property					22,585	13,000	1,746	
Miscellaneous					5,603	(678)	(1,885)	
Total general revenues					639,050	12,322	104,736	
Changes in net assets					60,212	89,783	(1,734)	
Extraordinary item - (Note 7)					(253,427)	—	—	
Net assets - beginning					1,244,186	896,200	30,915	
Net assets - ending					\$ 1,050,971	985,983	29,181	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds

December 31, 2005

(in thousands of dollars)

	<u>General</u>	<u>Special Service District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 54,516	45,469	130,423	230,408
Investments	49,715	—	24,768	74,483
Receivables (net of allowances):				
Taxes	34,533	9,157	192	43,882
Interest	—	—	—	—
Accounts	—	—	22	22
Due from other governments	3,290	—	10,583	13,873
Due from other funds	—	244	—	244
	<u>142,054</u>	<u>54,870</u>	<u>165,988</u>	<u>362,912</u>
Total assets	\$ 142,054	54,870	165,988	362,912
Liabilities:				
Accounts payable	\$ 21,372	1,315	14,850	37,537
Due to other funds	—	—	244	244
Due to others	—	—	3,091	3,091
Deferred revenue	20,474	8,909	170	29,553
	<u>41,846</u>	<u>10,224</u>	<u>18,355</u>	<u>70,425</u>
Total liabilities	41,846	10,224	18,355	70,425
Fund Balances:				
Reserved for encumbrances	—	—	21,995	21,995
Reserved for debt service	—	—	23,059	23,059
Unreserved, reported in:				
General fund:				
Designated for subsequent year expenditures	25,446	—	—	25,446
Undesignated	74,762	—	—	74,762
Special Revenue funds:				
Designated	—	44,646	25,191	69,837
Capital Projects funds:				
Designated for capital projects	—	—	77,388	77,388
	<u>100,208</u>	<u>44,646</u>	<u>147,633</u>	<u>292,487</u>
Total fund balances	100,208	44,646	147,633	292,487
	<u>\$ 142,054</u>	<u>54,870</u>	<u>165,988</u>	<u>362,912</u>
Total liabilities and fund balances	\$ 142,054	54,870	165,988	362,912

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, 2005

(in thousands of dollars)

Fund Balances - total governmental funds	\$ 292,487
<p>Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds:</p>	
Capital assets:	
Land	68,189
Buildings	646,045
Equipment	93,960
Roadway network	649,714
Construction in progress	52,346
Less Accumulated Depreciation	<u>(528,339)</u>
Total capital assets, net of accumulated depreciation	981,915
Net pension asset at year end that is not a financial resource used in governmental activities and therefore not reported in governmental funds.	50,352
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:</p>	
Certificates of participation	(127,200)
Building Authority bonds payable	(84,158)
Less unamortized deferred charges on bonds, net	26
Less deferred charges for issuance costs	1,935
General obligation bonds payable	(14,381)
Compensated absences	(47,965)
Other long term capital leases	(31,648)
Claims and judgments	(10,284)
Landfill closure and postclosure costs	(14,719)
Accrued interest	(1,179)
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.	28,163
Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.	<u>27,627</u>
Net assets - total governmental activities	\$ <u>1,050,971</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>General</u>	<u>Special Service District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 494,179	77,407	2,750	574,336
Intergovernmental	17,714	2,262	58,232	78,208
Charges for services	21,524	4,097	19,370	44,991
Courts and law enforcement	18,484	150	2,243	20,877
Use of money and property	14,976	3,826	3,722	22,524
Licenses and permits	—	28,852	—	28,852
Miscellaneous	1,249	218	4,136	5,603
Net (depreciation) appreciation in investments	21	4	36	61
Total revenues	568,147	116,816	90,489	775,452
Expenditures:				
Current:				
Administration	75,420	12,417	2,594	90,431
Public safety	91,864	67,931	19,601	179,396
Legal	104,157	—	—	104,157
Infrastructure and facilities	34,791	731	8,617	44,139
Social services	60,619	12,395	29,151	102,165
Health services	80,014	—	76,023	156,037
Other nonagency	29,541	2,363	119	32,023
Capital outlay	—	—	28,105	28,105
Debt service:				
Principal retirement	1,591	—	29,413	31,004
Interest	1,249	—	13,874	15,123
Total expenditures	479,246	95,837	207,497	782,580
Excess (deficiency) of revenues over (under) expenditures	88,901	20,979	(117,008)	(7,128)
Other financing sources (uses):				
Transfers in	1,053	12,435	111,675	125,163
Transfers out	(96,190)	(10,187)	(18,786)	(125,163)
Total other financing sources (uses)	(95,137)	2,248	92,889	—
Net change in fund balances	(6,236)	23,227	(24,119)	(7,128)
Fund balance at beginning of year	106,444	21,419	171,752	299,615
Prior period adjustments - Note 16	—	—	—	—
Fund balance at beginning of year, as restated	106,444	21,419	171,752	299,615
Fund balance at end of year	\$ 100,208	44,646	147,633	292,487

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, 2005

(in thousands of dollars)

Net change in fund balances - governmental funds \$ (7,128)

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	18,334
Depreciation expense	(43,429)
Donations of capital assets recorded as capital contributions in the government-wide statements, but not recorded within governmental funds	50,430

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:

Tax Anticipation Note proceeds	(50,000)
Tax Anticipation Note payments	50,000
Principal repayments	31,004
Amortization of bond issue costs	(274)
Amortization of bond discount	42
Change in accrued interest	39
Accreted interest on capital appreciation bonds	(1,737)

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:

Compensated absences	(2,440)
Claims and judgments	5,845
Landfill closure costs	522
Net pension asset	(125)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.

7,681

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.

1,448

Change in net assets - governmental activities

\$ 60,212

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 519,300	519,300	518,629	(671)
Sales Tax	67,700	67,700	72,595	4,895
Appropriated Fund Balance	40,943	40,943	(1,684)	(42,627)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 627,943</u>	<u>627,943</u>	589,540	<u>(38,403)</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			(6,546)	
To record net change in interest receivable and depreciation of investments			407	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(15,885)	
Appropriated Fund Balance			1,684	
Total adjustment to GAAP basis			<u>(20,340)</u>	
Total revenues and other sources, GAAP basis			<u>569,200</u>	
Expenditures:				
Board of Commissioners	\$ 3,164	3,174	2,648	526
Clerk to the Commission	1,071	1,071	1,061	10
County Manager	8,422	8,422	8,203	219
Economic Development	2,046	2,046	1,781	265
Finance	6,714	6,714	5,567	1,147
Information Technology	24,057	24,040	22,803	1,237
Personnel	4,204	4,309	4,205	104
Purchasing	2,810	2,810	2,727	83
County Attorney	3,959	3,959	3,599	360
Tax Assessor	12,030	12,125	11,521	604
Tax Commissioner	12,419	12,419	11,060	1,359
Department of Communications	1,010	1,010	770	240
Environment and Community Development	2,974	2,974	2,637	337
Registration and Elections	3,606	3,606	3,007	599
Emergency Communications - 911 transfer	7,100	7,100	7,100	—
Police	3,950	3,950	3,892	58
Sheriff	83,869	88,019	86,556	1,463
Medical Examiner	3,540	3,540	3,207	333
Superior Court Judges	4,301	4,301	4,042	259
Superior Court-General	17,622	17,958	17,604	354
Superior Court Clerk	14,060	14,060	13,426	634
State Court Judges	3,705	3,705	3,422	283
State Court-General	11,861	11,861	11,353	508
State Court Solicitor	5,493	5,493	5,091	402

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Juvenile Court	14,243	14,243	13,364	879
Probate Court	2,435	2,435	2,230	205
County Marshal	5,164	5,164	4,665	499
District Attorney	19,561	19,561	19,023	538
Public Defender	10,861	10,861	10,125	736
General Services	32,719	32,736	28,728	4,008
Public Works	16,677	16,677	14,397	2,280
Human Services	26,243	26,243	25,531	712
Arts Council	5,540	5,540	5,072	468
Family and Children Services	14,402	14,402	13,743	659
Cooperative Extension	479	486	486	—
Library	31,642	31,642	28,352	3,290
Health fund transfer	28,414	28,414	26,667	1,747
Fulton-DeKalb Hospital Authority (Grady Hospital)	80,345	80,345	80,014	331
Non-agency	95,231	90,528	79,861	10,667
	<u>\$ 627,943</u>	<u>627,943</u>	589,540	<u>38,403</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			1,781	
Expenditures incurred on behalf of reimbursing funds for indirect costs			<u>(15,885)</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 575,436</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Special Service District Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive
	<u>Budget</u>	<u>Budget</u>		(Negative)
Revenues:				
Revenue per Budget Law	\$ 97,990	97,990	120,171	22,181
Insurance Premium Tax	9,480	9,480	10,126	646
Appropriated Fund Balance	<u>10,350</u>	<u>10,350</u>	<u>(21,142)</u>	<u>(31,492)</u>
Total revenues and other sources, non-GAAP budget basis	<u>\$ 117,820</u>	<u>117,820</u>	109,155	<u>(8,665)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(1,065)	
To record net change in interest receivable and depreciation of investments			19	
Appropriated fund balance			<u>21,142</u>	
Total adjustment to GAAP basis			<u>20,096</u>	
Total revenues and other sources, GAAP basis			<u>\$ 129,251</u>	
Expenditures and other uses:				
Fire	\$ 33,983	34,855	34,441	414
Police	26,960	26,960	25,723	1,237
Parks and Recreation	12,097	12,097	11,544	553
Environment and Community Development	13,418	13,418	12,050	1,368
Public Works	1,469	1,469	1,412	57
Tax Commissioner	1,419	1,419	995	424
Economic Development	561	561	314	247
Information Technology	527	527	511	16
Non agency	<u>27,386</u>	<u>26,514</u>	<u>22,165</u>	<u>4,349</u>
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 117,820</u>	<u>117,820</u>	109,155	<u>8,665</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
			<u>(3,131)</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 106,024</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets
Proprietary Funds

December 31, 2005

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	\$ 64,965	1,046	66,011	25,993
Investments	56,528	—	56,528	—
Accounts receivable (net of allowance)	8,925	—	8,925	—
Due from other governments, net	20,673	—	20,673	—
Other current assets	—	—	—	8,096
Restricted assets:				
Cash and cash equivalents	93,177	—	93,177	—
Investments	305,973	—	305,973	—
Interest receivable	—	—	—	—
Total current assets	<u>550,241</u>	<u>1,046</u>	<u>551,287</u>	<u>34,089</u>
Noncurrent assets:				
Investment in joint venture	77,990	—	77,990	—
Nondepreciable capital assets	63,126	27,909	91,035	—
Depreciable capital assets (net of accumulated depreciation)	807,301	1,667	808,968	—
Other assets	59,232	—	59,232	—
Total noncurrent assets	<u>1,007,649</u>	<u>29,576</u>	<u>1,037,225</u>	<u>—</u>
Total assets	<u>1,557,890</u>	<u>30,622</u>	<u>1,588,512</u>	<u>34,089</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets (continued)
Proprietary Funds

December 31, 2005

(In thousands of dollars)

Liabilities and Net Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 2,239	56	2,295	496
Accrued liabilities	1,853	—	1,853	—
Claims payable	—	—	—	5,430
	<u>4,092</u>	<u>56</u>	<u>4,148</u>	<u>5,926</u>
Current liabilities (payable from restricted assets):				
Contracts and other payables	6,340	—	6,340	—
Revenue bonds payable - current	9,180	—	9,180	—
Deferred revenue	613	—	613	—
Note payable - current	152	—	152	—
	<u>16,285</u>	<u>—</u>	<u>16,285</u>	<u>—</u>
Total current liabilities	<u>20,377</u>	<u>56</u>	<u>20,433</u>	<u>5,926</u>
Non-current liabilities:				
Revenue bonds payable - noncurrent	580,769	—	580,769	—
Note payable	771	—	771	—
Other long-term liabilities	556	—	556	—
Total non-current liabilities	<u>582,096</u>	<u>—</u>	<u>582,096</u>	<u>—</u>
Total liabilities	<u>602,473</u>	<u>56</u>	<u>602,529</u>	<u>5,926</u>
Net Assets:				
Invested in capital assets, net of related debt	637,794	29,576	667,370	—
Restricted for debt retirement	40,911	—	40,911	—
Unrestricted	276,712	990	277,702	28,163
Total net assets	<u>\$ 955,417</u>	<u>30,566</u>	<u>985,983</u>	<u>28,163</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ —	866	866	88,339
Sewerage charges	102,902	—	102,902	—
Water charges	30,696	—	30,696	—
Total operating revenues	133,598	866	134,464	88,339
Operating expenses:				
Administrative and general	6,286	67	6,353	20,216
Depreciation and amortization	22,096	141	22,237	—
Personal services	17,490	569	18,059	—
Contractual services	17,520	98	17,618	66,675
Operating services	22,723	—	22,723	—
Total operating expenses	86,115	875	86,990	86,891
Operating income (loss)	47,483	(9)	47,474	1,448
Non-operating revenues (expenses):				
Loss on investment in joint venture	(678)	—	(678)	—
Interest income	13,000	—	13,000	—
Interest expense	(30,468)	—	(30,468)	—
Total non-operating revenues (expenses)	(18,146)	—	(18,146)	—
Income (loss) before contributions	29,337	(9)	29,328	1,448
Capital contributions	60,455	—	60,455	—
Change in net assets	89,792	(9)	89,783	1,448
Net assets at beginning of year	865,625	30,575	896,200	26,715
Net assets at end of year	\$ 955,417	30,566	985,983	28,163

