

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2011**

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, 2011

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

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Atlanta, Georgia 30303

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FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2011

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**FULTON COUNTY
GEORGIA
2011**

BOARD OF COMMISSIONERS OF FULTON COUNTY

John H. Eaves, Chair
Emma I. Darnell, Vice Chair
William “Bill” Edwards, Commissioner
Joan P. Garner, Commissioner
Liz Hausmann, Commissioner
Tom Lowe, Commissioner
Robert L. (Robb) Pitts, Commissioner

Clerk of Commission

Mark Massey

County Manager

Zachary L. Williams

County Attorney

David Ware

Director of Finance and Budget Officer

Patrick J. O’Connor

Purchasing Agent

Felecia Strong-Whitaker, Interim

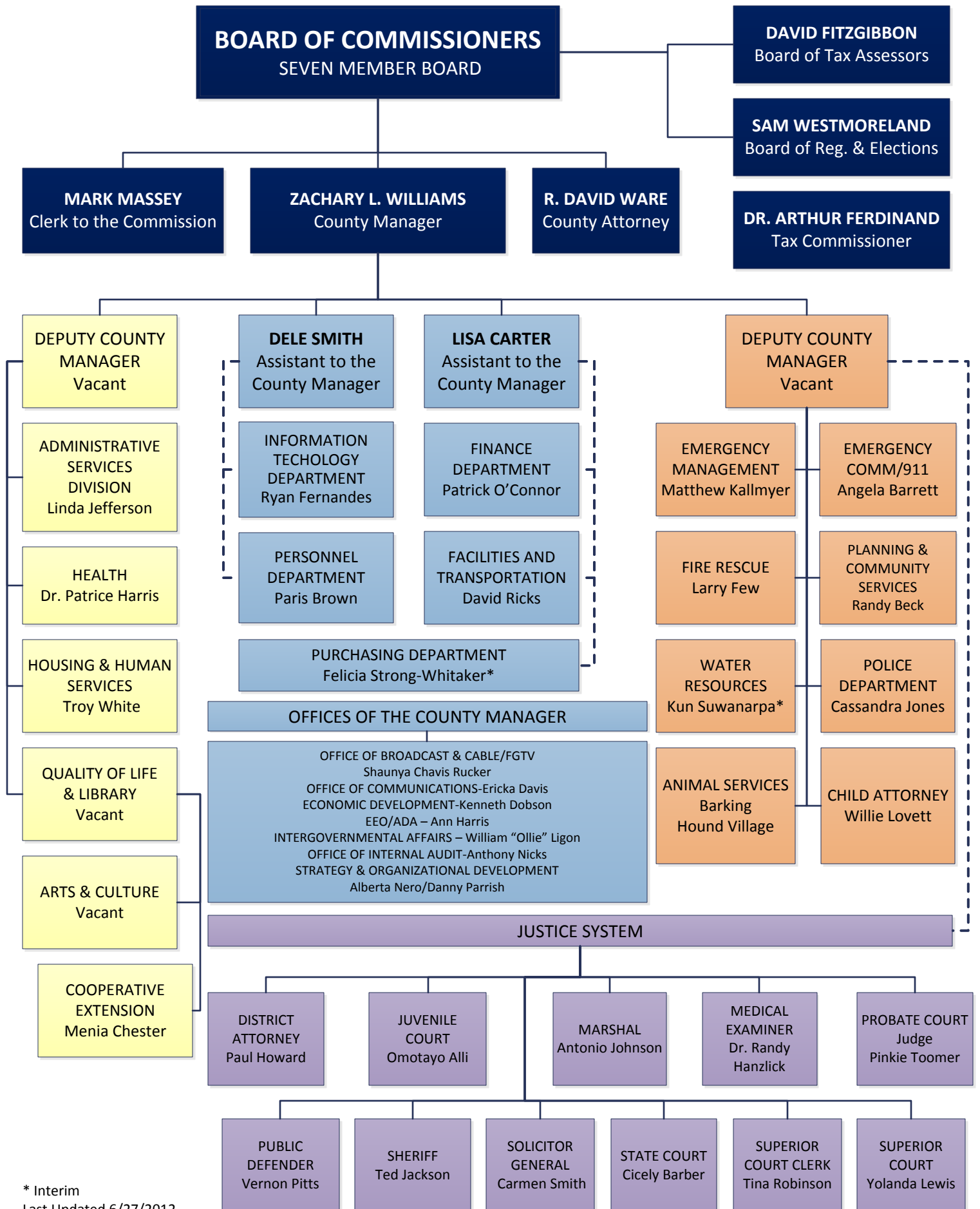
Tax Commissioner

Dr. Arthur Ferdinand

County Auditor

PJC Group, LLC

FULTON COUNTY GOVERNMENT STRUCTURE



* Interim
Last Updated 6/27/2012

LETTER OF TRANSMITTAL



June 29, 2012

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, 2011, 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

The County is the central county in the Atlanta Metropolitan Area and the most populous county in Georgia. The estimated population of the County as of 2011 U.S. Census Bureau was 949,599. Fulton is the most populous county in the State of Georgia with approximately 10% of the entire State’s population. Originally created in 1853 by the Georgia General Assembly and enlarged in 1931 by the absorption of two adjacent counties, the County encompasses 523 square miles. The City of Atlanta occupies about 131.4 square miles, or about 25% of the County, and accounts for approximately half of its population. The thirteen other incorporated cities located in the County are: Alpharetta, Chattahoochee Hills, College Park, East Point, Fairburn, Hapeville, Johns Creek, Milton, Mountain Park, Palmetto, Roswell, Sandy Springs and Union City. Urban and suburban areas associated with Atlanta, Hapeville, East Point, Sandy Springs and College Park are located in the central section of the County; suburban areas associated with Alpharetta, Roswell, Johns Creek and Milton are located in the northern section of the County, and agricultural areas remain in the extreme ends of the 75-mile distance from the northern to the southern boundaries.

The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services. The unincorporated section of Fulton County comprised a portion of the southern end of Fulton County, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, building inspection and code enforcement services. These separate services are financed through the County's South Fulton Special Taxing District Fund, which has an independent millage rate from the County's General Fund, which finances operations for County wide activities.

The financial impact of 2006 and 2007 incorporations affected the original 2005 County Special Service District, and additional State legislation required the County to account for revenues and expenditures by "sub-districts" beginning in fiscal 2006. The South Fulton tax district for the southern portion of unincorporated Fulton County is active, is shown as a major fund, and will continue as citizens voted to not incorporate this section of Fulton County in 2008.

The Georgia State Legislature created the Board of County Commissioners in 1880 and in 1973 and 1974 amended the Board to its current seven members. The Board constitutes the governing authority for the County (Ga. Law 1880, page 500). The power of Home Rule was granted to the County by amendment to the Georgia Constitution in 1982. 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 approximately 5,400 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 data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area still suffers economic trends much like the rest of the nation. In a summary from the May 2012 news release "Economic Rattling Means Humdrum Growth for Remainder of Year", Dr. Rajeev Dhawan, Director of the Georgia State University's Economic Forecasting Center indicates the metro Atlanta area continues to suffer similar to the national economy. Some instances noted in his analysis include real GDP growth is decelerating and will continue to drop as consumers repay for last winter's shopping. Sluggish job creation and the vulnerability of the U.S. economy will preclude any significant economic expansion in the near-term. However, his article indicates the economy will not stall, but will expand at a slower pace than 2011's 4th quarter's 3%, to 1.5% in 2nd quarter 2012.

Elevated oil prices, the ongoing recession in Europe and a slowdown in China will hamper growth in other emerging economies, will impact the demand for Georgia export products and affect the State's biggest employer, Delta, and growth in the hospitality sector. The weak housing market and cautious corporate sector, add to additional pressures on employment and income growth by historical standards, according to Mr. Dhawan. However, other factors, including the deepening of the Savannah Port's harbor will bolster state economic prospects throughout Georgia.

Mr. Dhawan expects the Atlanta area to see job growth by 37,600 in 2012 (including 7,300 premium jobs) and 2013 forecasts another 47,300 job gains, of which 11,500 would be premium jobs. 2014 also sees similar growth as 2013. Georgia's unemployment rate will decline to 8.9% in 2012, down from 2011's 9.8%, and decrease further to 8.6% in 2013, and then 8.1% in 2014. Housing permit activity is still predicted to increase, but not at the pace previously anticipated. A 21.9% increase with a 13.2% increase forecasted for 2013. Multifamily permits appear to be the bright spot for housing permit starts in the metro Atlanta area.

Dhawan indicated nominal personal income in the state will rise moderately by 3.2% for 2012, followed by a 3.9% increase in 2014. A strong increase of 5.1% is expected in 2014. 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 23, 2012 press release.

The Georgia Department of Labor reported Fulton County's a non-seasonally adjusted annual unemployment rate for 2011 of 9.8%, a decrease for the 2010 rate of 10.6%; and slightly higher than the 2009 annual rate of 9.6%. Historical unemployment rates are shown on page 111 of the statistical section of this report. 2008 saw dramatic employment shifts as experienced throughout the nation while subsequent months vary considerably but all indicate high unemployment in the metro Atlanta area typically exceeds national averages.