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2005

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	Activities- Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 116,178	866	117,044	88,317
Payments to suppliers	(50,346)	(109)	(50,455)	(87,821)
Payments to employees	(17,293)	(569)	(17,862)	—
Net cash provided by (used in) operating activities	<u>48,539</u>	<u>188</u>	<u>48,727</u>	<u>496</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(38,818)	—	(38,818)	—
Principal and interest payments on notes payable	(210)	—	(210)	—
Additions to property, plant, and equipment	(23,078)	(50)	(23,128)	—
Net cash provided by capital and related financing activities	<u>(62,106)</u>	<u>(50)</u>	<u>(62,156)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(362,501)	—	(362,501)	—
Purchase of investment in joint venture	(5,041)	—	(5,041)	—
Proceeds from sale of investments	287,957	—	287,957	—
Interest received on investments	13,704	—	13,704	—
Net cash used in investing activities	<u>(65,881)</u>	<u>—</u>	<u>(65,881)</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	(79,448)	138	(79,310)	496
Cash and cash equivalents at beginning of year	237,590	908	238,498	25,497
Cash and cash equivalents at end of year	<u>\$ 158,142</u>	<u>1,046</u>	<u>159,188</u>	<u>25,993</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 47,483	(9)	47,474	1,448
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	22,096	141	22,237	—
Changes in assets and liabilities:				
Changes in customer receivables - net	455	—	455	—
Other assets	1,458	—	1,458	(22)
Change in due from other governments - net	(17,754)	—	(17,754)	—
Accounts and claims payable	204	56	260	(930)
Accrued liabilities	434	—	434	—
Deferred revenue	(121)	—	(121)	—
Contractual and other liabilities	(5,716)	—	(5,716)	—
Net cash provided by (used in) operating activities	<u>\$ 48,539</u>	<u>188</u>	<u>48,727</u>	<u>496</u>
Non-cash transactions:				
Unrealized gain on investments	\$ 288	—	—	—
Donated capital assets contributed by outside sources	60,455	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2005

(In thousands of dollars)

	Pension trust fund	Agency funds
Assets:		
Cash and cash equivalents	\$ 17,536	45,527
Investments, at fair value:		
U.S. Treasury Obligations	46,013	—
US Agency Obligations	28,262	—
Other US Government securities	171,643	—
Corporate debt	101,380	—
Corporate equities	482,738	—
Mutual funds	202,809	
Foreign government bonds	708	
Real estate investment contracts	109	—
Taxes receivable (net of allowance)	—	43,952
Interest receivable	4,598	—
Accounts receivable	980	—
	<hr/>	<hr/>
Total assets	1,056,776	89,479
	<hr/>	<hr/>
Liabilities:		
Due to other taxing districts	—	47,058
Due to others	9	43,905
	<hr/>	<hr/>
Total liabilities	9	90,963
	<hr/>	<hr/>
Net Assets:		
Net Assets held in trust for pension benefits, (A schedule of funding progress is presented on page 57)	<hr/>	<hr/>
	1,056,767	—
	<hr/>	<hr/>
Total net assets	\$ 1,056,767	—
	<hr/>	<hr/>

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, 2005

(In thousands of dollars)

	Pension Trust Fund
	<hr/>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 36,535
Interest and dividends	24,448
Less: investment expenses	<u>(2,617)</u>
Net investment income	58,366
Employee contributions	6,677
Employer contributions	31,579
Contributions from other participating governments	761
Other income	<u>448</u>
Total additions	<hr/> <u>97,831</u>
Deductions:	
Benefit payments	58,264
Transfer of plan assets to 401(A) plan or other plans	1,517
Refunds of contributions to terminated employees	814
Administrative fees and other expenses	<u>406</u>
Total deductions	<hr/> <u>61,001</u>
Net increase in net assets held in trust for pension benefits	36,830
Net assets held in trust for pension benefits:	
Beginning of year	<u>1,019,937</u>
End of year	\$ <u><u>1,056,767</u></u>

See accompanying notes to the financial statements.

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**NOTES TO
THE
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies

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

(a) *Financial Reporting Entity*

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

In conformity with accounting principles, as set forth in GASB Statement No. 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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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 \$80.35 million in funding to the Hospital Authority during 2005. The County also expended approximately \$3 million for ambulatory care to the Hospital Authority during 2005.

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.
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.

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. (Debt service payments, when required, are made from the County's General Fund.) 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.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

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 \$613 to the ARC for the year ended December 31, 2005. 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. A \$70 million storage capacity project, known as Phase 2.5, is currently under construction and funded equally by the County and the City. Total incurred expenses for this project totaled approximately \$5.5 million during 2005. The County incurred charges of approximately \$3 million in 2005 for water produced at this facility, which is classified as an operating cost to the Fulton County Water & Sewerage System.

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

At December 31, 2005, 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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

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 plus any unallocated reserve capacity at actual cost from the R.L Sutton wastewater treatment plant and the new underground conveyance system that delivers sewerage to this facility. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. This cost is shown within other assets on the financial statements of the Water and Sewerage System fund, and is being amortized over 40 years using the straight-line method. Amortization of this intangible asset, approximately \$1.4 million annually, 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, 2005 is approximately \$53.9 million.

(b) *Accounting Pronouncements*

The County has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures – amendment of GASB Statement No.3*. This statement amends current categories of investments to better inform financial statement users about deposit and investment risk that could affect a government’s ability to provide services and meet obligations when they are due.

The County has also adopted GASB Statement No. 42, “*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*” requires governments to evaluate a capital asset for impairment upon occurrence of physical damage, changes in legal or environmental factors, technological changes or obsolescence, changes in manner or duration of use on construction stoppage.

The County also anticipates adoption of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and related Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes uniform financial reporting standards for Other Post-Employment Benefit (OPEB) plans. The County offers healthcare coverage to employees meeting certain service eligibility requirements upon retirement. Statement No. 45 addresses standards for the measurement, recognition, and display of employers’ OPEB expense/expenditures and related liabilities (assets); note disclosures; and, if applicable, required supplementary information (RSI). The County is required to implement the requirements for Statement No.43 for periods beginning after December 15, 2005 and Statement No. 45 the next year.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section—an amendment of NCGA Statement 1* amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. The provisions of this Statement are effective for statistical sections prepared for periods beginning after June 15, 2005.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement No.34* requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. In the process of applying this provision, some governments have had difficulty interpreting the requirement that those restrictions be “legally enforceable.” The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005.

Management is in the process of determining the effects that the adoption of these Statements will have on the County’s financial statements.

(c) *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.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

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

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.

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

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.

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.

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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

The County reports the only non-major proprietary fund:

Fulton County Airport-Brown field

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

The County reports the following fiduciary funds:

Fulton County Employees’ Retirement System

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

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.

(e) *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.

(f) *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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

(g) *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.

(h) *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 fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets consist of the road network that were acquired or that received substantial improvements subsequent to January 1, 1980 and are reported at estimated historical cost using various industry and trade cost data combined with actual information maintained at the County.

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2005.

Significant roadway networks were transferred to a newly formed municipality within the geographic borders of Fulton County as of December 31, 2005. Approximately \$253 million has been estimated, net of accumulated depreciation, to be the value of these roadway networks that now part of the municipality’s infrastructure and maintained by the newly created entity.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and related improvements	40 years
Plant and related components	50 years
Roadway networks and related infrastructure	20-50 years
Equipment	3-10 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

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

(i) *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.

(j) *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.

(k) *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.

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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(1) Summary of Significant Accounting Policies (continued)

(l) *Estimated Claims Payable*

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

(m) *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.

(n) *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.

(o) *Management Estimates*

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

(2) Budgetary Accounting and Compliance

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid (budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2006 are recorded as expenditures in 2005 (budget) as opposed to 2006 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(2) Budgetary Accounting and Compliance (continued)

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	\$ (6,236)	23,227
Adjustments to accruals:		
Tax revenues and interest receivable	6,139	1,046
Liabilities	1,781	(3,131)
Fund balance utilized	<u>(1,684)</u>	<u>(21,142)</u>
Budget basis	<u>\$ —</u>	<u>—</u>

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(2) Budgetary Accounting and Compliance (continued)

- (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 legally adopted for debt service fund and most all other special revenue funds for the fiscal year ending December 31, 2005. All remaining project-length budgets and twelve-month budgets which differ from the County's fiscal year end are adopted for the Grant-in-Aid, Public and Mental Health services fund and capital project funds. Generally, 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 2005.

(3) Cash and Investments – Primary Government

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, 2005, the County's primary governmental and business type funds had the following investments:

	Fair Value	December 31, 2005		
		to 3 months	4-12 months	1-5yrs
Fixed Income:				
US Treasury Obligations	\$ 11,692		841	10,851
US Agency Obligations	781,928	550,635	125,256	106,037
Fixed Income subtotal	793,620	550,635	126,097	116,888
Collateralized Repurchase Agreement	17,896			
Insured Money Market funds	42,304			
Total cash equivalents and investments	\$ 853,820			

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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

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

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.

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 Plan's exposure to credit quality risk for the fixed income investments held as of December 31, 2005. The US Agency and Treasury obligations totaling \$793,620 are rated AAA, while the repurchase agreement is not rated but is 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, 2005 (in thousands of dollars):

Balances by category:		2005
Cash and deposits	\$	<u>(1,247)</u>
Cash equivalents		416,836
Investments		436,984
	\$	<u>852,573</u>
Balances as presented in the Statement of Net Assets:		
Unrestricted activities:		
Cash and cash equivalents	\$	322,412
Investments		131,011
Restricted activities:		
Cash and cash equivalents		93,177
Investments		305,973
	\$	<u>852,573</u>

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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, 2005.

	December 31, 2005				
	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 46,013	2,432	2,816	16,634	24,131
US Agency Obligations	28,262	5,628	13,301	1,236	8,097
Mortgage Pass throughs	107,457	19	8,305	10,328	88,805
Asset back US Obligations	27,267	-	11,587	6,768	8,912
Corporate Debt	101,380	6,021	27,637	35,931	31,791
CMBS	13,070	-	-	-	13,070
CMO	23,849	-	338	1,737	21,774
Foreign bonds	708	-	708	-	-
Fixed Income subtotal	348,006	14,100	64,692	72,634	196,580
Equity securities	441,941				
Commingled equity funds	40,797				
Mutual funds:					
Domestic	74,797				
International	128,012				
Real Estate investment contracts	109				
Cash Equivalents	17,536				
Total cash equivalents and investments	\$ <u>1,051,198</u>				

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(3) Cash and Investments – Fiduciary Funds (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 Pension Trust fund's exposure to credit quality risk for the fixed income investments held as of December 31, 2005.

	Fair Value	December 31, 2005 ratings					
		AAA	AA	A	BBB	BB	N/R
Fixed Income:							
US Treasury Obligations	\$ 46,013	46,013	-	-	-	-	-
US Agency Obligations	28,262	18,929	-	-	-	-	9,333
Mortgage Pass throughs	107,457	107,037	-	-	-	-	420
Asset back US Obligations	27,267	18,906	-	3,136	-	-	5,225
Corporate Debt	101,380	5,910	7,415	48,395	29,802	301	9,557
CMBS	13,070	10,984	-	-	-	-	2,086
CMO	23,849	6,511	-	-	-	-	17,338
Foreign bonds	708	-	-	708	-	-	-
Fixed Income totals	\$ 348,006	214,290	7,415	52,239	29,802	301	43,959

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2005 (in thousands of dollars):

	2005	
	Pension Trust Fund	Agency funds
Balances by category:		
Cash and cash equivalents	\$ 17,536	45,527
Investments	1,033,662	1,484
	\$ 1,051,198	47,011

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 contains two Fannie Mae discount notes, both are rated AAA. One has a fair market value of \$1,484 and matures on March 31, 2006 and is classified as an investment, while the other has a fair market value of \$9,392 and is classified as a cash equivalent. An additional certificate of deposit of \$500 and \$1,254 in money market funds are held by the Sheriff's department and classified as cash equivalents.

The County has entered into debt service forward delivery agreements with financial intermediaries which results in a forward swap of interest earned on amounts placed in the debt service sinking funds. In exchange for a current cash payment, the financial intermediary has the right to invest the funds on hand in the sinking fund and retain the investment earnings. The amounts received are recorded as deferred revenue in the County's financial statements, since the substance of these agreements is to effectively pay the County currently for interest that would normally be earned during later years. The deferred revenue resulting from these transactions, totaling \$146 at December 31, 2005 is being amortized over the life of the agreement under a method that approximates the effective interest method.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(3) Cash and Investments (continued)

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 December 31, 2005, 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	1-3	4-5	>5
Georgia Fund 1	Aaa	\$ 14,119	14,119			
Money Market	N/A	13,213	13,213			
U.S Government Agencies	Aaa	14,952	13,647	861	182	262
Marketable Equity Securities	N/A	1,807	1,807			
Total investments		\$ 44,091	42,786	861	182	262

The Georgia Fund 12 is considered to be a 2a7-like-pool managed by the State of Georgia's Office of Treasury and Fiscal Services and is exempt from disclosure of custodial credit risk.

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 policy seeks to minimize credit risk through diversification of investment with the choices allowed under state statutes.

\$5,135 of the Authority's cash and cash equivalents is classified as cash on hand, while \$7,686 of current investments on the Authority's financial statements is classified between \$6,347 as Deposits and trusts and \$1,339 is included with the \$42,752 of Noncurrent cash and investments on the Authority's balance sheet with the total investments shown above of the \$44,091.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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 City of Atlanta, City of East Point, and the City of Atlanta Board of Education. Collections of taxes for the County are accounted for in the Governmental Funds types. Collections and remittance of taxes for other entities are accounted for in the Tax Commissioner Fund (an Agency Fund). Taxes are 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.