Accrual basis sales tax collections increased in 2011 to \$33.9 million from 2010's \$30.5 million, above 2009's \$32.3 million but still below 2008's total of \$35.4 million. Small economic improvements are evident, but a return to robust sales tax collections has yet to be realized. In 2012, the County will embark on the decennial sales tax negotiation process, by which each municipality and the County will revisit the allocable share of sales tax collections.

Metro Atlanta governments like Fulton County continue to evaluate recent significant economic trends and determine ways to continue to provide quality services. The County is primarily dependent on property tax and sales tax collections for over three fourths of total revenues, followed by license and fee revenues and grants. The assessment of real property in Fulton County, overseen by the Fulton County Board of Tax Assessors, has seen record turnout as to appeal volume given the housing and commercial real estate downturn. Recent tax digests; (page 100 in the statistical section) shows the slowdown in assessment growth since 2007's values. All local governments are addressing their declining revenues streams from property taxes, and making decisions on how best to serve constituents.

Fulton County remains in a relatively strong financial position as compared to other governments who are primarily dependent on sales tax revenues. 2011's General fund's fund balance remains at a high level. The County recently received affirmed bond ratings for the 2011 \$167 million Library bond issuance, and also received highest short term ratings on the 2012 Tax Anticipation Notes. The County is continually reevaluating our short and long term financial needs, priorities and service delivery strategies in light changing economic conditions.

FINANCIAL INFORMATION

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

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

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

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

RELEVANT FINANCIAL POLICIES

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits required estimates and judgments by management.

All internal control evaluations occur with the above framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. Unutilized encumbrances that approach year end are lapsed, but multi-year capital funds existing encumbrances at year end are shown as a reservation of fund balance.

FIDUCIARY OPERATIONS

Effective September 1, 1991, the Fulton County Employees' Retirement System (the Plan) was established as successor to four separate pension plans previously maintained (the General Employees' Pension Plan, the Public Safety Pension Plan, the Judges and Solicitors' Pension Plan, and the Employees' Pension Plan). The Plan continues its commitment to maintaining a well-diversified portfolio of equities and bonds professionally managed within the risk parameters established by the pension fund's investment policy and the requirements of State law. Net 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.

The County currently offers post employment health and life insurance benefits for all eligible retirees. These benefits are currently financed on a pay-as-you-go basis. The County implemented Government Accounting Standards that offer recognition of the actuarially determined annual required contribution into the annual financial statements, and footnote disclosure of the total liability and other information.

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, 2010. This was the twenty-third consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition the County received the GFOA Award for Distinguished Budget Presentation for its operating budget presenting the FY11 Budget book. To qualify for the Distinguished Budget Presentation Award, the County's budget document was judge to be proficient in several categories as a policy document, financial plan, operations guide and as a communications device.

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

ACKNOWLEDGMENTS

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

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

Sincerely,

A handwritten signature in cursive script that reads "Patrick J. O'Connor".

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Fulton County, Georgia (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$670,781, total net assets (in thousands) of \$185,341 and total revenues (in thousands) of \$878,167 of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority, in the component unit column, is based 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia, as of December 31, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 10, the employee's retirement system schedule of funding progress and employer contributions and the other post employment benefits schedule of funding progress on page 65, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory, combining statements and schedules 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 statements and schedules have been subjected to the auditing procedures applied 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 and statistical sections 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

Atlanta, Georgia
June 29, 2012

**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, 2011. 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 \$1,611,168 (*net assets*). Of this amount, \$159,898 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. The County's total net assets decreased by \$140,696 in 2011. Business type activities decreased \$30,261 while the governmental activities experienced a decrease of \$110,435, most of which is recognition of the annual expense of providing long term health care benefits to retirees.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$399,479, a decrease of \$22,411 in comparison with the previous year. This is largely due to the shortfall in revenue in the General fund, as property values continue to decline countywide. The County's General Fund and South Fulton Special Tax District Fund, both major funds, decreased their net assets by \$20,142; the 2010 Library bond capital projects fund slightly decreased assets by \$1,632 and Other Governmental funds remained stable to the prior year, decreasing only \$637. 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 \$128,561, which is available to meet the government's other ongoing obligations to citizens and creditors. The South Fulton Special Tax District Fund's ending fund balance was \$5,123, and remains the last unincorporated area in Fulton County.

The County's total long term governmental liabilities increased by \$63,534 in 2011, largely due to annual recognition of the annual liability for post-employment health benefits offered to eligible retirees, less amounts paid for scheduled principal payments on existing outstanding bonds. The additional liability of \$75,135 represents the unfunded portion of the 2011 annual required contribution for these benefits, while the current total liability for GASB 45 reporting is now \$273,323 and represents the County's largest recorded liability in the government-wide financial statements. This is disclosed in the footnotes along with other required provisions of the new implementation for recognition of the County's OPEB liability.

The County's capital assets used for governmental activities were valued at \$825,221, of which \$37,600 are under construction. The County no longer owns, serves, or maintains roadway networks in municipal sections of the County, but does record infrastructure for the remaining unincorporated section of Fulton County. Significant capital asset additions are expected in the next few years with ongoing capital projects funded by the 2010 Library bonds and the 2010 Fulton County Urban Redevelopment Agency Economic Recovery Zone bonds. The Redevelopment Agency issued an additional \$5,372 during 2011 dedicated to energy saving improvements.

Business-type capital assets totaled \$1,183,695, of which \$5,139 is currently under construction mainly relating to minor water and wastewater capital projects. No interest was required to be capitalized in 2011. Depreciation is based on useful life of the underlying asset using the straight line method. Intangible assets, related specifically to remaining long term wastewater treatment capacity rights of \$139,789, are included within the capital asset footnote and balances as required under new GASB accounting standards.

Overview of the Financial Statements

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

Government-wide financial statements

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

The *Statement of Net 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, Special Service District fund, and Library bond capital projects funds, which are considered major funds under the requirements of GASB 34. In addition, the County maintains many individual governmental funds. All other governmental type funds are classified and summarized as non-major governmental funds within the governmental fund financial statements.

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

Proprietary fund statements

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

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

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

Fiduciary fund statements

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

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

The basic fiduciary fund financial statements can be found on pages 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 26-64 of this report.

Other Information

The combining statements referred to earlier in connection with one major and non-major governmental funds, enterprise funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 66-92 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).

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>% Change</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Current and other assets	\$ 549,043	574,864	384,810	378,855	933,853	953,719	(2)
Capital assets	825,221	841,652	1,183,695	1,221,952	2,008,916	2,063,604	(3)
Total Assets	<u>1,374,264</u>	<u>1,416,516</u>	<u>1,568,505</u>	<u>1,600,807</u>	<u>2,942,769</u>	<u>3,017,323</u>	(2)
Current liabilities	46,887	47,238	8,868	10,553	55,755	57,791	(4)
Long-term liabilities	730,601	667,067	540,245	540,601	1,270,846	1,207,668	5
Total Liabilities	<u>777,488</u>	<u>714,305</u>	<u>549,113</u>	<u>551,154</u>	<u>1,326,601</u>	<u>1,265,459</u>	5
Net Assets:							
Invested in capital assets, net of related debt	631,476	633,358	729,671	778,505	1,361,147	1,411,863	(4)
Restricted	50,807	33,487	39,316	39,078	90,123	72,565	24
Unrestricted	(90,507)	35,366	250,405	232,070	159,898	267,436	(40)
Total Net Assets	<u>\$ 591,776</u>	<u>702,211</u>	<u>1,019,392</u>	<u>1,049,653</u>	<u>1,611,168</u>	<u>1,751,864</u>	(8)

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

The County has approximately \$725 million in cash and investments, of which approximately \$124 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$51 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 \$196 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 report positive balances in all three categories of net assets, for the government as a whole, while unrestricted net assets for governmental activities is now in a deficit to the increasing liability for post-employment health care. The table below is a summary of the activities of the County as of the end of the fiscal year (in thousands).

	Governmental Activities		Business-type Activities		Total		Percent Change
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 56,028	66,302	120,276	121,506	176,304	187,808	(6) %
Operating grants and contributions	65,356	66,991	-	-	65,356	66,991	(2)
Capital grants and contributions	3,762	983	-	-	3,762	983	283
General revenues:							
Taxes	516,415	517,319	-	-	516,415	517,319	(0)
Other charges for services	15,377	17,181	-	-	15,377	17,181	(10)
Use of money and property	7,091	5,779	610	1,277	7,701	7,056	9
Miscellaneous & special items	6,582	5,207	(1,626)	(2,085)	4,956	3,122	59
Total revenues	<u>670,611</u>	<u>679,762</u>	<u>119,260</u>	<u>120,698</u>	<u>789,871</u>	<u>800,460</u>	(1)
Expenses:							
Administration	109,122	103,734	-	-	109,122	103,734	5
Public Safety	184,163	172,972	-	-	184,163	172,972	6
Legal	148,350	135,775	-	-	148,350	135,775	9
Infrastructure & facilities	52,499	56,037	-	-	52,499	56,037	(6)
Social services	119,044	116,913	-	-	119,044	116,913	-
Health services	149,504	129,931	-	-	149,504	129,931	15
Interest and debt costs	18,364	10,980	-	-	18,364	10,980	67
Water & Sewerage	-	-	148,303	132,711	148,303	132,711	12
Airport services	-	-	1,218	1,097	1,218	1,097	11
Total expenses	<u>781,046</u>	<u>726,342</u>	<u>149,521</u>	<u>133,808</u>	<u>930,567</u>	<u>860,150</u>	8
Change in net assets	(110,435)	(46,580)	(30,261)	(13,110)	(140,696)	(59,690)	136
Beginning net assets	<u>702,211</u>	<u>748,791</u>	<u>1,049,653</u>	<u>1,062,763</u>	<u>1,751,864</u>	<u>1,811,554</u>	(3)
Ending net assets	<u>\$ 591,776</u>	<u>702,211</u>	<u>1,019,392</u>	<u>1,049,653</u>	<u>1,611,168</u>	<u>1,751,864</u>	(8)

Analysis of governmental activities

Net assets of the governmental activities of the County decreased by \$110,435 in 2011, as compared to a decrease of \$46,580 in 2010. Governmental accounting standards related to other post-employment benefits contributed \$75,135 to the loss for 2011, and \$44,156 for 2010. The economy remains a significant factor in dealing with decreasing revenues from both property and sales tax collections. Revenues have begun to decline as the financial effect of lower property values and resolved appeals produce lower tax revenues.

Overall, the expenses for governmental activities increased \$55 million with additional recognition of OPEB costs, a \$9 million additional payment to the Fulton DeKalb Hospital Authority based on Board resolution, and \$6 million higher depreciation costs as compared to 2010. The County continues to advance efficiencies in operations to gain additional cost savings short and long term.

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

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. Revenues from operations remained relatively stable to 2010. Refinanced revenue bonds of \$251,770 yielded present value savings of \$31 million to ratepayers, which positively affected the System's debt coverage ratio from 2010.

Governmental Funds Financial Analysis

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term flows, outflows, and balances of resources available to spend. Revenues from overall taxes decreased by \$26 million from 2010, which was already lower by \$26 million from 2009. Charges for services also decreased by \$11 million due to lower penalties and interest on tax collections. Governmental fund type expenditures increased \$22 million, due to higher interest costs with the 2010 Library bonds and Urban Redevelopment Agency recovery zone bonds, as well as higher payments to Grady hospital. The general fund reported an ending fund balance of \$128,561, a decrease of \$21,669 from 2010. The South Fulton Taxing district provides public safety, building zonings and inspections, and parks and recreation activity to the remaining unincorporated section of Fulton County. The fund balance for this District increased by \$1,527 in 2011 to \$5,123.

Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities remained relatively stable to 2010, decreasing only \$622. Total non-major governmental fund balances were \$98,982 at year end. Of this amount, \$42,691 is restricted, \$596 is committed, \$57,780 is categorized as assigned, while \$2,085 remains as the deficit in the County's physical and public health special revenue fund. New accounting standards regarding disclosures of governmental fund balances are discussed in Footnote 15.

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 2011 General Fund budget was adopted at approximately \$600 million, a slight increase of \$12 million from 2010 to accommodate an additional payment of \$9 million to the County's component unit.

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. 2011 expenditures were short of budgetary appropriations due implementation of a hiring freeze, targeted program expenditures as well as overall expenditure reductions.

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

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to \$1,361,147 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding or unspent bond proceeds to finance acquisition of these assets. Business type activities added infrastructure assets relating to water and sewer system improvements system wide for line improvements. While no significant capital additions occurred in 2011, the 2010 bond projects related to Library and other facilities will in time add significant facilities for County-wide use.

	Governmental Activities		Business-type Activities		Total		Percent Change	%
	2011	2010	2011	2010	2011	2010		
Capital assets not being depreciated:								
Land & land improvements	\$ 44,929	43,967	36,010	34,573	80,939	78,540	3	
Construction in progress	37,600	25,467	5,139	88,934	42,739	114,401	(63)	
Capital assets, shown net of depreciation:								
Equipment	11,184	10,136	858	677	12,042	10,813	11	
Buildings and improvements	357,831	378,261	753	889	358,584	379,150	(5)	
Roadway network	373,677	383,821	-	-	373,677	383,821	(3)	
Water System	-	-	194,273	155,765	194,273	155,765	25	
Sewerage System	-	-	806,873	795,990	806,873	795,990	1	
Intangible assets	-	-	139,789	145,124	139,789	145,124	(4)	
Total net capital assets	\$ 825,221	841,652	1,183,695	1,221,952	2,008,916	2,063,604	(3)	

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 44. Intangible assets for future wastewater treatment capacity for the Water and Sewerage system fund are now presented in the above capital asset summary.

Debt Administration

At December 31, 2011, the County had a number of debt issues outstanding. \$538,775 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and \$21,629 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 Aa2 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.

The 2010 Library general obligation bonds, \$165,564 as of December 31, 2011, fund future County library facilities as well as renovations of existing libraries, authorized by the 2008 referendum of \$275 million. Projects to be paid from these bonds are under planning and preliminary design phases, with large construction to begin in 2012.

The County also utilized an American Recovery and Reinvestment Act provision to issue 2011 Recovery Zone bonds through the Fulton County Urban Redevelopment Agency (FCURA) for \$5,372, sold at par, to provide a funding source for energy efficiency improvements within designated urban redevelopment zones for facilities leased to the County. Combined with the 2010 issue of the Economic Recovery Zone bonds, the total FCURA bonds outstanding at December 31, 2011 was \$30,458.

At December 31, 2011, total other capital leases was \$61,264, which increased for capital financing leases of \$4,852 for communications equipment, and decreased with scheduled principal maturities of \$5,470. The Jail

Mechanical, Electrical and Plumbing renovations comprises the bulk of this lease liability.

The 2009 Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$109,448 as of December 31, 2011.

On September 7, 2011, the Fulton County Water and Sewerage system issued \$251.8 million in refunding bonds with an average interest rate of 3.24 percent to advance refund \$39.2 million of outstanding 2004 System revenue bonds and fully refund \$251.1 million of 1998 outstanding system revenue bonds. Approximately \$43.9 million of bond proceeds were used to acquire securities to deposit into an irrevocable trust with an escrow agent to advance refund the 2004 refunded bonds, and the remaining proceeds were used to pay bondholders of the 1998 outstanding bonds as well as costs of issuance. This refunding decreases total debt service payments over the next four years by \$31.2 million resulting in an economic gain of \$29.5 million.

Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements beginning on page 48. Other post-employment benefit information required by GASB 45 is shown within the footnotes to the financial statements as well as within required supplementary information on page 65 following these footnotes.

Requests for Information

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

**BASIC
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Statement of Net Assets

December 31, 2011

(in thousands of dollars)

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Fulton-DeKalb Hospital Authority
Assets:				
Cash and cash equivalents	\$ 259,234	54,227	313,461	63,588
Investments	184,219	103,437	287,656	2,293
Receivables (net of allowances):				
Taxes	38,161	—	38,161	—
Interest	—	8	8	—
Accounts	2,327	3,954	6,281	52,806
Due from other governments, net	6,872	5,948	12,820	12,477
Other current assets	8,406	—	8,406	70,650
Restricted assets:				
Cash and cash equivalents	—	42,704	42,704	42,808
Investments	—	81,363	81,363	20,143
Interest receivable	—	27	27	—
Investment in joint venture	—	80,547	80,547	—
Capital assets (non-depreciable)	82,529	41,149	123,678	2,714
Capital assets (net of accumulated depreciation)	742,692	1,142,546	1,885,238	305,861
Other non-current assets	49,824	12,595	62,419	97,441
Total assets	1,374,264	1,568,505	2,942,769	670,781
Liabilities:				
Accounts payable and accrued expenses	35,424	5,378	40,802	110,718
Accrued interest	1,402	—	1,402	—
Due to others	3,764	—	3,764	96,460
Claims payable	10,255	—	10,255	53,387
Unearned revenue	1,042	—	1,042	—
Liabilities (payable from restricted assets):				
Contracts and other payables	—	3,023	3,023	—
Unearned revenue	—	467	467	—
Non-current liabilities:				
Due within one year	39,790	5,655	45,445	19,788
Due in more than one year	690,811	534,590	1,225,401	205,087
Total liabilities	782,488	549,113	1,331,601	485,440
Net Assets:				
Invested in capital assets, net of related debt	631,476	729,671	1,361,147	(204,485)
Restricted for debt retirement	3,170	39,316	42,486	—
Restricted for construction	44,732	—	44,732	151,544
Restricted for other purposes	2,905	—	2,905	13,253
Unrestricted	(90,507)	250,405	159,898	225,029
Total net assets	\$ 591,776	1,019,392	1,611,168	185,341

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2011

(In thousands of dollars)