(b) Local Option Sales Tax

The County received 35% in 2005 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 incorporation of the City of Sandy Springs changed the allocation of sales taxes received by Fulton County, as will other incorporations should these areas of remaining unincorporated Fulton County opt to incorporate.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2005 are as follows (in thousands of dollars):

	<u>2005</u>
Taxes Receivable:	
General Fund	\$ 5,500
Special Service District Fund	500
Other Governmental funds - Debt Service Fund	100
Agency Funds	<u>13,400</u>
	\$ <u>19,500</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>242</u>

(6) Due from Other Governments

Due from other governments includes \$20,673, net of an \$7,549 reserve, 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, 2005. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$10,583 for federal financial assistance related to various grantor receivables. The General fund also has \$3,290 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(7) Capital Assets and Infrastructure

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

	January 1, 2005	Increases	Decreases	December 31, 2005
Capital assets not being depreciated:				
Land and land improvements	\$ 68,541	—	(352)	68,189
Construction in progress	41,398	13,016	(2,068)	52,346
Total capital assets not being depreciated	109,939	13,016	(2,420)	120,535
Capital assets being depreciated:				
Equipment	89,602	4,358	—	93,960
Buildings and other improvements	644,744	1,301	—	646,045
Roadway network	928,611	52,156	(331,053)	649,714
Total capital assets being depreciated	1,662,957	57,815	(331,053)	1,389,719
Less accumulated depreciation for:				
Equipment	(56,419)	(10,495)	—	(66,914)
Buildings and other improvements	(261,095)	(13,268)	—	(274,363)
Roadway network	(245,373)	(19,666)	77,977	(187,062)
Total accumulated depreciation	(562,887)	(43,429)	77,977	(528,339)
Net capital assets being depreciated	1,100,070	14,386	(253,076)	861,380
Net capital assets- governmental activities	\$ 1,210,009	27,402	(255,496)	981,915

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 \$253,427 of roadway networks net of accumulated depreciation was transferred to a newly formed municipality within the County. This is shown as an extraordinary item on the Statement of Activities on page 12. This new government is now responsible for roadways within its jurisdiction, and these assets are no longer owned nor reported as the County's capital assets.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(7) Capital Assets and Infrastructure (continued)

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

	January 1, 2005	Increases	Decreases	December 31, 2005
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	1,110	50	—	1,160
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	6,567	50	—	6,617
Less accumulated depreciation for:				
Equipment	(1,057)	(5)	—	(1,062)
Buildings and other improvements	(3,752)	(136)	—	(3,888)
Total accumulated depreciation	(4,809)	(141)	—	(4,950)
Net capital assets being depreciated	1,758	(91)	—	1,667
Net capital assets-Airport fund	\$ 29,667	(91)	—	29,576
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 6,664	—	—	6,664
Construction in progress	40,492	29,785	(13,815)	56,462
Total capital assets not being depreciated	47,156	29,785	(13,815)	63,126
Capital assets being depreciated:				
Equipment	11,873	256	—	12,129
* Water system	168,851	27,381	—	196,232
* Sewerage system	771,486	39,591	—	811,077
Total capital assets being depreciated	952,210	67,228	—	1,019,438
Less accumulated depreciation for:				
Equipment	(7,838)	(1,470)	—	(9,308)
* Water system	(37,499)	(4,363)	—	(41,862)
* Sewerage system	(145,086)	(15,881)	—	(160,967)
Total accumulated depreciation	(190,423)	(21,714)	—	(212,137)
Net capital assets being depreciated	761,787	45,514	—	807,301
Net capital assets-Water and Sewerage System fund	\$ 808,943	75,299	(13,815)	870,427

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(7) Capital Assets and Infrastructure (continued)

No interest was capitalized from borrowings related to construction projects during 2005.

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

Governmental activities:	
Administration	\$ 2,376
Public Safety	4,990
Legal	5,228
Infrastructure and facilities	25,607
Social services	4,753
Health services	<u>475</u>
Total depreciation expense, governmental activities	<u>\$ 43,429</u>
Business-type activities:	
Water and Sewerage	\$ 21,714
Airport	<u>141</u>
Total depreciation expense, business-type activities	<u>\$ 21,855</u>

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

	<u>January 1,</u>			<u>December 31,</u>
	<u>2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>2005</u>
Capital assets not being depreciated:				
Land	\$ 1,654	—	—	1,654
Construction in progress	3,619	7,510	(8,208)	2,921
Total capital assets not being depreciated	<u>5,273</u>	<u>7,510</u>	<u>(8,208)</u>	<u>4,575</u>
Capital assets being depreciated:				
Equipment	102,061	11,161	(14,186)	99,036
Buildings	447,980	7,186	—	455,166
Total capital assets being depreciated	<u>550,041</u>	<u>18,347</u>	<u>(14,186)</u>	<u>554,202</u>
Less accumulated depreciation for:				
Equipment	(48,352)	(15,389)	14,186	(49,555)
Buildings and other improvements	(251,902)	(18,182)	—	(270,084)
Total accumulated depreciation	<u>(300,254)</u>	<u>(33,571)</u>	<u>14,186</u>	<u>(319,639)</u>
Net capital assets being depreciated	<u>249,787</u>	<u>(15,224)</u>	—	<u>234,563</u>
Net capital assets- governmental activities	<u>\$ 255,060</u>	<u>(7,714)</u>	<u>(8,208)</u>	<u>239,138</u>

Total depreciation expense for the Hospital Authority was \$33,571. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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, 2005 (in thousands of dollars):

	January 1, 2005	Additions	Retirements	Other*	December 31, 2005	Due within one year
Governmental activities:						
Certificates of participation	\$ 132,115	-	(4,915)	-	127,200	5,145
Less deferred charges, net	(568)	-	-	56	(512)	
Total Certificates of Participation	131,547	-	(4,915)	56	126,688	
Building Authority Revenue Bonds	94,548	-	(11,960)	1,570	84,158	13,775
Less deferred charges, net	584	-	-	(98)	486	
Total Building Authority Revenue Bonds	95,132	-	(11,960)	1,472	84,644	
General Obligation Bonds	24,077	-	(9,863)	167	14,381	3,164
Compensated absences	45,525	21,919	(19,479)	-	47,965	21,919
Other long term capital lease obligations	35,914	-	(4,266)	-	31,648	4,640
Claims and judgments	16,129	-	(6,193)	348	10,284	373
Post-closure care	15,614	-	(895)	-	14,719	555
Total Governmental activities	\$ 363,938	21,919	(57,571)	2,043	330,329	49,571
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 597,690	-	(8,655)	-	589,035	9,180
Less deferred charges, net	681	-	-	233	914	
Total Water & Sewerage Revenue Bonds	598,371	-	(8,655)	233	589,949	
Note Payable	1,065	-	(142)	-	923	152
Other long-term liabilities	1,359	1,000	(803)	-	1,556	1,000
Total business-type activities	\$ 600,795	1,000	(9,600)	233	592,428	10,332

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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):

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final maturity date</u>	<u>Outstanding Balance</u>	<u>Annual principal installments</u>	<u>Purpose</u>
1992	6.20-6.60	2009	1,911	248-302	Capital facilities
1993	5.30-5.375	2010	8,295	215-1,975	Capital facilities
1997	4.90-5.25	2017	2,010	140-235	Capital facilities
1998	4.10-4.65	2018	2,165	140-230	Capital facilities
			<u>\$ 14,381</u>		

*The County intends to call the 1997 General Obligation bonds for early retirement and budgeted resources to early retire these bonds in fiscal 2006.

(1) Non-callable general obligation bonds

(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):

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final Maturity Date</u>	<u>Outstanding balance</u>	<u>Annual principal installments</u>
General governmental activities:				
1991 Building Authority	6.70-6.75%	2011	\$ 14,308	\$ 5,965-6,015
1995 Building Authority	6.00	2007	2,615	595-2,020
2002-A Building Authority	3.00-5.25	2014	4,335	400-580
2002-B Building Authority	3.25-5.00	2014	32,385	205-6,975
2002-C Building Authority	4.00-5.00	2010	30,515	5,640-6,645
			<u>\$ 84,158</u>	
Business-type activities:				
1992 Water and Sewerage	6.25%	2010	\$ 29,002	\$ 1,840-9,710
1998 Water and Sewerage	4.30-5.25	2027	267,903	445-20,320
2004 Water and Sewerage	2.00-5.25	2034	293,044	135-36,935
			<u>\$ 589,949</u>	

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

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

The annual requirements to amortize bonds payable as of December 31, 2005, 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
2006	\$ 3,164	680	13,775	3,242	9,180	29,637	26,119	33,559
2007	3,111	594	12,780	2,599	9,740	29,077	25,631	32,270
2008	3,046	500	10,898	3,630	10,335	28,482	24,279	32,612
2009	2,080	253	10,759	4,033	10,965	27,851	23,804	32,137
2010	335	144	10,697	4,112	11,555	27,258	22,587	31,514
2011-2015	1,960	462	25,249	6,329	67,415	126,661	94,624	133,452
2016-2020	685	44	-	-	85,965	108,113	86,650	108,157
2021-2025	-	-	-	-	108,815	85,262	108,815	85,262
2026-2030	-	-	-	-	137,735	56,331	137,735	56,331
2031-2035	-	-	-	-	137,330	17,932	137,330	17,932
Total	14,381	2,677	84,158	23,945	589,035	536,604	687,574	563,226
Deferred charges/ premiums	-	-	486	(486)	914	(914)	1,400	(1,400)
Total	\$ 14,381	2,677	84,644	23,459	589,949	535,690	688,974	561,826

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, 2005, the outstanding amount of bonds considered defeased totaled \$83,340.

- (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, 2005.
- (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, 2005, the General Obligation Bonds outstanding, net of amounts available in the Debt Service Fund, related to General Obligation Bonds of \$14,381 totaled \$1,295. The statutory limit at that date was \$4,249,690 providing a debt margin of \$4,248,395.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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, 2005 is \$127,200 with interest rates ranging from 4.875% to 6.00%.

The annual requirements to amortize this capital lease obligation as of December 31, 2005, including interest payments of \$67,150 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Lease Payments</u>
2006	\$ 12,219
2007	12,218
2008	12,218
2009	12,220
2010	11,973
2011-2015	56,759
2016-2019	76,743
	<u>\$ 194,350</u>

(d) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$31,648 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 \$45,149 as of December 31, 2005, of which \$6,239 is equipment and \$38,910 is recorded as buildings.

The annual requirements to amortize these other capital lease obligations as of December 31, 2005, including interest payments of \$7,635 and executory costs of \$1,348 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Capital lease Obligation</u>
2006	\$ 6,692
2007	6,825
2008	5,574
2009	6,305
2010	3,412
2011-2015	11,381
2016-2017	442
	<u>\$ 40,631</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

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

(e) 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 \$923 at December 31, 2005 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, 2005 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total payments</u>
2006	\$ 152	58	210
2007	163	47	210
2008	174	36	210
2009	185	25	210
2010	197	13	210
2011	52	-	52
	<u>\$ 923</u>	<u>179</u>	<u>1,102</u>

(f) Tax Anticipation Notes

The County issued \$50 million of Tax Anticipation Notes on May 25, 2005 to provide short term liquidity until property tax collections are due. These Notes were repaid on December 30, 2005 with a stated interest rate of 3.50%.

(g) Hospital Authority Revenue Bonds

Changes in the Authority's non-current liabilities for the year ended December 31, 2005 are noted below: (in thousands)

	<u>January 1, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2005</u>	<u>Due within one year</u>
Long-term debt:					
Revenue Certificates	\$ 261,648	1,056	(10,702)	252,002	11,855
Capital lease obligations	17,419	1,489	(5,336)	13,572	5,082
total long-term debt	<u>279,067</u>	<u>2,545</u>	<u>(16,038)</u>	<u>265,574</u>	<u>16,937</u>
Other long-term liabilities:					
Deferred revenue	<u>1,925</u>	<u>2,757</u>	<u>(3,664)</u>	<u>1,018</u>	<u>-</u>
Total	<u>\$ 280,992</u>	<u>5,302</u>	<u>(19,702)</u>	<u>266,592</u>	<u>16,937</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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
2006	\$ 11,855	12,307	5,082	579	16,937	12,886
2007	12,245	11,920	3,738	317	15,983	12,237
2008	12,790	11,368	1,890	137	14,680	11,505
2009	13,365	10,792	1,016	85	14,381	10,877
2010	13,985	10,177	1,035	49	15,020	10,226
2011-2015	80,795	40,026	811	13	81,606	40,039
2016-2020	103,935	17,532	-	-	103,935	17,532
Total	248,970	114,122	13,572	1,180	262,542	115,302
Deferred charges/ premiums	3,032	-	-	-	3,032	-
Total	\$ 252,002	114,122	13,572	1,180	265,574	115,302

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 December 31, 2005, the Hospital Authority's outstanding amount of bonds considered defeased in prior years totaled \$24,490 for the Authority's 1990A, 1990B, 1991 Revenue Refunding certificates.

(h) Hospital Authority Capital Lease Obligations

The Hospital Authority has entered into various capital lease agreements for equipment, which expire at various dates through 2011. At December 31, 2005, the gross amount of property, plant, and equipment recorded under capital leases is \$35,847 and the related accumulated depreciation is \$15,295.

(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. As of December 31, 2005, the County has estimated a liability for postclosure care costs of approximately \$14,719, subject to changes attributable to the effects of inflation, revision of laws, and other variables. The County payments specific to landfill postclosure care approximated \$895 in 2005, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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 2005 was \$10,800 consisting of \$5,884 of additional accruals and \$4,916 of excess insurance premiums that were charged to operating expenses in 2005. The cumulative unfunded portion of the actuarially recommended reserve is \$41,332 as of December 31, 2005. 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 \$5,261 as of December 31, 2005.

The Authority has a \$163,000 letter of credit to provide interim working capital prior to receiving the fourth quarter Indigent Care Trust Fund payment and to provide the funds for the intergovernmental transfer to the State of Georgia. The line of credit expired in January 2006. \$25,000 was owed as of December 31, 2005. The balance under the line of credit bore interest at a variable rate equal to the sum of the LIBOR market index rate plus 65 basis points, (5.2% at December 31, 2005).

(10) Interfund Assets/Liabilities and Transfers

Interfund receivable and payable balances as of December 31, 2005 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, 2005. No other balances exist as of December 31, 2005. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

Transferred From	Transferred To			Total
	General fund	Special Service District fund	Non-Major Govern- mental funds	
General fund	\$ —	—	96,190	96,190
Special Service District fund	1,053	—	9,134	10,187
Non-major governmental funds	—	12,435	6,351	18,786
	\$ 1,170	12,435	111,675	125,163

(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, 2005, which is expected to be paid after one year, is \$10,284. This estimated future liability is reported in the governmental activities of the government-wide statements. The County purchases commercial insurance for these

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(11) Risk Management (continued)

exposures at various claim levels. The County has not experienced any significant decrease in insurance coverage in 2005. 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, 2005, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$3,430. At December 31, 2005, the County held \$15,063 in cash and cash equivalents available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$2,000 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2005, the County held \$10,655 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, 2005 was as follows (in thousands of dollars):

		<u>Beginning of fiscal year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Balance at fiscal year-end</u>
2005	\$	22,737	55,713	(62,736)	15,714
2004		29,599	54,562	(61,424)	22,737

(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 \$14,000 or \$15,000 for years ending 2005 through 2006. 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 manage assets of the plan.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(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 an eleven member board of trustees which includes two members of the Board of Commissioners, the County Manager, the Director of Finance, a representative citizen of the County, a designee of the Commission's Chairman, a Peace Officer, a retiree 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.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(13) Retirement Plans (continued)

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 2005 are as follows (in thousands of dollars):

	<u>2005</u>
Total required employer contributions:	
Dollar amount	\$ 32,726
Percent of covered payroll	31.19%
Actual employer contributions:	
Dollar amount	\$ 32,340
Percent of covered payroll	30.83%

Employee contribution rates are established in accordance with pension law. During 2005 actual countywide employee contributions were \$6,677 which represented 6.36 of covered payroll.