	Program revenues				Net (Expense) Revenue and Changes in Net Assets			Component
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit
					Governmental activities	Business-type activities	Total	Fulton-DeKalb Hospital Authority
Functions/Programs								
Primary Government								
Governmental activities:								
Administration	\$ 109,122	13,953	—	—	(95,169)	—	(95,169)	—
Public safety	184,163	3,810	—	—	(180,353)	—	(180,353)	—
Legal	148,350	24,549	—	—	(123,801)	—	(123,801)	—
Infrastructure and facilities	52,499	16	—	3,762	(48,721)	—	(48,721)	—
Social services	119,044	6,039	18,316	—	(94,689)	—	(94,689)	—
Health services	149,504	7,661	43,684	—	(98,159)	—	(98,159)	—
Interest and other debt related costs	18,364	—	3,356	—	(15,008)	—	(15,008)	—
Total governmental activities	781,046	56,028	65,356	3,762	(655,900)	—	(655,900)	—
Business-type activities:								
Water and sewerage services	148,303	118,990	—	—	—	(29,313)	(29,313)	—
Airport	1,218	1,286	—	—	—	68	68	—
Total business-type activities	149,521	120,276	—	—	—	(29,245)	(29,245)	—
Total primary government	930,567	176,304	65,356	3,762	(655,900)	(29,245)	(685,145)	—
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	917,157	804,868	8,800	316	—	—	—	(103,173)
Total component unit	917,157	804,868	8,800	316	—	—	—	(103,173)
General revenues:								
Property taxes					477,259	—	477,259	—
Sales taxes					33,991	—	33,991	—
Other taxes					5,165	—	5,165	—
Intergovernmental not restricted for specific programs					—	—	—	64,405
Commission on tax collections					15,377	—	15,377	—
Use of money and property					7,091	610	7,701	(252)
Miscellaneous					6,582	(1,626)	4,956	30
Total general revenues					545,465	(1,016)	544,449	64,183
Changes in net assets					(110,435)	(30,261)	(140,696)	(38,990)
Net assets - beginning					702,211	1,049,653	1,751,864	224,331
Net assets - ending					\$ 591,776	1,019,392	1,611,168	185,341

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds

December 31, 2011

(in thousands of dollars)

	<u>General</u>	<u>South Fulton Taxing District</u>	<u>Library Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 138,382	5,918	—	91,350	235,650
Investments	—	—	167,309	16,910	184,219
Receivables (net of allowances):					
Taxes	31,338	6,316	—	507	38,161
Accounts	—	—	106	2,221	2,327
Due from other governments	1,942	—	—	4,930	6,872
Due from other funds	—	44	—	39	83
	<u>171,662</u>	<u>12,278</u>	<u>167,415</u>	<u>115,957</u>	<u>467,312</u>
Total assets	\$				
Liabilities:					
Accounts payable	\$ 18,088	1,486	602	13,098	33,274
Due to other funds	83	—	—	—	83
Due to others	—	—	—	3,764	3,764
Deferred revenue	24,930	5,669	—	113	30,712
	<u>43,101</u>	<u>7,155</u>	<u>602</u>	<u>16,975</u>	<u>67,833</u>
Total liabilities					
Fund Balances:					
Nonspendable	—	—	—	—	—
Restricted	—	—	166,813	42,691	209,504
Committed	—	—	—	596	596
Assigned	—	—	—	57,780	57,780
Unassigned	128,561	5,123	—	(2,085)	131,599
	<u>128,561</u>	<u>5,123</u>	<u>166,813</u>	<u>98,982</u>	<u>399,479</u>
Total fund balances					
Total liabilities and fund balances	\$				
	<u>171,662</u>	<u>12,278</u>	<u>167,415</u>	<u>115,957</u>	<u>467,312</u>

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, 2011

(in thousands of dollars)

Fund Balances - total governmental funds	\$	399,479
<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		44,929
Buildings		710,997
Equipment		115,947
Roadway network		572,523
Construction in progress		37,600
Less Accumulated Depreciation		<u>(656,775)</u>
Total capital assets, net of accumulated depreciation		825,221
Net pension asset at year end that is not a financial resource used in governmental activities and therefore not reported in governmental funds.		47,621
<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		(103,435)
Building Authority bonds payable		(21,525)
Library general obligation bonds payable		(163,265)
Urban Recovery Zone bonds payable		(30,458)
Unamortized bond premiums		(8,416)
Unamortized bond issuance costs		2,203
Compensated absences		(39,205)
Net other post employment benefits (OPEB)		(273,323)
Other long term capital leases		(61,264)
Claims and judgments		(12,970)
Landfill closure and postclosure costs		(16,740)
Accrued interest		(1,402)
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.		19,585
Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.		<u>29,670</u>
Net assets - total governmental activities	\$	<u><u>591,776</u></u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	General	South Fulton Taxing District	Library Bond	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 472,522	30,607	—	12,111	515,240
Intergovernmental	3,820	189	—	65,109	69,118
Charges for services	26,199	694	—	14,507	41,400
Courts and law enforcement	18,166	258	—	6,125	24,549
Use of money and property	4,571	1,058	780	692	7,101
Licenses and permits	—	5,456	—	—	5,456
Miscellaneous	3,780	279	—	2,523	6,582
Net (depreciation) appreciation in investments	15	—	(27)	2	(10)
Total revenues	529,073	38,541	753	101,069	669,436
Expenditures:					
Current:					
Administration	82,869	1,097	—	1,528	85,494
Public safety	98,405	31,314	—	15,833	145,552
Legal	115,204	—	—	—	115,204
Infrastructure and facilities	28,621	220	—	7,355	36,196
Social services	57,745	6,435	—	28,799	92,979
Health services	75,704	—	—	59,863	135,567
Other nonagency	31,043	1,297	—	601	32,941
Capital outlay	—	—	2,385	10,645	13,030
Debt service:					
Principal retirement	3,815	—	—	20,940	24,755
Interest	3,091	—	—	17,262	20,353
Total expenditures	496,497	40,363	2,385	162,826	702,071
Excess (deficiency) of revenues over (under) expenditures	32,576	(1,822)	(1,632)	(61,757)	(32,635)
Other financing sources (uses):					
Capital lease refunding obligations	—	—	—	10,224	10,224
Transfers in	603	4,181	—	55,336	60,120
Transfers out	(54,848)	(832)	—	(4,440)	(60,120)
Total other financing sources (uses)	(54,245)	3,349	—	61,120	10,224
Net change in fund balances	(21,669)	1,527	(1,632)	(637)	(22,411)
Fund balance at beginning of year	150,230	3,596	168,445	99,619	421,890
Fund balance at end of year	\$ 128,561	5,123	166,813	98,982	399,479

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, 2011

(in thousands of dollars)

Net change in fund balances - governmental funds	\$	(22,411)
<p>Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances, because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:</p>		
Acquisition of capital assets		19,116
Depreciation expense		(35,547)
<p>Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:</p>		
Issuance of Economic Recovery Zone bonds		(5,372)
Capital lease proceeds		(4,852)
Tax Anticipation Note proceeds		(120,000)
Tax Anticipation Note payments		120,000
Principal repayments		24,755
Amortization of bond issue costs		(243)
Amortization of bond premium and discount		1,111
Bond issue costs paid		116
Change in accrued interest		1,781
Accreted interest on capital appreciation bonds		(660)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Net other postemployment benefits (OPEB) obligations		(75,135)
Compensated absences		785
Claims and judgments		(5,298)
Landfill closure costs		1,132
Net pension asset		(650)
<p>Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds.</p>		
		1,175
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds are included in governmental activities.</p>		
		<u>(10,238)</u>
Change in net assets - governmental activities	\$	<u><u>(110,435)</u></u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Non-GAAP budgetary basis</u>			<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 458,881	458,881	500,636	41,755
Sales Tax	34,883	34,883	33,995	(888)
Appropriated Fund Balance	<u>106,804</u>	<u>106,804</u>	<u>23,811</u>	<u>(82,993)</u>
Total revenues and other sources, non-GAAP budget basis	<u>\$ 600,568</u>	<u>600,568</u>	<u>558,442</u>	<u>(42,126)</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			5,908	
To record net change in interest receivable and depreciation of investments			(417)	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(10,446)	
Appropriated Fund Balance			<u>(23,811)</u>	
Total adjustment to GAAP basis			<u>(28,766)</u>	
Total revenues and other sources, GAAP basis			<u>529,676</u>	
Expenditures:				
Board of Commissioners	\$ 3,230	3,230	2,897	333
Clerk to the Commission	1,032	1,032	866	166
County Manager	11,243	11,243	10,310	933
Housing and Community Development	1,011	1,011	935	76
Arts Council	4,588	4,588	4,145	443
Human Services	29,495	29,495	27,736	1,759
Health and Human Services	6,607	6,607	6,244	363
Finance	5,820	5,820	5,321	499
Personnel	3,633	3,633	3,546	87
Information Technology	24,060	24,060	23,239	821
Purchasing	3,622	3,622	3,357	265
County Attorney	3,708	3,708	3,331	377
Tax Assessor	13,631	13,631	12,311	1,320
Tax Commissioner	14,602	14,602	14,006	596
Environment and Community Development	2,749	2,749	2,481	268
Registration and Elections	2,711	2,711	2,501	210
Police	4,199	4,199	3,818	381
Sheriff	97,556	97,556	93,216	4,340
Medical Examiner	3,679	3,679	3,499	180
State Court Solicitor	5,863	5,863	5,647	216

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Non-GAAP budgetary basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Juvenile Court	14,010	14,010	12,881	1,129
Probate Court	2,584	2,584	2,498	86
County Marshal	5,729	5,729	5,558	171
State Court-General	13,806	13,806	13,148	658
State Court Judges	4,203	4,203	4,081	122
Superior Court-General	20,083	20,071	18,988	1,083
Superior Court Judges	5,125	5,137	5,007	130
Superior Court Clerk	15,930	15,930	14,920	1,010
District Attorney	21,206	21,206	20,023	1,183
Public Defender	12,674	12,674	11,803	871
General Services	31,361	31,361	28,601	2,760
Public Works	6,290	6,290	5,531	759
Family and Children Services	6,785	6,785	5,865	920
Cooperative Extension	574	574	546	28
Library	31,816	31,816	28,895	2,921
Health fund transfer	14,128	14,128	14,128	—
Fulton-DeKalb Hospital Authority (Grady Hospital)	62,117	62,117	62,117	—
Behavioral Health	15,061	15,061	12,373	2,688
Non-agency	74,047	74,047	62,073	11,974
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 600,568</u>	<u>600,568</u>	558,442	<u>42,126</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			3,349	
Expenditures incurred on behalf of reimbursing funds for indirect costs			<u>(10,446)</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 551,345</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA
 South Fulton Taxing District
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual (Non-GAAP Budget Basis)

For the year ended December 31, 2011
 (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	\$ 36,988	36,988	38,366	1,378
Insurance Premium Tax	3,101	3,101	3,659	558
Appropriated Fund Balance	4,101	4,101	(955)	(5,056)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 44,190</u>	<u>44,190</u>	41,070	<u>(3,120)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			699	
To record net change in interest receivable and depreciation of investments			(2)	
Appropriated fund balance			955	
Total adjustment to GAAP basis			<u>1,652</u>	
Total revenues and other sources, GAAP basis			<u>\$ 42,722</u>	
Expenditures and other uses:				
Fire	\$ 13,911	13,911	13,245	666
Police	14,793	14,793	14,221	572
Parks and Recreation	2,900	2,900	2,589	311
Environment and Community Development	3,398	3,398	3,119	279
County Manager	334	334	211	123
Public Works	220	220	220	—
Finance	257	257	220	37
Non agency	8,377	8,377	7,245	1,132
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 44,190</u>	<u>44,190</u>	41,070	<u>3,120</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>125</u>	
			<u>\$ 41,195</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets
Proprietary Funds

December 31, 2011

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	\$ 52,694	1,533	54,227	23,584
Investments	103,437	—	103,437	—
Interest receivable	8	—	8	—
Accounts receivable, net	3,954	—	3,954	—
Due from other governments, net	4,221	1,727	5,948	—
Other current assets	—	—	—	8,406
Restricted assets:				
Cash and cash equivalents	42,704	—	42,704	—
Investments	81,363	—	81,363	—
Interest receivable	27	—	27	—
Total current assets	<u>288,408</u>	<u>3,260</u>	<u>291,668</u>	<u>31,990</u>
Noncurrent assets:				
Investment in joint venture	80,547	—	80,547	—
Nondepreciable capital assets	13,240	27,909	41,149	—
Depreciable capital assets (net of accumulated depreciation)	1,141,695	851	1,142,546	—
Other assets	12,595	—	12,595	—
Total noncurrent assets	<u>1,248,077</u>	<u>28,760</u>	<u>1,276,837</u>	<u>—</u>
Total assets	<u>1,536,485</u>	<u>32,020</u>	<u>1,568,505</u>	<u>31,990</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets (continued)
Proprietary Funds

December 31, 2011

(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 funds	Total Enterprise Funds	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 3,047	1,729	4,776	2,150
Accrued liabilities	602	—	602	—
Claims payable	—	—	—	10,255
	<u>3,649</u>	<u>1,729</u>	<u>5,378</u>	<u>12,405</u>
Current liabilities (payable from restricted assets):				
Contracts and other payables	3,023	—	3,023	—
Revenue bonds payable - current	5,655	—	5,655	—
Deferred revenue	467	—	467	—
	<u>9,145</u>	<u>—</u>	<u>9,145</u>	<u>—</u>
Total current liabilities	<u>12,794</u>	<u>1,729</u>	<u>14,523</u>	<u>12,405</u>
Non-current liabilities:				
Revenue bonds payable - noncurrent	533,120	—	533,120	—
Other long-term liabilities	1,470	—	1,470	—
Total non-current liabilities	<u>534,590</u>	<u>—</u>	<u>534,590</u>	<u>—</u>
Total liabilities	<u>547,384</u>	<u>1,729</u>	<u>549,113</u>	<u>12,405</u>
Net Assets:				
Invested in capital assets, net of related debt	700,911	28,760	729,671	—
Restricted for debt retirement	39,316	—	39,316	—
Unrestricted	248,874	1,531	250,405	19,585
Total net assets	<u>\$ 989,101</u>	<u>30,291</u>	<u>1,019,392</u>	<u>19,585</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$	1,286	1,286	91,164
Water and sewerage charges	118,990	—	118,990	—
Total operating revenues	<u>118,990</u>	<u>1,286</u>	<u>120,276</u>	<u>91,164</u>
Operating expenses:				
Administrative and general	5,946	284	6,230	19,236
Depreciation and amortization	48,878	179	49,057	—
Personal services	20,059	755	20,814	—
Contractual services	24,777	—	24,777	82,166
Operating services	24,480	—	24,480	—
Total operating expenses	<u>124,140</u>	<u>1,218</u>	<u>125,358</u>	<u>101,402</u>
Operating income (loss)	<u>(5,150)</u>	<u>68</u>	<u>(5,082)</u>	<u>(10,238)</u>
Non-operating revenues (expenses):				
Loss on investment in joint venture	(1,626)	—	(1,626)	—
Interest income	610	—	610	—
Interest expense	(24,163)	—	(24,163)	—
Total non-operating revenues (expenses)	<u>(25,179)</u>	<u>—</u>	<u>(25,179)</u>	<u>—</u>
Income (loss) before contributions	<u>(30,329)</u>	<u>68</u>	<u>(30,261)</u>	<u>(10,238)</u>
Capital contributions	—	—	—	—
Change in net assets	(30,329)	68	(30,261)	(10,238)
Net assets at beginning of year	<u>1,019,430</u>	<u>30,223</u>	<u>1,049,653</u>	<u>29,823</u>
Net assets at end of year	<u>\$ 989,101</u>	<u>30,291</u>	<u>1,019,392</u>	<u>19,585</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and sewerage system fund</u>	<u>Other Enterprise funds</u>	<u>Total Enterprise Funds</u>	<u>Activities- Internal Service Funds</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 120,329	1,286	121,615	89,018
Payments to suppliers	(56,572)	(284)	(56,856)	(99,720)
Payments to employees	(20,181)	(755)	(20,936)	—
Net cash provided by operating activities	<u>43,576</u>	<u>247</u>	<u>43,823</u>	<u>(10,702)</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(315,949)	—	(315,949)	—
Principal and interest payments on notes payable	(67)	—	(67)	—
Proceeds from issuance of revenue bonds	289,074	—	289,074	—
Payments for other assets	(4,459)	—	(4,459)	—
Additions to property, plant, and equipment	(14,152)	(45)	(14,197)	—
Net cash used by capital and related financing activities	<u>(45,553)</u>	<u>(45)</u>	<u>(45,598)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(184,614)	—	(184,614)	—
Proceeds from sale of investments	186,391	—	186,391	—
Interest received on investments	449	—	449	—
Net cash provided by investing activities	<u>2,226</u>	<u>—</u>	<u>2,226</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	249	202	451	(10,702)
Cash and cash equivalents at beginning of year	<u>95,149</u>	<u>1,331</u>	<u>96,480</u>	<u>34,286</u>
Cash and cash equivalents at end of year	<u>\$ 95,398</u>	<u>1,533</u>	<u>96,931</u>	<u>23,584</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (5,150)	68	(5,082)	(10,238)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	48,878	179	49,057	—
Changes in assets and liabilities:				
Changes in customer receivables - net	1,585	—	1,585	—
Other assets	—	—	—	(2,146)
Change in due from other governments - net	(246)	—	(246)	—
Accounts and claims payable	(1,486)	—	(1,486)	1,682
Accrued liabilities	(123)	—	(123)	—
Contractual and other liabilities	118	—	118	—
Net cash provided by (used in) operating activities	<u>\$ 43,576</u>	<u>247</u>	<u>43,823</u>	<u>(10,702)</u>
Non-cash transactions:				
Unrealized gain on investments	\$ 186	—	—	—
Gain (loss) on investment in joint venture	(1,626)	—	—	—
Construction in progress not capitalized	3,916	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2011

(In thousands of dollars)

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Assets:			
Cash and cash equivalents	\$ 45,348	2	80,620
Due from Brokers for Securities Sold	9,252	—	—
Investments, at fair value:			
US Treasury Obligations	35,579	2,687	—
US Agency Obligations	159,105	—	—
Corporate asset & mortgage backed securities	33,330	—	—
Corporate debt	72,553	—	—
Corporate equities	445,939	—	—
Government Guaranteed Corporate Debt	10,312	—	—
Municipal General Obligation bond	3,019	—	—
International mutual funds	146,011	—	—
Commingled equity funds	103,035	—	—
Taxes receivable (net of allowance)	—	—	83,959
Interest and dividends receivable	2,720	—	—
Accounts receivable	190	—	—
Prepaid pension benefits	8,746	—	—
Funds held in escrow	16,723	—	—
	<u>1,091,862</u>	<u>2,689</u>	<u>164,579</u>
Liabilities:			
Due to Brokers for Securities Purchased	26,453	—	—
Due to other taxing districts	—	—	97,481
Due to others	17,415	—	67,098
	<u>43,868</u>	<u>—</u>	<u>164,579</u>
Net Assets:			
Net Assets held in trust for pension benefits	1,047,994	—	—
Net Assets held in trust for OPEB	—	2,689	—
	<u>1,047,994</u>	<u>2,689</u>	<u>—</u>