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.2% investment rate of return, (b) projected salary increases ranging from 4.0-5.0% annually depending on years of service, (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 2005 are as follows:

Members:	
Retired and receiving benefits	2,293
Terminated with vested benefits	26
Active employees:	
Vested	1,732
Nonvested	387
Total members	<u>4,438</u>
Total current year payroll (in thousands)	\$ <u>105,430</u>
Total current year payroll for employees covered by the Plan (in thousands)	\$ <u>104,909</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(13) Retirement Plans (continued)

The Plan's annual pension cost and net pension obligation for 2005 were as follows:

	<u>(In thousands of dollars)</u>
Annual required contribution	\$ 32,726
Interest on net pension obligation	(4,139)
Adjustment to annual required contribution	5,093
Annual pension cost	<u>33,680</u>
Contributions made, including interest	<u>33,555</u>
Increase in net pension obligation	125
Net pension obligation (asset) beginning of year	<u>(50,477)</u>
Net pension obligation (asset) end of year	<u>\$ (50,352)</u>

Significant actuarial assumption changes were made effective January 1, 2005 based on a five year experience study for the period 2000-2004. Based on this experience study, the Pension Board has agreed to change the Salary Increase and Retirement Age assumptions. The effect of this asset methodology change increased the January 1, 2005 unfunded actuarial liability by \$32,631,000. No actuarial assumption changes were made for the actuarial evaluation dated January 1, 2006.

Effective January 1, 1999, the County adopted new plan provisions for the defined benefit plan (the "Enhanced 1991 Pension Plan"). The new plan provisions modify the benefit accrual rate under the 1991 Pension Plan from 2% up to 2.25% for each of the first five years of creditable service and then 2.50% thereafter.

As of June 16, 1999, this Defined Benefit plan was closed to new participants as the County adopted a new Defined Contribution plan under the IRS 401(A) provision for governmental entities. All active participants in the Fulton County Employees' Retirement System have the annual option to remain in their current defined benefit plan or elect to participate in the defined contribution plan.

On January 1, 2000, The Fulton County Employee's Retirement System Supplemental Plan was established to comply with federal tax laws and has an approximate unfunded actuarial liability of approximately \$1 million as of January 1, 2005 that is not reflected in the data below. The participant information, actuarial funding methods, and assumption used in this valuation are similar to those of the Fulton County Defined Benefit plan and obtained its biannual actuarial review as of January 1, 2005.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(13) Retirement Plans (continued)

**Schedule of Employer Contributions
Three-Year Trend Information**
(Dollar amounts in thousands)
(Unaudited)

Fiscal year ended	Annual Pension Cost (APC)	Percentage of APC contributed	Net pension obligation (asset)
December 31, 2003	\$ 28,256	95.8%	\$ (49,164)
December 31, 2004	30,983	100.1	(50,477)
December 31, 2005	33,680	99.6	(50,352)

Schedule of Funding Progress
(Dollar amounts in thousands)
(Unaudited)

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, 2000	\$ 895,540	893,165(1)	(2,375)(1)	100.3%	\$ 143,983	(1.6)%
December 31, 2001	954,545	984,425(2)	29,880(2)	97.0	140,787	21.2
December 31, 2002	1,004,253(2)	1,085,354(2)	81,101(2)	92.5	140,931	57.5
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(3)	194,290(3)	84.2	115,284	168.5
December 31, 2005	1,064,825	1,277,972	213,147	83.3	104,909	203.2

- (1) Includes effect of January 1, 2001 actuarial assumption modifications.
- (2) Includes effect of January 1, 2003 actuarial assumption and plan modifications.
- (3) Includes effect of January 1, 2005 actuarial assumption modifications.

(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, 2004, the plan has approximately 3,700 active participants who contributed 6% of their pensionable earnings, approximately \$9,334 during 2004. The County also contributed approximately \$12,446 to this plan 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(13) Retirement Plans (continued)

(c) *Hospital Authority Pension Plan*

The Hospital Authority has a single-employer trustee noncontributory defined benefit pension plan in which substantially all regular employees are eligible to participate. The Hospital Authority's funding policy is to contribute annually an amount sufficient to meet the actuarially determined pension expense for that year. The Hospital Authority issues a publicly available financial report on this plan which 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

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, as authorized by various acts of the Georgia Legislature and statutes enacted by the County. Substantially 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 County also pays 90% of the premium cost for a Medicare supplement program for those retirees 65 years old or older. 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 \$16,238 in 2005.

(15) Commitments and Contingencies

(a) *Fulton County*

- (1) **Litigation** – The County expects several lawsuits stemming from a 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 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 \$3 million to \$22 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.

- (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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2005

(15) Commitments and Contingencies (continued)

(3) Commitments - Commitments for water and sewerage system improvements at December 31, 2005 total approximately \$31,652.

(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 2010. The future minimum lease payments under noncancelable operating leases as of December 31, 2004 are as follows (in thousands):

	<u>Operating leases</u>
2005	\$ 943
2006	971
2007	960
2008	962
2009	996
Thereafter	1,683
	<u>\$ 6,515</u>

(16) Subsequent Events

The County in May of 2006 issued \$80 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County.

In July of 2006, various sections of the unincorporated section of Fulton County will vote in a referendum to allow incorporation. This will affect the allocation of sales tax revenues for the general operations of Fulton County's general fund (a major fund) and have significant financial and operational effect on the County's Special Service fund (a major fund). This change is being addressed by County management as well as the Board of Commissioners.

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**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

Solid Waste fund - accounts for the provision of services for the annual postclosure costs for the two closed landfills within the County.

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

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

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

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

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

Social and Cultural services – accounts for resources accumulated and provided to various other entities that assist County efforts to provide social, cultural, and community assistance throughout the County.

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

Sandy Springs Tax Allocation District fund – accounts for tax revenues accumulated for various development purposes within a geographic area of unincorporated Fulton County.

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Capital Project funds – account for resources accumulated for various bond issues and other sources for the purpose of capital improvement for the County. These funds include the following:

Serial Bond Fund - These bonds were issued from 1985 - 1998, and account for the financial resources to be used for capital facilities in the areas of health, parks, public buildings, and traffic.

Library Bond Fund – residual proceeds from a 1985 bond issue for County library construction projects.

Capital Improvements Fund - accounts for capital expenditures funded by transfers from the General Fund, in the areas of health, jail, library, and public buildings.

Fulton County Facilities Corporation - accounts for the resources used in the design, construction, renovation, and furnishing of certain capital projects that are leased exclusively to Fulton County.

Fulton County Building Authority - accounts for resources used in the design, construction, renovation, and furnishing of certain County buildings including the Government Center and Judicial Complex.

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

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

Transportation Improvements - accounts for resources dedicated to roadway networks within unincorporated Fulton County.

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2005

(in thousands of dollars)

	<u>Special Revenue Funds</u>					
	<u>Debt Service fund</u>	<u>Grants in Aid</u>	<u>Emergency Telephone</u>	<u>Solid Waste</u>	<u>Stormwater Management</u>	<u>General Government Services</u>
Assets:						
Cash and cash equivalents	\$ 20,563	—	5,401	1,689	6,262	1,382
Investments	2,474	—	—	—	—	—
Receivables (net of allowances):						
Taxes	192	—	—	—	—	—
Accounts	—	—	—	—	—	8
Due from other governments	—	10,583	—	—	—	—
Total assets	\$ 23,229	10,583	5,401	1,689	6,262	1,390
Liabilities:						
Accounts payable	\$ —	8,957	275	57	—	—
Due to other funds	—	—	—	244	—	—
Due to others	—	—	1,221	—	—	(275)
Deferred revenue	170	—	—	—	—	—
Total liabilities	170	8,957	1,496	301	—	(275)
Fund balances (deficit):						
Reserved for encumbrances	—	—	—	—	—	—
Reserved for debt service	23,059	—	—	—	—	—
Unreserved:						
Designated	—	1,626	3,905	1,388	6,262	1,665
Designated for property and infrastructure	—	—	—	—	—	—
Total fund balances (deficit)	23,059	1,626	3,905	1,388	6,262	1,665
Total liabilities and fund balances	\$ 23,229	10,583	5,401	1,689	6,262	1,390

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2005

(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
Assets:							
Cash and cash equivalents	\$ —	963	5,996	253	4,926	3,902	3
Investments	—	—	—	—	713	—	—
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Accounts	—	—	14	—	—	—	—
Due from other governments	—	—	—	—	—	—	—
Total assets	\$ —	963	6,010	253	5,639	3,902	3
Liabilities:							
Accounts payable	\$ 4,280	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Due to others	—	—	1,415	—	730	—	—
Deferred revenue	—	—	—	—	—	—	—
Total liabilities	4,280	—	1,415	—	730	—	—
Fund balances deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	—	—	—	—	—	—	—
Unreserved:							
Designated	(4,280)	963	4,595	253	4,909	3,902	3
Designated for property & infrastructure	—	—	—	—	—	—	—
Total fund balances (deficit)	(4,280)	963	4,595	253	4,909	3,902	3
Total liabilities and fund balances	\$ —	963	6,010	253	5,639	3,902	3

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2005

(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 Non-major Governmental Funds
151	1	44,091	8,269	596	3,599	21,875	501	130,423
1,688	99	—	—	—	—	—	19,794	24,768
—	—	—	—	—	—	—	—	192
—	—	—	—	—	—	—	—	22
—	—	—	—	—	—	—	—	10,583
<u>1,839</u>	<u>100</u>	<u>44,091</u>	<u>8,269</u>	<u>596</u>	<u>3,599</u>	<u>21,875</u>	<u>20,295</u>	<u>165,988</u>
—	—	539	77	—	—	665	—	14,850
—	—	—	—	—	—	—	—	244
—	—	—	—	—	—	—	—	3,091
—	—	—	—	—	—	—	—	170
—	—	<u>539</u>	<u>77</u>	<u>—</u>	<u>—</u>	<u>665</u>	<u>—</u>	<u>18,355</u>
—	—	8,402	486	—	—	10,218	2,889	21,995
—	—	—	—	—	—	—	—	23,059
—	—	—	—	—	—	—	—	25,191
<u>1,839</u>	<u>100</u>	<u>35,150</u>	<u>7,706</u>	<u>596</u>	<u>3,599</u>	<u>10,992</u>	<u>17,406</u>	<u>77,388</u>
<u>1,839</u>	<u>100</u>	<u>43,552</u>	<u>8,192</u>	<u>596</u>	<u>3,599</u>	<u>21,210</u>	<u>20,295</u>	<u>147,633</u>
<u>1,839</u>	<u>100</u>	<u>44,091</u>	<u>8,269</u>	<u>596</u>	<u>3,599</u>	<u>21,875</u>	<u>20,295</u>	<u>165,988</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(in thousands of dollars)

	<u>Special Revenue Funds</u>					
	<u>Debt Service fund</u>	<u>Grants in Aid</u>	<u>Emergency Telephone</u>	<u>Solid Waste</u>	<u>Stormwater Management</u>	<u>General Government Services</u>
Revenues:						
Taxes	\$ 2,750	—	—	—	—	—
Intergovernmental	—	42,825	—	—	—	—
Charges for services	—	778	8,449	602	—	—
Courts and law enforcement	—	—	—	—	—	—
Use of money and property	615	16	—	—	—	—
Miscellaneous	—	—	—	—	—	136
Net appreciation (depreciation) in investments	3	—	—	—	—	—
Total revenues	<u>3,368</u>	<u>43,619</u>	<u>8,449</u>	<u>602</u>	<u>—</u>	<u>136</u>
Expenditures:						
Current:						
Administration	—	311	—	—	—	172
Public safety	—	3,328	13,410	—	—	—
Infrastructure and facilities	—	2,071	—	3,637	905	—
Social services	—	17,162	—	—	—	—
Health services	—	21,279	—	—	—	—
Other nonagency	119	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service:						
Principal retirement	29,413	—	—	—	—	—
Interest	13,874	—	—	—	—	—
Total expenditures	<u>43,406</u>	<u>44,151</u>	<u>13,410</u>	<u>3,637</u>	<u>905</u>	<u>172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,038)</u>	<u>(532)</u>	<u>(4,961)</u>	<u>(3,035)</u>	<u>(905)</u>	<u>(36)</u>
Other financing sources (uses):						
Transfers in	32,160	1,590	7,100	2,278	1,513	—
Transfers out	(1,661)	—	—	—	—	—
Total other financing sources (uses)	<u>30,499</u>	<u>1,590</u>	<u>7,100</u>	<u>2,278</u>	<u>1,513</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(9,539)</u>	<u>1,058</u>	<u>2,139</u>	<u>(757)</u>	<u>608</u>	<u>(36)</u>
Fund balance at beginning of year	<u>32,598</u>	<u>568</u>	<u>1,766</u>	<u>2,145</u>	<u>5,654</u>	<u>1,701</u>
Fund balance (deficit) at end of year	<u>\$ 23,059</u>	<u>1,626</u>	<u>3,905</u>	<u>1,388</u>	<u>6,262</u>	<u>1,665</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(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
\$ —	—	—	—	—	—	—
14,662	—	304	—	—	—	—
9,375	—	—	—	—	—	—
—	—	2,243	—	—	—	—
—	—	—	—	737	227	—
—	207	—	—	57	2,635	751
—	—	—	—	—	—	—
<u>24,037</u>	<u>207</u>	<u>2,547</u>	<u>—</u>	<u>794</u>	<u>2,862</u>	<u>751</u>
—	—	—	—	—	495	1,616
—	—	2,863	—	—	—	—
—	266	—	—	—	1,738	—
—	—	2,491	—	9,498	—	—
54,149	—	—	—	595	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>54,149</u>	<u>266</u>	<u>5,354</u>	<u>—</u>	<u>10,093</u>	<u>2,233</u>	<u>1,616</u>
<u>(30,112)</u>	<u>(59)</u>	<u>(2,807)</u>	<u>—</u>	<u>(9,299)</u>	<u>629</u>	<u>(865)</u>
26,667	—	—	—	8,060	—	—
—	—	—	—	—	(4,690)	—
<u>26,667</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,060</u>	<u>(4,690)</u>	<u>—</u>
(3,445)	(59)	(2,807)	—	(1,239)	(4,061)	(865)
(835)	1,022	7,402	253	6,148	7,963	868
<u>\$ (4,280)</u>	<u>963</u>	<u>4,595</u>	<u>253</u>	<u>4,909</u>	<u>3,902</u>	<u>3</u>

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2005

(in thousands of dollars)

	Capital Projects Funds							Total Nonmajor Governmental Funds
	Serial Bond	Library Bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	
Revenues:								
Taxes	—	—	—	—	—	—	—	2,750
Intergovernmental	—	—	—	—	—	—	441	58,232
Charges for services	—	—	—	—	—	166	—	19,370
Courts and law enforcement	—	—	—	—	—	—	—	2,243
Use of money and property	52	3	826	154	8	51	901	3,722
Miscellaneous	—	—	350	—	—	—	—	4,136
Net appreciation (depreciation) in investments	—	—	17	—	—	—	14	36
Total revenues	52	3	1,193	154	8	217	1,356	90,489
Expenditures:								
Current:								
Administration	—	—	—	—	—	—	—	2,594
Public safety	—	—	—	—	—	—	—	19,601
Infrastructure and facilities	—	—	—	—	—	—	—	8,617
Social services	—	—	—	—	—	—	—	29,151
Health services	—	—	—	—	—	—	—	76,023
Other nonagency	—	—	—	—	—	—	—	119
Capital outlay	3	—	12,323	258	—	1,714	11,733	28,105
Debt service:								
Principal retirement	—	—	—	—	—	—	—	29,413
Interest	—	—	—	—	—	—	—	13,874
Total expenditures	3	—	12,323	258	—	1,714	11,733	207,497
Excess (deficiency) of revenues over (under) expenditures	49	3	(11,130)	(104)	8	(1,497)	(10,377)	(117,008)
Other financing sources (uses):								
Transfers in	—	—	6,617	—	—	396	10,104	111,675
Transfers out	—	—	—	—	—	—	(12,435)	(18,786)
Total other financing sources (uses)	—	—	6,617	—	—	396	(2,331)	92,889
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	49	3	(4,513)	(104)	8	(1,101)	(12,708)	(24,119)
Fund balance at beginning of year	1,790	97	48,065	8,296	588	4,700	33,918	171,752
Fund balance at end of year	1,839	100	43,552	8,192	596	3,599	21,210	147,633

FULTON COUNTY, GEORGIA

Debt Service fund

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service funds:				
Revenues				
Taxes	\$ 2,740	2,740	2,806	66
Use of Money and Property	360	360	614	254
Transfers	32,271	32,271	32,160	(111)
Appropriated Fund Balance	8,220	8,220	9,487	1,267
Total revenues	<u>\$ 43,591</u>	<u>43,591</u>	<u>45,067</u>	<u>1,476</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			(56)	
To record net change in interest receivable and depreciation of investments			4	
Appropriated Fund Balance			<u>(9,487)</u>	
Total adjustment to GAAP basis			<u>(9,539)</u>	
Total revenues and other sources, GAAP basis			<u>35,528</u>	
Expenditures				
Principal	\$ 29,416	29,416	29,413	3
Interest	13,997	13,997	13,874	123
Other	178	178	119	59
Transfers	—	—	1,661	(1,661)
Total expenditures	<u>\$ 43,591</u>	<u>43,591</u>	<u>45,067</u>	<u>(1,476)</u>
Total expenditures and other uses, GAAP basis			<u>45,067</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Emergency Communications:				
Revenues				
Charges for Services	\$ 6,000	6,000	8,449	2,449
Appropriated Fund Balance	1,975	1,975	—	(1,975)
Transfers	7,100	7,100	7,100	—
Total revenues	<u>\$ 15,075</u>	<u>15,075</u>	15,549	<u>474</u>
Total revenues and other sources, GAAP basis			<u>15,549</u>	
Expenditures				
Total public safety expenditures	<u>\$ 15,075</u>	<u>15,075</u>	13,421	<u>1,654</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>(11)</u>	
Total expenditures and other uses, GAAP basis			<u>13,410</u>	
Solid Waste:				
Revenues				
Charges for Services	\$ 410	410	602	192
Appropriated Fund Balance	1,512	1,512	702	(810)
Transfers	2,278	2,278	2,278	—
Total revenues	<u>\$ 4,200</u>	<u>4,200</u>	3,582	<u>(618)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(702)</u>	
Total revenues and other sources, GAAP basis			<u>2,880</u>	
Expenditures				
Total facility expenditures	<u>\$ 4,200</u>	<u>4,200</u>	3,582	<u>618</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>55</u>	
Total expenditures and other uses, GAAP basis			<u>3,637</u>	
Stormwater Management:				
Revenues				
Transfers	<u>\$ 1,513</u>	<u>1,513</u>	1,513	—
Total revenues and other sources, GAAP basis			<u>1,513</u>	
Expenditures				
Total infrastructure expenditures	<u>\$ 1,513</u>	<u>1,513</u>	993	<u>520</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>(87)</u>	
Total expenditures and other uses, GAAP basis			<u>905</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government services:				
Revenues				
Miscellaneous	\$ 224	224	136	(88)
Appropriated Fund Balance	334	334	36	(298)
Total revenues	<u>\$ 558</u>	<u>558</u>	172	<u>(386)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(36)</u>	
Total revenues and other sources, GAAP basis			<u>136</u>	
Expenditures				
Total administrative expenditures	<u>\$ 558</u>	<u>558</u>	172	<u>386</u>
Total expenditures and other uses, GAAP basis			<u>172</u>	
Public Educational Government Television:				
Revenues				
Miscellaneous	\$ 254	254	207	(47)
Appropriated Fund Balance	1,022	1,022	59	(963)
Total revenues	<u>\$ 1,276</u>	<u>1,276</u>	266	<u>(1,010)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(59)</u>	
Total revenues and other sources, GAAP basis			<u>207</u>	
Expenditures				
Total facility expenditures	<u>\$ 1,276</u>	<u>1,276</u>	266	<u>1,010</u>
Total expenditures and other uses, GAAP basis			<u>266</u>	
Law Enforcement and Justice services:				
Revenues				
Anticipated revenues	\$ 8,043	8,043	(316)	(8,359)
Appropriated Fund Balance	6,944	6,944	2,807	(4,137)
Total revenues	<u>\$ 14,987</u>	<u>14,987</u>	2,491	<u>(12,496)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(2,807)</u>	
Total revenues and other sources, GAAP basis			<u>(316)</u>	
Expenditures				
Total social service expenditures	<u>\$ 14,987</u>	<u>14,987</u>	2,491	<u>12,496</u>
Total expenditures and other uses, GAAP basis			<u>2,491</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Social and Cultural services:				
Revenues				
Anticipated revenues	\$ 7,155	7,155	8,854	1,699
Appropriated Fund Balance	<u>4,281</u>	<u>4,281</u>	<u>1,239</u>	<u>(3,042)</u>
Total revenues	\$ <u>11,436</u>	<u>11,436</u>	10,093	<u>(1,343)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(1,239)</u>	
Total revenues and other sources, GAAP basis			<u>8,854</u>	
Expenditures				
Total social services expenditures	\$ <u>11,436</u>	<u>11,436</u>	10,093	<u>1,343</u>
Total expenditures and other uses, GAAP basis			<u>10,093</u>	
Other Special revenue funds:				
Revenues				
Anticipated revenues	\$ 250	250	2,872	2,622
Appropriated Fund Balance	<u>132</u>	<u>132</u>	<u>4,051</u>	<u>3,919</u>
Total revenues	\$ <u>382</u>	<u>382</u>	6,923	<u>6,541</u>
Reconciliation to GAAP basis:				
Change in interest receivable			(10)	
Appropriated Fund Balance			<u>(4,051)</u>	
Total revenues and other sources, GAAP basis			<u>2,862</u>	
Expenditures				
Anticipated Expenditures	382	382	2,233	(1,851)
Transfers out	<u>—</u>	<u>—</u>	<u>4,690</u>	<u>(4,690)</u>
Total expenditures	\$ <u>382</u>	<u>382</u>	6,923	<u>(6,541)</u>
Total expenditures and other uses, GAAP basis			<u>6,923</u>	
Sandy Springs Tax Allocation District:				
Revenues				
Total anticipated revenues	\$ <u>—</u>	<u>—</u>	751	<u>751</u>
Total revenues and other sources, GAAP basis			<u>751</u>	
Expenditures				
Total social service expenditures	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures and other uses, GAAP basis			<u>—</u>	

DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Internal Service Funds

December 31, 2005

(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	\$ —	15,063	10,655	275	25,993
Other current assets	—	8,096	—	—	8,096
Total assets	—	23,159	10,655	275	34,089
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	254	—	242	—	496
Claims payable	—	3,430	2,000	—	5,430
Total liabilities	254	3,430	2,242	—	5,926
Net assets:					
Unrestricted	(254)	19,729	8,413	275	28,163
Total net assets	\$ (254)	19,729	8,413	275	28,163

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2005

(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	\$ 8,408	61,566	18,365	—	88,339
Operating expenses:					
Contractual services	—	62,736	3,369	570	66,675
Administrative and general	9,119	—	11,097	—	20,216
Total operating expenses	9,119	62,736	14,466	570	86,891
Operating income (loss)	(711)	(1,170)	3,899	(570)	1,448
Net assets at beginning of year	457	20,899	4,514	845	26,715
Net assets at end of year	\$ (254)	19,729	8,413	275	28,163

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Facilities Services fund</u>	<u>Insurance Stabilization fund</u>	<u>Risk Management fund</u>	<u>Owner Controlled Insurance fund</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,408	61,544	18,365	—	88,317
Payments to suppliers	<u>(8,865)</u>	<u>(63,914)</u>	<u>(14,472)</u>	<u>(570)</u>	<u>(87,821)</u>
Net cash provided by (used in) operating activities	(457)	(2,370)	3,893	(570)	496
Increase (decrease) in cash and cash equivalents	(457)	(2,370)	3,893	(570)	496
Cash and cash equivalents at beginning of year	<u>457</u>	<u>17,433</u>	<u>6,762</u>	<u>845</u>	<u>25,497</u>
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>15,063</u>	<u>10,655</u>	<u>275</u>	<u>25,993</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (711)	(1,170)	3,899	(570)	1,448
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	—	(22)	—	—	(22)
Accounts and claims payable	<u>254</u>	<u>(1,178)</u>	<u>(6)</u>	<u>—</u>	<u>(930)</u>
Net cash provided by (used in) operating activities	<u>\$ (457)</u>	<u>(2,370)</u>	<u>3,893</u>	<u>(570)</u>	<u>496</u>

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DESCRIPTION OF AGENCY FUNDS

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Fiduciary Net Assets
Fiduciary Funds
Agency Funds

December 31, 2005

(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	\$ 3,106	10,857	10,264	98	107	21,072	23	45,527
Investments	—	—	—	—	—	1,484	—	1,484
Taxes receivable	43,952	—	—	—	—	—	—	43,952
Total assets	<u>\$ 47,058</u>	<u>10,857</u>	<u>10,264</u>	<u>98</u>	<u>107</u>	<u>22,556</u>	<u>23</u>	<u>90,963</u>
Liabilities								
Due to other taxing districts	\$ 47,058	—	—	—	—	—	—	47,058
Due to others	—	10,857	10,264	98	107	22,556	23	43,905
Total liabilities	<u>\$ 47,058</u>	<u>10,857</u>	<u>10,264</u>	<u>98</u>	<u>107</u>	<u>22,556</u>	<u>23</u>	<u>90,963</u>

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 10,806	3,372,699	3,380,399	3,106
Taxes receivable	<u>29,090</u>	<u>894,091</u>	<u>879,229</u>	<u>43,952</u>
	<u>\$ 39,896</u>	<u>4,266,790</u>	<u>4,259,628</u>	<u>47,058</u>
Liabilities				
Due to other taxing districts	\$ <u>39,896</u>	<u>4,266,790</u>	<u>4,259,628</u>	<u>47,058</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ <u>13,706</u>	<u>145,989</u>	<u>148,838</u>	<u>10,857</u>
Liabilities				
Due to others	\$ <u>13,706</u>	<u>145,989</u>	<u>148,838</u>	<u>10,857</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ <u>6,602</u>	<u>38,424</u>	<u>34,762</u>	<u>10,264</u>
Liabilities				
Due to others	\$ <u>6,602</u>	<u>38,424</u>	<u>34,762</u>	<u>10,264</u>

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 82	113	97	98
Liabilities				
Due to others	\$ 82	113	97	98
 Probate Court:				
Assets				
Cash and cash equivalents	\$ 131	1,260	1,284	107
Liabilities				
Due to others	\$ 131	1,260	1,284	107
 Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 22,178	112,295	113,401	21,072
Investments	—	1,484	—	1,484
Cash and cash equivalents	\$ 22,178	113,779	113,401	22,556
Liabilities				
Due to others	\$ 22,178	113,779	113,401	22,556
 District Attorney:				
Assets				
Cash and cash equivalents	\$ 10	117	104	23
Liabilities				
Due to others	\$ 10	117	104	23

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2005

(In thousands of dollars)

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 53,515	3,670,897	3,678,885	45,527
Investments	—	1,484	—	1,484
Taxes receivable	29,090	894,091	879,229	43,952
	<u>\$ 82,605</u>	<u>4,566,472</u>	<u>4,558,114</u>	<u>90,963</u>
Liabilities				
Due to other taxing districts	\$ 39,896	4,266,790	4,259,628	47,058
Due to others	42,709	299,682	298,486	43,905
	<u>\$ 82,605</u>	<u>4,566,472</u>	<u>4,558,114</u>	<u>90,963</u>

OTHER SCHEDULES

Summary of Debt Service Requirements to Maturity

**Debt Service Requirements to Maturity - General Obligation
Bonds**

**Debt Service Requirements to Maturity – Fulton County
Building Authority Revenue Bonds**

**Debt Service Requirements to Maturity - Water and Sewerage
Revenue Bonds**

Hotel/Motel Tax Collections and Expenditures

FULTON COUNTY, GEORGIA

Other Schedules
Summary of Debt Service Requirements to Maturity

December 31, 2005

(In thousands of dollars)

Calendar year	Annual principal and interest requirements			Totals
	General obligation bonds	Building Authority bonds	Fulton County water and sewerage revenue bonds	
2006	3,844	17,017	38,817	59,678
2007	3,705	15,379	38,817	57,901
2008	3,546	14,528	38,817	56,891
2009	2,333	14,792	38,816	55,941
2010	479	14,809	38,813	54,101
2011	483	7,855	38,814	47,152
2012	481	7,880	38,814	47,175
2013	483	7,909	38,815	47,207
2014	485	7,934	38,817	47,236
2015	490	—	38,816	39,306
2016	488	—	38,814	39,302
2017	241	—	38,815	39,056
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
	<u>\$ 17,058</u>	<u>108,103</u>	<u>1,125,639</u>	<u>1,250,800</u>