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, 2011

(In thousands of dollars)

	Pension Trust Fund	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Investment income:		
Net depreciation in fair value of investments	\$ (4,980)	\$ 91
Interest and dividends	18,763	106
Less: investment expenses	<u>(3,895)</u>	<u>—</u>
Net investment gain	9,888	197
Employee contributions	3,225	—
Employer contributions	42,178	—
Contributions from other participating governments	121	—
Other income	<u>47</u>	<u>—</u>
Total additions	<u>55,459</u>	<u>197</u>
Deductions:		
Benefit payments	96,975	—
Prior period benefit payments	17,482	—
Transfer of plan assets to 401(A) plan or other plans	114	—
Refunds of contributions to terminated employees	293	—
Administrative fees and other expenses	<u>554</u>	<u>—</u>
Total deductions	<u>115,418</u>	<u>—</u>
Net increase in net assets held in trust for benefits	(59,959)	197
Net assets held in trust for benefits:		
Beginning of year	<u>1,107,953</u>	<u>2,492</u>
End of year	<u>\$ 1,047,994</u>	<u>\$ 2,689</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, 2011

(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, 2011

(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 \$62.1 million in funding to the Hospital Authority during 2011, and an additional \$767 for bonded obligations.

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

Joint Ventures

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

Under the joint venture agreement, the County 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 recent years, the County has not had to provide debt service funding under such guarantee. The Recreation Authority issued refunding bonds of \$124,515 on December 1, 2010 to refund the existing "Arena" bonds and provide capital for recreational and cultural improvements.

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. When the related Arena revenue bonds have been fully paid, the Recreation Authority will convey fee simple title of the Arena to the City and County based on their proportional shares upon joint request. The debt related to the zoo utilizes a separate guarantor agreement. The annual debt service for the 2007 Recreation Authority Atlanta Zoo bonds continues to be paid with approximately three-fourths participation from the City of Atlanta, and one fourth participation from Fulton County.

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

Atlanta Fulton County Recreation Authority
755 Hank Aaron Drive
Atlanta, Georgia 30315

Atlanta Regional Commission - The County is a joint venture partner with the Atlanta Regional Commission based on GASB Statement No. 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 commission is required by O.C.G.A. 50-8-34 which provides for the organization structure of regional commissions in Georgia. The County paid dues in the amount of \$704 to the ARC for the year ended December 31, 2011. The regional commission's Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39 provides that the member governments are liable for any debts or obligations of a regional commission. Complete financial statements of the Atlanta Regional Commission may be obtained at the address below:

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

Atlanta-Fulton County Water Resources Commission - The Atlanta-Fulton County Water Resource Commission is a joint venture between the County and the City of Atlanta for the construction and operation of a water treatment facility in north Fulton County. The County and the City share equally the costs of construction of the plant, and each is entitled to receive 50% of the total water supply treated by the plant or 50% of the plant's capacity, whichever is greater. The costs of operation of the plant were borne pro rata by the City and the County on the basis of water delivered to each party. The County incurred charges of approximately \$6.8 million in 2011 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, 2011, 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

(b) Government-Wide and Fund Financial Statements

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

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

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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current fiscal

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

period. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to non-vested unmatured sick pay, compensated absences and other long-term commitments and contingencies are recorded only when payment is due.

In accordance with GASB Statement No. 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.

South Fulton Special Taxing District

This fund was created in 2006 upon adoption of a new state law that required the County to separately report revenues and expenditures by geographic sub-districts. The "sub-district" in the southern end of unincorporated Fulton County opted to become a separate taxing district, and is now categorized as a major fund. In years past the combined other sub-district funds were classified as "major" but their activity has subsided. The County now elects to present the South Fulton Taxing District as a major fund. This fund accounts for operations of the unincorporated County's police, fire, business licensing, 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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

this specific unincorporated section of Fulton County. The two other “sub-districts” are combined with the original special service district for financial reporting purposes through a combining schedule in the non-major special revenue section. These funds include a budget to actual presentation to meet the requirements of state law. Minimal residual activity occurred in the combining non-major sub-districts in 2011.

Library Bond Fund

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

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports two non-major proprietary funds:

Fulton County Airport-Brown field

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

Contractual funds with other municipalities

This fund accounted for the services provided for Police and Fire rescue services to newly formed municipalities within Fulton County, including expenditures as well as the reimbursements from the City of Johns Creek and Sandy Springs to the County. These contracts have ceased and now only reflect amounts due from these municipalities.

The County reports the following fiduciary funds:

Fulton County Employees’ Retirement System

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

Fulton County Other Post-Employment Benefits Fund

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

Agency Funds

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

The County reports the following other fund types:

Internal Service funds

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

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

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

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

(e) *Inventories*

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

(f) *Interfund Receivables/Payables*

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

(g) Capital Assets

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

The 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 2011.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and related improvements	40 years
Plant and related components	50 years
Intangible assets	28-40 years
Roadway networks and related infrastructure	20-50 years
Equipment	2-10 years

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

The County paid \$58 million with neighboring Cobb County, Georgia in 2003 for the purchase of long-term wastewater treatment capacity at the R.L Sutton wastewater treatment plant and the adjoining underground conveyance system. In November 2007 the County incurred \$99.9 million in similar capital costs through facilities owned by the City of Atlanta. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. These costs were previously shown as other assets on the financial statements of the Water and Sewerage System fund, but now appear as "Intangible Assets" and are included within the capital asset disclosure section of the Water and Sewerage System fund. These assets are being depreciated over 28 years for the Atlanta facilities and 40 years for the Cobb County facilities, both using the straight-line method. Depreciation of these intangible assets, approximately \$5.3 million for 2011 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, 2011 is approximately \$139.8 million.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

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

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

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

(i) *Restricted Assets*

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

(j) *Compensated Absences*

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

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 and historically have been charged to the fund incurring the costs for the departing employee.

(k) *Estimated Claims Payable*

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies (continued)

(l) *Net Patient Service Revenues*

The Hospital Authority has agreements with third-party payors that provide for payments to the Hospital Authority at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(m) *Uncompensated Care*

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

(n) *Management Estimates*

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

(2) Budgetary Accounting and Compliance

The County prepares its annual budgets on a non-GAAP basis. The major differences between the budget and GAAP are (1) revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when cash is received (budget) as opposed to when susceptible to accrual (GAAP), (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid(budget) as opposed to when incurred (GAAP); (3) Debt service requirements due January 1, 2012 are recorded as expenditures in 2011 (budget) as opposed to 2012 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(2) Budgetary Accounting and Compliance (continued)

	<u>Net changes in fund balance</u>	
	<u>General Fund</u>	<u>South Fulton Special Tax District Fund</u>
GAAP basis	\$ (21,669)	1,527
Adjustments to accruals:		
Tax revenues and interest receivable	(5,491)	(697)
Liabilities	3,349	125
Fund balance utilized	<u>23,811</u>	<u>(955)</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.
- (7) Budgets are legally adopted for the two major funds, the General Fund and Special Services District Fund (a Special Revenue Fund). Formal budgetary integration is employed as a management control device during the year for the General and Special Services District Funds. Budgets were also legally adopted for debt service fund and

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(2) Budgetary Accounting and Compliance (continued)

other special revenue funds for the fiscal year ending December 31, 2011. Project-length budgets are adopted upon approval for the capital project, including the major capital project fund for bond funded Library improvements and construction. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.

- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2011.

The Public Health Services fund (Special Revenue Funds) had accumulated fund deficit at December 31, 2011 of \$2,085, which will be alleviated through future charges for services and other revenues.

(3) Cash and Investments – Primary Government

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

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As of December 31, 2011, the County's primary governmental and business type funds had the following investments:

	Fair value	December 31, 2011		
		< 1 year	1-5 years	6-10 years
Fixed Income:				
US Agency Obligations	\$ 214,834	58,415	156,419	-
Fixed Income subtotal	214,834	58,415	156,419	-
Bankers' acceptances	200,733			
Total cash equivalents and investments	\$ 415,567			

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

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

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 appearing on the previous page shows the County's exposure to credit quality risk for the fixed income investments held as of December 31, 2011. The US Agency obligations of \$214,834 are rated AAA, while bankers' acceptances and insured money market funds are collateralized at 102%. These insured money market funds of \$9,382 are overnight repurchase agreements and are classified as cash as of December 31, 2011.

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, 2011 (in thousands of dollars):

Balances by category:		2011
Cash and deposits	\$	<u>309,617</u>
Cash equivalents		46,548
Investments		369,019
	\$	<u><u>725,184</u></u>
Balances as presented in the Statement of Net Assets:		
Unrestricted activities:		
Cash and cash equivalents	\$	313,461
Investments		287,656
Restricted activities:		
Cash and cash equivalents		42,704
Investments		81,363
	\$	<u><u>725,184</u></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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

Custodial Credit Risk

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

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

- (a) Domestic stocks, including small, mid, and large market capitalization ranges;
- (b) International stocks including emerging markets;
- (c) U.S. Treasury Notes and Bonds, U.S. Government Agency Securities, Mortgage-Backed Securities such as 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, 2011.

	December 31, 2011				
	Fair Value	<1 year	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 35,579	3,602	19,822	1,803	10,352
US Agency Obligations	159,105	1,737	18,526	19,422	119,420
Municipal General Obligations	3,019	-	-	1,512	1,507
Government Guaranteed Corporate	10,312	-	3,250	-	7,062
Corporate Debt	72,553	734	18,790	40,683	12,346
Corporate Asset Backed Securities	20,086	-	3,741	8,136	8,209
CMO	900	-	-	-	900
CMBS	12,344	-	518	-	11,826
Fixed Income subtotal	313,898	6,073	64,647	71,556	171,622
Equity securities	445,939				
Commingled equity funds	103,035				
International mutual funds	146,011				
Cash and Cash Equivalents	45,348				
Due from Brokers for Securities Sold	9,252				
Due to Brokers for Securities Purchased	(26,453)				
Total cash equivalents and investments	\$ 1,037,030				

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2011 (in thousands of dollars):

	2011		
	Pension Trust Fund	OPEB Trust Fund	Agency Funds
Balances by category:			
Cash and cash equivalents	\$ 45,348	2	80,620
Investments	1,008,883	2,687	-
Due from Brokers for Securities Sold	9,252	-	-
Due to Brokers for Securities Purchased	(26,453)	-	-
	\$ 1,037,030	2,689	80,620

The Agency funds' cash is collateralized with securities held by the pledging financial institutions' trust department or in the County's name. The agency funds contain two certificates of deposit and a money market account which are classified as cash equivalents for a total of \$1,398.

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, 2011.

	Fair Value	December 31, 2011 ratings					
		AAA	AA	A	BBB	BB	N/R
Fixed Income:							
US Treasury Obligations	\$ 35,579	-	35,579	-	-	-	-
US Agency Obligations	159,105	-	159,105	-	-	-	-
Municipal General Obligations	3,019	-	1,461	1,558	-	-	-
Government Guaranteed Corporate	10,312	-	9,976	-	336	-	-
Corporate Debt	72,553	-	5,397	24,592	42,564	-	-
Corporate Asset Backed Securities	20,086	3,039	818	8,078	7,127	-	1,024
CMO	900	900	-	-	-	-	-
CMBS	12,344	5,897	-	5,269	1,178	-	-
Fixed Income totals	\$ 313,898	9,836	212,336	39,497	51,205	-	1,024

(3) Cash and Investments – Component unit

Hospital Authority

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Hospital Authority’s deposits may not be returned to it. As of December 31, 2011, Grady Memorial Hospital Corporation’s deposits were either covered by federal depository insurance or collateralized through securities held by the pledging financial institution’s trust department in the Hospital Authority’s name. The Hospital Authority had approximately \$2 million of deposits not collateralized through securities held by pledging financial institution’s trust department in the Authority’s name.

<u>Investment Type</u>	<u>Average rating</u>	<u>Fair Value</u>	<u>Maturities (in years)</u>			
			<u><1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Mixed funds	Aaa	\$ 2,293	2,293	-	-	-
Money Market Portfolio	N/A	20,143	20,143	-	-	-
Total investments		\$ 22,436	22,436	-	-	-

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Hospital Authority has no formal investment policy that limits investment maturities as a means of managing its’ exposure to fair value losses arising from increasing investment rates. The Hospital Authority emphasizes purchases of short-term or liquid investments.

Credit Risk

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

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Hospital Authority has no formal policy on concentration of credit risk beyond that stipulated by the Georgia government Code, and has no investments in any one issuer greater than 5% of total Hospital Authority investments as of December 31, 2011.

Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:	2011
Cash and cash equivalents	\$ 63,588
Investments	2,293
Restricted	
Cash and cash equivalents (deposits and trusts)	42,808
Investments	20,143
Total	\$ 128,832
Cash on hand	\$ 63,588
Investments	22,436
Nonpublic funds	42,808
Total cash, cash equivalents and investments	\$ 128,832

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(4) Taxes

(a) *Property Taxes*

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

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

(b) *Local Option Sales Tax*

The County received varying portions of a 1% local option sales tax levied on all retail sales made within the County. The proceeds of such tax collected each year are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes, which would otherwise be required to be levied in the subsequent year. The incorporations of the City of Sandy Springs, Johns Creek, Milton and Chattahoochee Hills changed the allocation of sales taxes received by Fulton County, which will be renegotiated in 2012 as required by state law.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2011 are as follows (in thousands of dollars):

	<u>2011</u>
Taxes Receivable:	
General Fund	\$ 5,896
Debt Service Fund	11
Special Service District Funds	77
South Fulton Special Taxing District	296
Agency Funds	<u>19,270</u>
	\$ <u>25,550</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>6,499</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(6) Due from Other Governments

Governmental type funds include receivables from other governments for various activities. The General fund is owed \$1,905 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission and \$37 is owed for the costs of providing municipal elections in 2008. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$4,440 for federal financial assistance related to various grantor receivables. \$391 is due for reimbursement for providing judicial services and \$99 is due for reimbursement of capital costs in the emergency communication system from one municipality.

Business type funds are owed \$1,727 from two municipalities for contractual services provided in 2006 through 2008 for police and fire services. \$4,221, net of a \$1,251 reserve, is also due from other area municipalities to the Water and Sewerage System Fund for wastewater treatment charges, sewer use fees, water line construction and miscellaneous surcharges not yet remitted to the County at December 31, 2011.

(7) Capital Assets and Infrastructure

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

	January 1, 2011	Increases	Decreases	December 31, 2011
Capital assets not being depreciated:				
Land and land improvements	\$ 43,967	1,124	(162)	44,929
Construction in progress	25,467	13,843	(1,710)	37,600
Total capital assets not being depreciated	69,434	14,967	(1,872)	82,529
Capital assets being depreciated:				
Equipment	111,126	4,821	—	115,947
Buildings and other improvements	713,565	—	(2,568)	710,997
Roadway network	570,813	1,710	—	572,523
Total capital assets being depreciated	1,395,504	6,531	(2,568)	1,399,467
Less accumulated depreciation for:				
Equipment	(100,990)	(3,773)	—	(104,763)
Buildings and other improvements	(335,304)	(19,920)	2,058	(353,166)
Roadway network	(186,992)	(11,854)	—	(198,846)
Total accumulated depreciation	(623,286)	(35,547)	2,058	(656,775)
Net capital assets being depreciated	772,218	(29,016)	(510)	742,692
Net capital assets- governmental activities	\$ 841,652	(14,049)	(2,382)	825,221

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(7) Capital Assets and Infrastructure (continued)

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

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

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

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

	January 1, 2011	Increases	Decreases	December 31, 2011
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	1,333	45	—	1,378
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	6,790	45	—	6,835
Less accumulated depreciation for:				
Equipment	(1,237)	(43)	—	(1,280)
Buildings and other improvements	(4,568)	(136)	—	(4,704)
Total accumulated depreciation	(5,805)	(179)	—	(5,984)
Net capital assets being depreciated	985	(134)	—	851
Net capital assets-Airport fund	\$ 28,894	(134)	—	28,760

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(7) Capital Assets and Infrastructure (continued)

	<u>January 1,</u> <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2011</u>
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 6,664	1,437	—	8,101
Construction in progress	88,934	13,870	(97,665)	5,139
Total capital assets not being depreciated	<u>95,598</u>	<u>15,307</u>	<u>(97,665)</u>	<u>13,240</u>
Capital assets being depreciated:				
Equipment	13,335	383	—	13,718
Water system	219,307	42,831	—	262,138
Sewerage system	1,041,176	49,481	—	1,090,657
Intangible assets	169,006	—	—	169,006
Total capital assets being depreciated	<u>1,442,824</u>	<u>92,695</u>	<u>—</u>	<u>1,535,519</u>
Less accumulated depreciation for:				
Equipment	(12,754)	(204)	—	(12,958)
Water system	(63,542)	(4,323)	—	(67,865)
Sewerage system	(245,186)	(38,598)	—	(283,784)
Intangible assets	(23,882)	(5,335)	—	(29,217)
Total accumulated depreciation	<u>(345,364)</u>	<u>(48,460)</u>	<u>—</u>	<u>(393,824)</u>
Net capital assets being depreciated	<u>1,097,460</u>	<u>44,235</u>	<u>—</u>	<u>1,141,695</u>
Net capital assets-Water and Sewerage System fund	<u>\$ 1,193,058</u>	<u>59,542</u>	<u>(97,665)</u>	<u>1,154,935</u>

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

Governmental activities:	
Administration	\$ 2,369
Public Safety	4,976
Legal	5,212
Infrastructure and facilities	17,777
Social services	4,739
Health services	474
Total depreciation expense, governmental activities	<u>\$ 35,547</u>
Business-type activities:	
Water and Sewerage	\$ 48,460
Airport	179
Total depreciation expense, business-type activities	<u>\$ 48,639</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(7) Capital Assets and Infrastructure – Component unit