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
General Obligation Bonds

December 31, 2005

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 3,164	680	3,844
2007	3,111	594	3,705
2008	3,046	500	3,546
2009	2,080	253	2,333
2010	335	144	479
2011	355	128	483
2012	370	111	481
2013	390	93	483
2014	410	75	485
2015	435	55	490
2016	455	33	488
2017	230	11	241
	<u>\$ 14,381</u>	<u>2,677</u>	<u>17,058</u>

FULTON COUNTY, GEORGIA

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

December 31, 2005

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 13,775	3,242	17,017
2007	12,780	2,599	15,379
2008	10,898	3,630	14,528
2009	10,759	4,033	14,792
2010	10,697	4,112	14,809
2011	3,724	4,131	7,855
2012	6,800	1,080	7,880
2013	7,170	739	7,909
2014	7,555	379	7,934
	<u>84,158</u>	<u>23,945</u>	<u>108,103</u>
Unamortized deferred charges (net) at December 31, 2005	<u>486</u>	<u>(486)</u>	<u>—</u>
	<u>\$ 84,644</u>	<u>23,459</u>	<u>108,103</u>

FULTON COUNTY, GEORGIA

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

December 31, 2005

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 9,180	29,637	38,817
2007	9,740	29,077	38,817
2008	10,335	28,482	38,817
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
	589,035	536,604	1,125,639
Unamortized discount at December 31, 2005	914	(914)	—
	<u>\$ 589,949</u>	<u>535,690</u>	<u>1,125,639</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2005

Collection Period from January 1st to December 31st					
Collection Rate	Hotel/Motel Tax Collected	<u>Expenditures and Obligations</u>			Expended or Obligated as a Percentage of Collected
		<u>Hotel/Motel Tax Expended</u>	<u>Hotel/Motel Tax Obligated</u>	<u>Hotel/Motel Tax Expended or Obligated</u>	
7%	\$4,619,028	4,515,400	103,629	4,619,029	100.00%

*The Fulton County Tax Commissioner received and disbursed hotel/motel taxes throughout 2005.

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STATISTICAL SECTION

(Unaudited)

FULTON COUNTY, GEORGIA

**General Fund Expenditures*
and Other Uses by Function**

Last Ten Fiscal Years

(Non-GAAP Budget Basis)**

(In thousands of dollars)

<u>Fiscal year</u>	<u>Health</u>	<u>Public safety</u>	<u>Admin.</u>	<u>Infrast. and facility</u>	<u>Social services</u>	<u>Legal</u>	<u>Other non-agency</u>	<u>Transfers</u>			<u>Total</u>
								<u>Hospital</u>	<u>Capital projects</u>	<u>Debt service</u>	
1996	\$ 17,000	51,719	52,143	13,651	29,871	47,713	19,519	75,742	41,751	1,695	350,804
1997	15,480	63,411	53,511	29,155	39,147	54,052	19,780	68,727	49,529	1,426	394,218
1998	22,601	68,668	68,717	33,778	40,084	66,152	35,120	74,984	30,689	1,444	442,237
1999	25,706	68,648	69,039	35,203	36,553	69,792	37,024	73,475	39,522	1,688	456,650
2000	24,033	79,693	76,712	36,613	42,048	77,659	39,864	73,461	45,085	1,041	496,209
2001	25,937	81,437	78,705	35,509	40,524	82,361	49,495	75,600	67,210	34	536,812
2002	27,990	88,386	78,083	37,866	58,802	91,875	46,223	78,936	72,836	7	581,004
2003	26,662	86,225	80,148	36,477	59,016	97,853	55,932	80,345	56,253	6	578,917
2004	24,046	84,102	84,380	42,640	59,485	101,628	50,085	80,345	42,383	453	569,547
2005	26,667	89,756	84,777	42,572	60,365	104,158	52,251	80,014	48,150	830	589,540

* The General Fund and Special Services District Fund expenditures shown here and at Table I-2 represent a substantial portion of the governmental expenditures of the County.

**Total General Fund Expenditures presented above are on a non-GAAP budget basis which are affected by certain liability accrual adjustments to Total Expenditures and Other Uses, as disclosed on page 18, the Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Budget Basis)

FULTON COUNTY, GEORGIA

Special Services District Fund
Expenditures and Other Uses by Function*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)**

(In thousands of dollars)

<u>Fiscal year</u>	<u>Public safety</u>	<u>Admin.</u>	<u>Infrast. and facility</u>	<u>Social services</u>	<u>Other nonagency</u>	<u>Transfers</u>		<u>Total</u>
						<u>Capital projects</u>	<u>Other</u>	
1996	\$ 28,150	1,133	13,350	6,674	10,267	7,570	1,838	68,982
1997	33,131	1,700	4,642	8,775	10,056	10,286	5,317	73,907
1998	42,845	8,125	1,384	10,427	9,570	9,333	2,941	84,625
1999	42,991	11,046	874	9,554	10,607	7,358	1,279	83,709
2000	47,166	11,381	899	9,854	11,310	7,313	2,149	90,072
2001	47,759	11,381	789	10,207	11,753	8,622	2,333	92,844
2002	55,195	10,951	833	11,152	11,937	6,534	3,563	100,165
2003	56,217	13,783	767	11,453	10,613	3,828	2,694	99,355
2004	58,360	14,146	747	11,415	10,249	4,013	2,779	101,709
2005	60,164	13,870	652	11,544	12,738	6,721	3,466	109,155

* The Special Services District Fund and General Fund expenditures shown here and at Table I-1 represent substantially all of the general governmental expenditures of the County.

**Total Special Services District Expenditures presented above are on a non-GAAP budget basis which are affected by certain liability accrual adjustments to Total Expenditures and Other Uses, as disclosed on page 19, the Schedule of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budget Basis)

FULTON COUNTY, GEORGIA

General Fund
Revenues and Other Financing Sources by Source*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Taxes</u>	<u>Inter-Governmental revenue</u>	<u>Charges for services</u>	<u>Court and law</u>	<u>Use of money and property</u>	<u>Miscellaneous and operating transfers</u>	<u>Total</u>
1996	\$ 310,619	7,329	10,573	13,630	13,975	13,592	369,718
1997	347,596	9,667	13,327	15,143	13,601	11,364	410,698
1998	341,175	7,053	11,999	16,415	13,543	10,038	400,223
1999	434,471(1)	7,325	19,728	15,830	12,827	11,040	501,221
2000	434,446	12,295	23,115	16,690	11,807	14,434	512,787
2001	458,510	16,370	18,489	15,804	11,773	15,132	536,078
2002	493,493	18,173	22,284	17,044	8,270	16,714	575,978
2003	495,136	16,724	21,052	18,984	7,560	15,382	574,839
2004	493,268	18,307	19,709	19,037	8,069	15,682	574,072
2005	500,725	17,714	21,524	18,484	14,590	18,187	591,224

* The General Fund and Special Services District Fund revenues shown here and at Table II-2 represent a substantial portion of the governmental revenues of the County. These revenues are on a non-GAAP budget basis and are affected by certain revenue recognition adjustments as disclosed on page 17, the General Fund Schedule of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budget Basis)

(1) The 1999 General Fund tax revenues above include collections totaling approximately \$43,940,300 of real and personal property taxes related to the final billing of the 1998 tax assessments that occurred in 1999.

Table II-2

FULTON COUNTY, GEORGIA

Special Services District Fund
Revenues by Source*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Taxes</u>		<u>Licenses and permits</u>	<u>Use of money and property</u>	<u>Inter-governmental revenue</u>	<u>Charges for services</u>	<u>Misc. & Operating transfers</u>	<u>Total</u>
	<u>Property</u>	<u>Other</u>						
1996	\$ 30,943	28,736	16,566	2,541	167	2,104	535	81,592
1997	33,702	13,959	20,425	3,123	159	2,311	347	74,026
1998	33,238	13,799	19,920	3,313	127	2,049	837	73,283
1999	44,956(1)	13,709	23,803	2,833	163	2,292	647	88,403
2000	42,046	15,197	22,783	3,682	158	2,106	296	86,268
2001	46,232	16,559	23,361	3,401	81	2,114	426	92,174
2002	48,126	20,509	22,391	2,669	2,088	2,196	159	97,688
2003	48,825	20,579	21,515	2,599	1,948	2,698	380	98,544
2004	54,961	20,397	21,799	2,855	2,326	3,792	283	106,413
2005	56,531	21,941	28,852	3,811	2,262	4,097	12,803	130,297

* The Special Services District Fund and General Fund revenues shown here and at Table II-1 represent a substantial portion of the governmental revenues of the County. These revenues are on a non-GAAP budget basis and are affected by certain revenue recognition adjustments as disclosed on page 19, the Special Services District Fund Schedule of Revenues and Expenditures – Budget and Actual – (Non-GAAP Budget Basis)

(1) The 1999 Special Services District Fund tax revenues above include collections totaling approximately \$5,424,548 of real and personal property taxes related to the final billing of the 1998 tax assessments that occurred in 1999.

FULTON COUNTY, GEORGIA

General Fund
Tax Revenues by Source

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>General property</u>	<u>Public utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Motor vehicle</u>	<u>Local option sales tax</u>	<u>Other</u>
1996	\$ 310,619	229,266	13,266	5	3,909	20,012	42,432	1,729
1997	347,596	244,591	14,789	4,204	4,744	23,782	55,486	-
1998	341,175	238,022	11,369	-	7,120	22,423	62,241	-
1999	434,471 ⁽¹⁾	318,653	17,389	-	7,015	25,058	66,356	-
2000	434,446	316,336	13,154	-	6,014	27,979	70,963	-
2001	458,510	343,381	6,183	-	9,043	29,962	69,941	-
2002	493,493	378,875	7,472	-	13,321	28,305	65,520	-
2003	495,136	384,524	4,919	-	16,741	25,916	63,036	-
2004	493,268	375,885	12,168	-	12,350	24,779	68,086	-
2005	500,725	391,034	-	-	13,661	23,436	72,594	-

(1) The 1999 General Fund tax revenues above include collections totaling approximately \$43,940,300 of real and personal property taxes related to the final billing of the 1998 tax assessments that occurred in 1999.

FULTON COUNTY, GEORGIA

Special Services District Fund
Tax Revenues by Source

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>General property</u>	<u>Public utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Alcoholic beverage</u>	<u>Motor vehicle</u>	<u>Other</u>
1996	\$ 59,679	30,004	939	-	649	3,453	2,727	21,907
1997	47,661	32,723	979	573	773	3,805	3,384	5,424
1998	47,037	32,324	914	-	1,170	3,720	3,303	5,606
1999	58,665	44,070	886	-	1,170	3,915	3,626	4,998
2000	57,243	41,269	777	-	861	4,247	4,006	6,083
2001	62,791	45,749	483	-	1,359	3,719	4,081	7,400
2002	68,396	47,625	501	-	2,072	4,224	3,813	10,161
2003	69,404	48,825	447	-	2,713	4,826	3,436	9,157
2004	75,358	54,961	1,036	-	1,870	5,364	3,078	9,049
2005	78,472	56,531	-	-	2,235	4,167	3,327	12,212

FULTON COUNTY, GEORGIA

Debt Service Fund
Tax Revenues by Source

(Non-GAAP Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>Public property</u>	<u>Utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Motor vehicle</u>
1996	\$ 14,433	12,632	656	—	191	954
1997	15,896	13,597	746	179	234	1,140
1998	15,377	13,362	575	—	360	1,080
1999	20,602	18,048	881	—	335	1,338
2000	12,545	10,449	429	—	305	1,362
2001	10,184	8,953	106	—	271	854
2002	10,574	9,445	167	—	314	648
2003	10,580	9,515	110	—	375	580
2004	3,392	2,505	69	—	277	541
2005	2,806	2,571	—	—	87	148

FULTON COUNTY, GEORGIA

General Fund
Property Tax Levies and Collections

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total current year tax levy</u>	<u>Current tax collected⁽¹⁾</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collected</u>	<u>Total tax collected</u>	<u>Total collections as percent of current levy</u>	<u>Outstanding delinquent taxes</u>	<u>Outstanding delinquent taxes as percent of current levy</u>
1996	\$ 259,755	\$ 243,219	93.6%	\$ 21,347	\$ 264,566 ⁽²⁾	101.9 ⁽²⁾	\$ 38,682	14.9%
1997	268,928	256,684	95.4	25,149	281,833 ⁽³⁾	104.8 ⁽³⁾	25,795	9.6
1998 ⁽⁴⁾	282,834	277,844	98.2	15,132	292,976	103.6	4,990	1.8
1999 ⁽⁴⁾	304,680	287,358	94.3	6,459	293,817	96.4	17,322	5.7
2000	311,148	295,236	94.9	17,838	313,074	100.6	15,912	8.5
2001	341,734	324,657	95.0	14,587	339,244	99.3	25,912	7.6
2002	358,570	351,745	98.1	15,921	367,666	102.5	9,424	2.6
2003	371,005	365,365	98.5	8,415	373,780	100.8	8,637	2.4
2004	377,362	361,132	95.7	23,045	384,177	101.8	7,375	2.0
2005	384,454	366,850	95.4	18,657	385,507	100.3	8,102	2.1

⁽¹⁾ Current Tax Collections are reported for a six-month period July 1 to December 31 for Real & Personal Property taxes.

⁽²⁾ Includes proceeds from the sale of approximately \$1,585,000 in delinquent taxes to a factor (no discount).

⁽³⁾ Includes proceeds from the sale of approximately \$5,403,000 in delinquent taxes to a factor (no discount).

⁽⁴⁾ The 1998 levy has been adjusted to include \$32,284,904 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$43,940,300 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

Special Services District Fund⁽¹⁾
Property Tax Levies and Collections

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total current year tax levy</u>	<u>Current tax collected⁽²⁾</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collected</u>	<u>Total tax collected</u>	<u>Total collections as percent of current levy</u>	<u>Outstanding delinquent taxes</u>	<u>Outstanding delinquent taxes as percent of current levy</u>
1996	\$ 32,994	\$ 31,147	94.4%	\$ 2,665	\$ 33,812 ⁽³⁾	102.5% ⁽³⁾	\$ 3,924	11.9%
1997	35,650	34,180	95.9	2,891	37,071 ⁽⁴⁾	104.0 ⁽⁴⁾	2,612	7.3
1998 ⁽⁵⁾	36,873	36,382	98.7	1,663	38,045	103.2	491	1.3
1999 ⁽⁵⁾	40,532	38,491	95.0	662	39,153	96.6	2,041	5.0
2000	40,844	38,959	95.4	1,881	40,840	100.0	1,885	6.7
2001	45,421	43,489	95.8	1,689	45,178	99.5	2,725	6.0
2002	45,744	45,022	98.4	1,797	46,819	102.4	885	2.0
2003	47,425	46,985	99.1	1,116	48,101	101.5	614	1.3
2004	54,974	53,040	96.5	597	53,637	97.6	677	1.2
2005	56,615	54,206	95.7	2,121	56,327	99.5	735	1.3

⁽¹⁾ The Fulton County Special Services District was created as of January 1, 1981. The district boundaries that portion of Fulton County lying outside the corporate limits of any municipality lying in whole or in part in Fulton County and includes revenues and expenditures for County services and programs which are primarily related to the unincorporated areas.

⁽²⁾ Current tax collections are reported for a six-month period from July 1 to December 31 for Real and Personal Property taxes.

⁽³⁾ Includes proceeds from the sale of approximately \$167,000 in delinquent taxes to a factor (no discount).

⁽⁴⁾ Includes proceeds from the sale of approximately \$509,000 in delinquent taxes to a factor (no discount).

⁽⁵⁾ The 1998 levy has been adjusted to include \$3,900,476 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$5,424,548 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

Debt Service Fund
Property Tax Levies and Collections

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total current year tax levy</u>	<u>Current tax collected</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collected</u>	<u>Total tax collected</u>	<u>Total collections as percent of current levy</u>	<u>Outstanding delinquent taxes</u>	<u>Outstanding delinquent taxes as percent of current levy</u>
1996	\$ 13,965	\$ 13,088	93.7%	\$ 1,129	\$ 14,217 ⁽¹⁾	101.8% ⁽¹⁾	\$ 2,051	14.7%
1997	14,779	14,116	95.5	1,340	15,456 ⁽²⁾	104.6 ⁽²⁾	1,384	9.4
1998 ⁽³⁾	15,557	15,293	98.3	775	16,068	103.3	647	4.2
1999 ⁽³⁾	16,889	15,941	94.4	357	16,298	96.5	948	5.6
2000	9,869	9,370	94.9	983	10,353	104.9	499	10.8
2001	8,754	8,328	95.1	521	8,849	101.1	838	9.6
2002	8,994	8,830	98.2	428	9,258	102.9	366	4.1
2003	9,302	9,164	98.6	221	9,385	100.9	288	3.1
2004	2,402	2,301	95.8	177	2,478	103.2	206	8.6
2005	2,482	2,374	95.6	154	2,528	101.9	169	6.8

⁽¹⁾ Includes proceeds from the sale of approximately \$83,000 in delinquent taxes to a factor (no discount).

⁽²⁾ Includes proceeds from the sale of approximately \$290,000 in delinquent taxes to a factor (no discount).

⁽³⁾ The 1998 levy has been adjusted to include \$1,648,073 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$2,283,994 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

Assessed and Estimated Actual Value
Of Taxable Property

Last Ten Fiscal Years

(In thousands of dollars)

Fiscal year	Gross assessed value			Total assessed value	Assessment ratio	Estimated actual value
	Real property	Privately owned public utilities	Personal and business			
1996	\$ 16,464,209	\$ 1,025,887	\$ 5,060,907	\$ 22,551,003	40%	\$ 56,377,508
1997	17,059,162	1,042,917	5,598,052	23,700,131	40	59,250,328
1998	20,813,090	1,110,800	5,780,350	27,704,240	40	69,260,600
1999	21,473,564	1,110,800	6,084,324	28,668,688	40	71,671,720
2000	23,175,763	1,443,349	6,383,441	31,002,553	40	77,506,383
2001	26,741,670	1,474,252	6,912,927	35,128,849	40	87,822,123
2002	30,279,444	1,088,710	6,748,080	38,116,234	40	95,290,585
2003	33,087,369	1,006,182	6,584,144	40,677,695	40	101,694,238
2004	35,294,429	1,105,766	6,356,263	42,756,458	40	106,891,145
2005	36,850,956	1,216,577	6,418,193	44,485,726	40	111,214,315

Note: The above assessed values may be reduced somewhat due to the following exemptions:

1. A special full value homestead exemption is allowed on owner-occupied residences of persons who are age 70 or over who meet certain income requirements. This exemption applies only to Fulton County taxes. State and school taxes are NOT exempt.
2. Beginning in 1993, a regular \$15,000 homestead exemption is allowed on all owner occupied homes, except for purposes of school and bond tax levies.
3. An exemption is allowed on qualifying real property devoted to agricultural or historic purposes.
4. A 100% Freeport exemption exists on applicable business inventories since 1984.
5. Assessed values are established by the Fulton County Board of Tax Assessors on January 1 of each year.
6. An exemption is allowed for property used in or which is a part of any facility for the primary purpose of eliminating or reducing air or water pollution if the facilities have been certified by the Department of Natural Resources.

FULTON COUNTY, GEORGIA

Assessed Value of Taxable Property - Tax
Inside and Outside City of Atlanta

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Gross real and personal property</u>	<u>Less applicable exemption**</u>	<u>Net real and personal property</u>	<u>Privately owned public utilities</u>	<u>Less applicable freeport</u>	<u>Net assessed value</u>
INSIDE CITY OF ATLANTA						
1996	\$ 9,529,252	\$ 1,189,777	\$ 8,339,475	\$ 674,646	—	\$ 9,014,121
1997	9,802,383	1,212,096	8,590,287	679,233	—	9,269,520
1998	11,552,106	1,269,463	10,282,643	680,260	—	10,962,903
1999	11,689,962	1,271,237	10,418,725	680,260	—	11,098,985
2000	12,430,522	992,584	11,437,938	722,993	—	12,160,931
2001	14,977,235	1,408,674	13,568,561	706,441	—	14,275,002
2002	15,820,990	1,601,698	14,219,292	686,805	—	14,906,097
2003	16,938,691	1,728,205	15,210,486	623,977	—	15,834,463
2004	17,846,222	1,729,564	16,116,658	707,996	—	16,824,654
2005	18,439,805	2,686,423	15,753,382	699,153	—	16,452,535
OUTSIDE CITY OF ATLANTA						
1996	\$ 11,995,864	\$ 1,856,541	\$ 10,139,323	\$ 351,240	—	\$ 10,490,563
1997	12,854,830	1,890,855	10,963,975	363,684	—	11,327,659
1998	15,041,334	1,951,484	13,089,850	430,540	—	13,520,390
1999	15,867,926	2,022,596	13,845,330	430,540	—	14,275,870
2000	17,128,682	2,473,548	14,655,134	720,356	—	15,375,490
2001	18,677,362	2,302,391	16,374,971	767,811	—	17,142,782
2002	21,206,534	2,474,438	18,732,096	401,905	—	19,134,001
2003	22,732,822	2,699,318	20,033,504	382,205	—	20,415,709
2004	23,804,470	2,761,835	21,042,635	397,770	—	21,440,405
2005	24,829,344	3,613,734	21,215,610	517,424	—	21,733,034

Notes:

1. The Georgia Constitution provided a homestead exemption of up to \$2,000 on assessments of owner-occupied residences, such exemption being subject to bond taxes only for 1992. Beginning in 1993, a constitutional amendment increased the basic homestead exemption from \$2,000 to \$15,000. 2005: Inside \$ 795,223,880; Outside \$ 1,369,877,890.
2. Constitutional amendment provides a homestead exemption of \$4,000, for County Bond, on assessments of owner-occupied residence of persons who meet age and income requirements, such exemption being from all State and County ad valorem taxes. 2005: Inside \$0; Outside \$0.

FULTON COUNTY, GEORGIA

Assessed Value of Taxable Property - Tax
Inside and Outside City of Atlanta

Last Ten Fiscal Years

3. Constitutional amendment provides a homestead exemption of \$10,000, for County Bond, on assessments of owner-occupied residence of persons who meet age and income requirements, such exemption being from all County and school ad valorem taxes, and all city ad valorem tax except bond tax levies. 2005: Inside \$ 64,861,280; Outside \$ 29,264,930.
 4. Constitutional amendment provides for an urban enterprise zone to exempt certain properties within the zone. 2005: Inside \$ 362,308,951; Outside \$ 93,135,526.
 5. Constitutional amendment provides a full value homestead exemption on assessment of owner-occupied residence of persons who are 70 years or older who meet income requirements, such exemption being from all Fulton County taxes. State and school taxes are NOT exempt. 2005: Inside \$ 541,625,990; Outside \$ 684,127,000.
- ** Includes 100% freeport exemption on applicable inventory and qualifying real property devoted to agricultural purposes and urban enterprise purposes.

FULTON COUNTY, GEORGIA

Property Tax Rates and Tax Levies

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>County bonds and operating⁽¹⁾</u>	<u>Special district tax</u>	<u>Schools</u>	<u>State</u>	<u>Total⁽²⁾</u>
TAX RATES					
(Rate per \$1,000 Assessed Value)					
1996	14.01*	4.76**	21.26	0.25	40.28
1997	13.69*	4.76**	20.76	0.25	39.46
1998	13.69*	4.76**	20.76	0.25	39.46
1999	13.69*	4.76**	20.76	0.25	39.46
2000	13.69*	4.76**	20.15	0.25	38.85
2001	13.34*	4.70**	19.02	0.25	37.31
2002	12.81*	4.47**	18.77	0.25	36.30
2003	12.32*	4.31**	18.06	0.25	34.94
2004	11.65*	4.73**	17.61	0.25	34.24
2005	11.65*	4.73**	18.11	0.25	34.74
TAX LEVIES⁽³⁾					
(In thousands)					
1996	\$ 273,720	\$ 32,994	\$ 243,654	\$ 5,343	\$ 555,711
1997	283,707	35,650	257,156	5,650	582,163
1998	336,416 ⁽⁴⁾	41,677 ⁽⁴⁾	300,195	6,741	685,029
1999	322,935 ⁽⁴⁾	40,601 ⁽⁴⁾	299,083	6,409	669,028
2000	321,017	40,844	293,933	6,424	662,218
2001	350,488	45,421	308,197	7,176	711,282
2002	363,113	45,873	321,534	7,739	738,259
2003	383,722	47,779	343,648	8,512	783,661
2004	379,764	54,974	352,125	8,957	795,820
2005	386,936	56,615	388,428	9,551	841,530

Notes:

- (1) County tax rate is unlimited except for support of Fulton-DeKalb Hospital Authority not to exceed 7 mills.
- (2) See Tables IV-1, IV-2, and IV-3.
- (3) Taxes are levied on net values (gross less regular homestead exemption) except for bond purposes for which levy is on gross. Special homestead exemptions are allowed on State and County taxes. Taxes are due on July 1 and become delinquent after October 15.
- (4) The total current year tax levy is based on the 1998 assessed values approved on January 6, 1999, but the 1998 collections reported on Table IV-1, IV-2, and IV-3 reflect the payment of tax bills based on the 1997 assessed values.

(Continued)

FULTON COUNTY, GEORGIA

Property Tax Rates and Tax Levies

Last Ten Fiscal Years

* These millage rates were reduced by the following sales tax credits:

1996 - 2.28 mills
1997 - 3.45 mills
1998 - 2.26 mills
1999 - 2.45 mills
2000 - 2.40 mills
2001 - 2.27 mills
2002 - 2.06 mills
2003 - 1.81 mills
2004 - 1.65 mills
2005 - 1.75 mills

** These millage rates were reduced by the following sales tax credits:

1996 - 2.56 mills
1997 - 0 mills
1998 - 0 mills
1999 - 0 mills
2000 - 0 mills
2001 - 0 mills
2002 - 0 mills
2003 - 0 mills
2004 - 0 mills
2005 - 0 mills

FULTON COUNTY, GEORGIA

Table VI-2

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years
Operating and Bond Levies

(Rate per \$1,000 Assessed Value)

Fiscal year	Fulton County			Municipalities													
	General ⁽¹⁾	School ⁽¹⁾	Special services district	State of Georgia	City of Atlanta	Downtown development district	City of Atlanta Schools	Atlanta-DeKalb Library	City of Alpharetta	City of College Park	City of East Point	City of Fairburn	City of Hapeville	City of Mountain Park	City of Palmetto	City of Roswell	City of Union City
1996	14.01	21.26	4.76	0.25	8.39	2.02	28.26	1.87	7.88	7.50	11.01	4.50	11.00	7.50	4.50	6.59	4.50
1997	13.69	20.76	4.76	0.25	8.39	2.02	26.43	2.06	7.88	7.50	11.01	4.50	11.00	7.50	4.50	6.59	7.50
1998	13.69	20.76	4.76	0.25	8.39	2.02	26.43	2.25	7.88	7.50	15.00	4.50	11.00	7.50	4.50	6.59	7.50
1999	13.69	20.76	4.76	0.25	8.39	2.22	25.93	1.97	7.88	7.50	11.00	4.50	11.00	7.50	4.50	6.59	7.50
2000	13.69	20.15	4.76	0.25	8.03	2.22	24.80	1.86	7.88	6.93	10.50	4.50	10.00	7.50	4.50	5.81	7.50
2001	13.34	19.02	4.70	0.25	7.37	2.22	22.06	1.47	7.48	6.61	9.00	4.50	9.61	6.80	4.50	5.43	7.50
2002	12.81	18.77	4.47	0.25	10.86	2.50	21.78	-	7.23	9.56	15.00	6.00	9.61	5.76	4.50	5.43	7.50
2003	12.32	18.06	4.31	0.25	10.51	3.60	21.57	-	7.00	9.56	12.50	6.00	9.61	7.00	4.50	5.17	7.50
2004	11.65	17.61	4.73	0.25	10.02	4.20	20.98	-	7.00	9.56	12.37	5.75	12.61	6.95	4.50	6.09	7.50
2005	11.65	18.11	4.73	0.25	9.57	5.00	20.52	-	7.00	9.56	12.37	5.45	12.61	9.92	4.50	6.09	7.50

⁽¹⁾Includes bond levy.

FULTON COUNTY, GEORGIA

Net General Obligation Bonded Debt as Percent
of Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Population</u> ¹	<u>Assessed value</u>	<u>Gross general obligation bonded debt</u>	<u>Less applicable portion of debt service fund</u>	<u>Net general obligation bonded debt</u>	<u>Net general obligation bonded debt as a percentage of assessed value</u>	<u>Net general obligation bonded debt per capita</u>
1996	745,400	\$ 20,302,773**	\$ 82,422	\$ 11,441	\$ 70,981	0.35%	\$ 95.22
1997	760,100	22,396,623**	78,034	15,034	63,000	0.28	82.88
1998	773,300	26,355,064**	73,084	18,555	54,529	0.21	70.51
1999	786,100	27,264,925**	65,127	27,394	37,733	0.14	48.00
2000	816,006	29,507,674**	57,321	29,988	27,333	0.09	33.50
2001	828,100	33,580,823**	49,465	29,751	19,714	0.06	23.81
2002	840,000	36,474,277**	41,469	29,927	11,542	0.03	13.74
2003	850,200	38,902,270**	35,473	30,443	5,030	0.01	5.92
2004	852,500	40,910,888**	24,077	20,808	3,269	0.01	3.83
2005	874,100	42,496,898**	14,381	13,086	1,295	--	1.48

¹Source: 1996-2005 Atlanta Regional Commission estimates as amended, not including 2000 data.
2000 - Bureau of the Census

* Amounts represent assessed value.

** Amounts represent values assessed for bond purposes.

Table VIII

FULTON COUNTY, GEORGIA

Computation of Direct and Overlapping Debt

December 31, 2005

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct and overlapping direct debt:			
Fulton County	\$ 14,381,148	100	14,381,148
Fulton County School District	215,895,000	100	215,895,000
Municipalities:			
Alpharetta	41,896,000	100	41,896,000
Atlanta (including School District)	283,865,000	97	275,349,050
Hapeville	10,505,000	100	10,505,000
Union City	7,720,000	100	7,720,000
Roswell	53,315,000	100	53,315,000
	<u>\$ 627,577,148</u>		<u>619,061,198</u>
Contractual obligations and overlapping contractual obligations:			
Building Authority of Fulton County	\$ 84,158,377	100 %	84,158,377
College Park Business and Industrial Development Authority	5,020,000	100	5,020,000
The Fulton-DeKalb Hospital Authority*: Revenue Refunding Certificates Series 2003	237,115,000	74.7227	177,178,730
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 1997	134,900,000	98	132,202,000
Zoo Series 2003	3,115,000	98	3,052,700
East Point Building Authority	32,453,787	100	32,453,787
Downtown Development Authority of the City of Atlanta Underground Project	61,280,000	97	59,441,600
	<u>\$ 558,042,164</u>		<u>493,507,194</u>
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations	<u>\$ 1,185,619,312</u>		<u>1,112,568,392</u>

* Debt service is a contractual obligation for which the County has financial responsibility determined in part on the basis of its utilization percentage.

Table IX

FULTON COUNTY, GEORGIA

Computation of Legal Debt Margin

December 31, 2005

(In thousands of dollars)

Assessed value	\$ 44,485,726
Less:	
Special homestead exemption exempt of all county taxes	(1,225,994)
Freeport exemption	<u>(762,834)</u>
Assessed value for bond purposes	\$ <u>42,496,898</u>
Debt limit 10% of assessed value	\$ <u>4,249,690</u>
Less amount of debt applicable to debt limit	
Total general obligation bonded debt	14,381
Less available debt service funds	<u>(13,086)</u>
Total amount applicable to debt limit	<u>1,295</u>
Legal debt margin	\$ <u>4,248,395</u>

Note: The constitutional debt limit for direct general unlimited tax bonds issued by the Board of Commissioners of Fulton County is 10% of the assessed value of property subject to taxation within Fulton County.

FULTON COUNTY, GEORGIA

Ratio of General Obligation Bond Annual Debt Service Expenditures for
General Bonded Debt to Expenditures and Other Uses of the General Fund

Last Ten Fiscal Years
(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total General Fund expenditures and other uses</u>	<u>Debt service to general expenditures (percent)</u>
1996	\$ 7,249	5,579	12,828	350,804	3.7%
1997	7,748	5,405	13,153	394,218	3.3
1998	7,950	4,871	12,821	442,237	2.9
1999	7,947	4,538	12,485	456,650	2.7
2000	7,806	4,110	11,916	496,209	2.4
2001	7,856	3,731	11,587	536,812	2.2
2002	7,996	3,275	11,271	581,004	1.9
2003	8,062	2,415	10,477	578,917	1.8
2004	11,601	1,947	13,548	569,547	2.4
2005	9,863	1,219	11,082	589,540	1.9

FULTON COUNTY, GEORGIA

Schedule of Revenue Bond Coverage
Fulton County Water and Sewerage System

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Operating revenue*</u>	<u>Operating expenses*</u>	<u>Net earnings*</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1996	\$ 73,485	32,649	40,836	4,960	9,081	14,041	2.91
1997	91,447	31,619	59,828	5,215	8,840	14,055	4.26
1998	106,762	35,899	70,863	6,045	18,193	24,239	2.92
1999	102,438	43,014	59,424	6,100	18,139	24,239	2.45
2000	108,682	45,317	63,364	6,430	17,812	24,242	2.61
2001	105,844	48,648	57,196	6,790	17,448	24,238	2.36
2002	100,720	45,015	55,705	7,590	16,653	24,243	2.30
2003	100,046	50,480	49,564	8,040	16,198	24,238	2.04
2004	123,676	56,703	66,973	8,655	30,163	38,818	1.73
2005	111,235	61,745	49,489	9,180	29,636	38,816	1.27

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

** In November 1992, all then outstanding Water and Sewerage Revenue Bonds were refunded by Series 1992 bonds. No principal payments were required in 1992, as the refunding occurred prior to the scheduled December principal payment.

FULTON COUNTY, GEORGIA

Property Values and Bank Deposits

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Bank Deposits (1)</u>	<u>Fulton County property values(2)</u>		
		<u>Commercial</u>	<u>Residential</u>	<u>Nontaxable</u>
1996	\$18,826,778	\$ 6,223,414	10,240,795	2,352,405
1997	\$21,655,316	6,464,878	10,594,284	2,450,950
1998	\$22,528,482	8,123,940	12,689,150	2,824,715
1999	\$21,042,558	8,395,410	13,078,156	2,828,004
2000	\$24,558,080	8,955,272	14,220,491	2,760,524
2001	\$25,300,318	10,119,409	16,622,261	2,809,798
2002	\$28,416,803	10,906,740	19,372,704	3,188,305
2003	\$37,713,495	11,583,921	21,503,477	3,177,013
2004	\$39,266,931	12,209,684	23,084,745	3,184,473
2005	\$48,088,402	12,389,248	24,461,708	3,284,172

(1) From Georgia Department of Banking and Finance, as of June 30th 1999 through 2005, and from Federal Deposit Insurance Corporation information as of June 30th 1996 through 1998.

(2) Source: Information provided by the Fulton County Tax Commissioner.

Table XIII

FULTON COUNTY, GEORGIA

Principal Taxpayers

December 31, 2005

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2005:			
BellSouth Telecommunications	\$ 555,971,157	1.25%	\$ 10,191,132.21
Development Authority of Fulton County	274,008,370	0.62%	5,377,706.89
Georgia Power	239,210,870	0.54%	4,647,247.09
Cingular Wireless	143,145,180	0.32%	4,148,750.38
Coca Cola	227,653,770	0.51%	4,000,397.38
Cousins Properties	129,364,610	0.29%	2,960,558.79
Delta Airlines	93,095,470	0.21%	2,895,406.89
Concourse Associates	86,381,960	0.19%	2,888,054.88
Ford Motor Company	91,938,440	0.21%	2,353,208.28
Weeks Realty	71,292,070	0.16%	2,181,499.21
	<u>1,912,061,897</u>	4.30%	<u>\$ 41,643,962.00</u>
(1) Total County gross assessed value	<u>\$ 44,485,726,000</u>		
(2) Estimated portion of above taxes attributable to Fulton County			<u>\$ 10,519,714.34</u>
(2) Total estimated County tax collections for the top ten taxpayers as compared to total General and Special Service District tax collections			<u>1.85%</u>

Source: Fulton County Tax Commissioner.

(1) From Table V-1 Assessed and Estimated Actual Value of Taxable Property

(2) Source: Fulton County Finance Department

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

Date of Incorporation: 1853
 Form of Government: County Manager and Commission
 (seven Commissioners elected)
 Area: 523 square miles (including incorporated areas)

Building Permits:

<u>Fiscal year</u>	<u>Permits issued</u>	<u>Value of buildings (thousands)</u>
1996	5,030	\$ 665,652
1997	5,479	745,772
1998	6,420	1,051,472
1999	6,091	910,784
2000	5,482	776,117
2001	5,200	781,767
2002	4,046	886,182
2003	4,908	428,513
2004	5,106	633,318
2005	7,181	792,815

Fire protection

(unincorporated area):

Number of stations 21
 Number of employees (all) 402

Police protection

(unincorporated area):

	<u>Number of employees</u>
Police officers	267
School crossing guards	10
Civilians	83

	<u>2005-04</u>	<u>2004-03</u>	<u>2003-02</u>	<u>2002-01</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>
Education:										
Number of schools	88	83	80	79	71	67	65	63	60	55
Number of teachers	5,740	5,339	5,094	4,976	4,488	4,483	4,500	3,943	3,605	3,759
Number of students**	75,533	73,036	71,290	69,709	68,707	67,097	65,572	64,000	61,145	57,338
Students/teachers	13/1	14/1	14/1	14/1	15/1	15/1	15/1	16/1	17/1	15/1
Enrollment:**										
Elementary	35,932	34,765	34,443	34,254	34,383	33,590	33,181	32,614	31,131	29,174
Middle	17,352	16,978	16,436	16,058	15,497	15,048	14,687	14,077	13,516	12,827
High	22,249	21,293	20,411	19,397	18,827	18,459	17,704	17,309	16,498	15,337

** Second month active enrollment

(Continued)

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

Age distribution in census of total county populations:

	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Under 5	61,758	51,443	40,242	48,217	56,819
5 - 9	55,858	55,338	43,163	43,704	58,129
10 - 14	49,931	57,245	45,609	40,643	54,118
15 - 19	40,911	56,495	52,578	46,403	55,166
20 - 24	41,810	58,881	60,320	56,317	64,660
25 - 29	37,335	—	59,503	64,640	—
25 - 34	—	85,719	—	—	151,534
30 - 34	37,903	—	52,435	62,582	—
35 - 39	39,215	—	—	57,079	—
35 - 44	—	69,267	69,233	—	137,850
40 - 44	37,307	—	—	51,878	—
45 - 49	35,250	—	—	38,503	—
45 - 54	—	67,391	55,418	—	109,132
50 - 54	30,997	—	—	28,586	—
55 - 59	26,288	28,881	26,702	23,653	35,031
60 - 64	20,120	24,857	23,246	21,954	24,577
65 - 69	16,404	—	—	20,255	—
65 - 74	—	33,779	—	—	35,759
65 and over	—	—	61,455	—	—
70 - 74	11,599	—	—	15,911	—
75 and over	<u>13,640</u>	<u>18,296</u>	<u>—</u>	<u>28,626</u>	<u>33,231</u>
	<u>556,326</u>	<u>607,592</u>	<u>589,904</u>	<u>648,951</u>	<u>816,006</u>

Fulton County demographic data:

	<u>Population*</u>	<u>Average Annual Unemployment rate (percentage)**</u>
1996	745,400	5.0%
1997	760,100	4.6
1998	773,300	4.1
1999	786,100	3.8
2000	816,006	3.7
2001	828,100	4.3
2002	840,000	4.9
2003	850,200	5.8
2004	852,500	5.5
2005	874,100	5.9

*Source: Atlanta Regional Commission population estimates as amended, except 2000, which is from the U.S. Census Bureau.

**Source: Georgia Department of Labor.

(Continued)

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

Principal employers in Atlanta Metro area (per Atlanta Chamber of Commerce as of 2005):

Over 10,000:

AT&T Corporation	Communications services
BellSouth Telecommunications	Communications services
Cobb County School System	Educational services
DeKalb County School System	Educational services
Delta Air Lines	Transportation services
Emory University & Hospitals	Educational & Health services
Fulton County School System	Educational services
Gwinnett County School System	Educational services
Kroger Company	Retail services
Publix Supermarkets	Retail services
Randstad Staffing Services	Employment services
United Parcel Service, Inc	Transportation services
United States Postal Service	Public services
Wal-Mart Stores	Retail stores

8,000-9,999:

Atlanta Public School System	Educational services
Centers for Disease Control and Prevention	Health services
Home Depot	Retail services
IBM Corporation	Services and manufacturing
Lockheed Martin Aeronautics	Manufacturing
Waffle House	Retail services
Wellstar Health Systems (Promina)	Health services

5,000 - 7,999:

Atlanta – City Municipal Government	Governmental services
Bank of America	Financial services
Clayton County Board of Education	Governmental services
Coca Cola	Retail services
Columbia/HCA Georgia	Health services
Cox Enterprises	Newspaper publishing
DeKalb County	Governmental services
Fulton County	Governmental services
Fulton-DeKalb Hospital Authority (Grady Health System)	Health services
General Motors	Manufacturing
Georgia Department of Human Resources	Government services
Georgia Institute of Technology	Educational services
Georgia Power Company	Public services
Interface, Inc.	Manufacturing services
Kmart Corporation	Retail services
Nortel Networks	Communication services
Per-Se Technologies	Manufacturing
Rich's-Macy's, Inc. (Federated)	Retail services
Sears, Roebuck and Company	Retail services
Spherion Corp.	Employment services
Staffmark	Employment services
SunTrust Banks	Financial services
Turner Broadcasting (Time-Warner)	Communication services
U.S. Department of Treasury	Governmental services
W.B. Johnson Property, Inc	Property management services
Wachovia Bank	Financial services
Winn Dixie Atlanta	Retail services

**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

55 Marietta Street, N.W.
Suite 1525
Atlanta, GA 30303
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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 Fulton County, Georgia as of and for the year ended December 31, 2005, and have issued our report thereon dated June 9, 2006. We conducted our audit in accordance with auditing standards generally accepted auditing in the United States of America and the standard 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 Fulton County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton County, Georgia's financial statements are free of material misstatement, we perform tests of its compliance with certain provisions of laws, regulations, and 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.

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

RJC Group, LLC

June 9, 2006