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

	<u>January 1,</u> <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2011</u>
Capital assets not being depreciated:				
Land	\$ 2,714	—	—	2,714
Construction in progress	7,094	14,496	(10,965)	10,625
Total capital assets not being depreciated	<u>9,808</u>	<u>14,496</u>	<u>(10,965)</u>	<u>13,339</u>
Capital assets being depreciated:				
Equipment	171,463	16,930	—	188,393
Buildings	219,981	10,101	—	230,082
Total capital assets being depreciated	<u>391,444</u>	<u>27,031</u>	<u>—</u>	<u>418,475</u>
Less accumulated depreciation for:				
Equipment	(47,881)	(27,732)	569	(75,044)
Buildings and other improvements	(33,101)	(15,998)	904	(48,195)
Total accumulated depreciation	<u>(80,982)</u>	<u>(43,730)</u>	<u>1,473</u>	<u>(123,239)</u>
Net capital assets being depreciated	<u>310,462</u>	<u>(16,699)</u>	<u>1,473</u>	<u>295,236</u>
Net capital assets- governmental activities	<u>\$ 320,270</u>	<u>(2,203)</u>	<u>(9,492)</u>	<u>308,575</u>

Total depreciation expense for the Hospital Authority was \$43,730. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(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, 2011 (in thousands of dollars):

	January 1,				December 31,	Due within
	2011	Additions	Retirements	Other*	2011	one year
Governmental activities:						
Certificates of participation	\$ 110,885	-	(7,450)	-	103,435	7,315
Less deferred charges, net	6,903	-	-	(890)	6,013	
Total Certificates of Participation	117,788	-	(7,450)	(890)	109,448	
Building Authority Revenue Bonds	27,610	-	(6,745)	660	21,525	6,800
Less deferred charges, net	155	-	-	(51)	104	
Total Building Authority Revenue Bonds	27,765	-	(6,745)	609	21,629	
Library General Obligation Bonds	167,000	-	(3,735)	-	163,265	3,735
Less deferred charges, net	2,469	-	-	(170)	2,299	
Total Library General Obligation Bonds	169,469	-	(3,735)	(170)	165,564	
Economic Recovery Zone Bonds	26,441	5,372	(1,355)	-	30,458	1,722
Compensated absences	39,990	12,395	(13,180)	-	39,205	12,395
Other long term capital lease obligations	61,882	4,852	(5,470)	-	61,264	6,450
Net other post employment benefits	198,188	90,903	(15,768)	-	273,323	-
Claims and judgments	7,672	-	-	5,298	12,970	205
Post-closure care	17,872	-	(1,132)	-	16,740	1,168
Total Governmental activities	\$ 667,067	113,522	(54,835)	4,847	730,601	39,790
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 537,260	251,770	(290,530)	-	498,500	5,655
Less deferred charges, net	1,696	37,304	-	1,275	40,275	
Total Water & Sewerage Revenue Bonds	538,956	289,074	(290,530)	1,275	538,775	
Note Payable	52	-	(52)	-	-	
Other long-term liabilities	1,593	762	(885)	-	1,470	
Total business-type activities	\$ 540,601	289,836	(291,467)	1,275	540,245	5,655

*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, 2011

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

Bonds Payable

General Obligation Bonds - The County issued 2010 Library General Obligation bonds of \$167 million to provide funds for the acquisition and construction of major library facilities and renovations to existing library buildings. These general obligation bonds are direct obligations and pledge the full faith and credit of the County and are reported as a governmental activity in the government wide Statement of Net Assets. These bonds have interest rates ranging from 3.00-5.148%, principal payments ranging from \$3,885-\$8,560 and mature in 2039. No other general obligation bonds are outstanding. In 2008, Fulton County voters did approve the issuance of up to \$275,000 in General Obligation bonds for library construction and expansion, of which \$108 million remains as authorized.

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>	<u>Purpose</u>
General governmental activities:					
2002-A Building Authority	5.25	2014	1,665	525-580	Capital facilities
2002-B Building Authority	5.00	2014	19,860	6,275-6,975	Capital facilities
			\$ <u>21,525</u>		
Business-type activities:					
2011 Water and Sewerage	4.75-5.25	2027	251,770	4,920-20,270	Water/Sewer facilities
2004 Water and Sewerage	3.50-5.25	2034	246,730	155-36,935	Water/Sewer facilities
			\$ <u>498,500</u>		

On September 7, 2011, the Fulton County Water and Sewerage system issued \$251.8 million in refunding bonds with an average interest rate of 3.24 percent to advance refund \$39.2 million of outstanding 2004 System revenue bonds and fully refund \$251.1 million of 1998 outstanding system revenue bonds. Approximately \$43.9 million of bond proceeds were used to acquire securities to deposit into an irrevocable trust with an escrow agent to advance refund the 2004 refunded bonds, and the remaining proceeds were used to pay bondholders of the 1998 outstanding bonds as well as costs of issuance. This refunding decreases total debt service payments over the next four years by \$31.2 million resulting in an economic gain of \$29.5 million. \$44.1 million of these bonds are defeased as of December 31, 2011.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

The annual requirements to amortize bonds payable as of December 31, 2011, including interest payments are as follows (in thousands of dollars):

Year Ending December 31	Library General Obligation Bonds		Revenue Bonds		Sewerage Revenue Bonds		Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,885	7,326	6,800	1,080	5,655	24,909	16,340	33,315
2013	4,040	7,217	7,170	739	5,920	24,628	17,130	32,584
2014	4,200	7,072	7,555	379	4,920	24,345	16,675	31,796
2015	4,370	6,901	-	-	14,650	24,159	19,020	31,060
2016	4,545	6,723	-	-	15,325	23,486	19,870	30,209
2017-2021	23,480	31,319	-	-	88,810	105,239	112,290	136,558
2022-2026	26,630	26,517	-	-	113,200	80,852	139,830	107,369
2027-2031	30,910	19,734	-	-	144,505	49,564	175,415	69,298
2032-2036	36,345	11,199	-	-	105,515	10,929	141,860	22,128
2037-2039	24,860	1,949	-	-	-	-	24,860	1,949
Total	163,265	125,957	21,525	2,198	498,500	368,111	683,290	496,266
Deferred charges/ premiums	2,299	(2,299)	104	(104)	40,275	(40,275)	42,678	(42,678)
Total	\$ 165,564	123,658	21,629	2,094	538,775	327,836	725,968	453,588

In current and prior years, the County defeased certain outstanding revenue and general obligation bonds by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the accompanying financial statements. On September 7, 2011, the Fulton County Water and Sewerage System issued \$251.7 million in revenue refunding bonds, of which \$43.9 million was used to advance refund previously issued 2004 system revenue bonds. The net proceeds were used to purchase U.S. government securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. Combined with previously defeased Fulton County Facility Corporation Certificates of Participation, the certificates and revenue bonds considered defeased totaled \$137.1 million as of December 31, 2011.

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, 2011.

Debt Margins - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. Ten percent of the assessed valuation of taxable property is \$5,076,221. As of December 31, 2011, the County had \$165,564 of direct general obligation debt less \$1,240 of funds to service this debt. Therefore, the County's unused debt margin was \$4,911,897 as of January 1, 2011.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

Certificates of Participation

The County in 1999 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 annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation as of December 31, 2011 is \$103,435 with interest rates ranging from 3.00% to 5.00%.

Economic Recovery Zone bonds

The County in 2010 entered into a capital lease obligation with the Fulton County Urban Redevelopment Authority, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects within declared economic recovery zones within Fulton County. In 2011, the Authority also issued \$5,372 in Qualified Energy Conservation bonds under the American Recovery and Reinvestment Act for improvements to reduce utility costs in qualified areas. The County entered into Public-Purpose Master Lease agreements for both these bond issues, in which the County agreed to make annual lease payments, subject to annual appropriation that are sufficient to pay principal and interest to the Authority. The total lease obligation as of December 31, 2011 is \$30,458 with interest rate of 4.70% for the 2010 bonds and 3.18% on the 2011 bonds. These bonds issued at par also receive federal government interest subsidies under the American Recovery and Reinvestment Act each year. The amounts shown below do not include any of these subsidies.

The annual requirements to amortize these capital lease obligations as of December 31, 2011, including interest payments of \$27,191 and \$10,920 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Fulton County Facilities Corporation</u>	<u>Fulton County Urban Redevel- opment Agency</u>
2012	\$ 12,403	3,061
2013	12,388	3,044
2014	12,354	3,022
2015	12,344	3,005
2016	20,286	2,979
2017-2021	60,851	14,558
2022-2026	-	11,709
Total minimum lease payments	\$ 130,626	41,378
Less: Amount representing interest	(27,191)	(10,920)
Present value of minimum lease payments	\$ 103,435	30,458

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

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

(f) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$61,264 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 \$106,097 as of December 31, 2011, of which \$38,910 is recorded as buildings, \$9,734 is equipment and \$57,453 recorded for mechanical, electrical and plumbing improvements to the County's jail and capitalized as construction in progress. The annual requirements to amortize these other capital lease obligations as of December 31, 2011, including interest payments of \$16,902 are as follows (in thousands):

<u>Year ended December 31,</u>	<u>Capital lease obligation</u>
2012	\$ 8,860
2013	7,828
2014	7,874
2015	6,894
2016	5,316
2017-2021	21,891
2022-2025	19,503
Total minimum lease payments	<u>\$ 78,166</u>
Less: Amounts representing interest	<u>(16,902)</u>
Present value of minimum lease payments	<u><u>\$ 61,264</u></u>

(g) Hospital Authority Long Term Debt and other Obligations

Changes in the Hospital Authority's non-current liabilities for the year ended December 31, 2011 are noted below: (in thousands)

	<u>January 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2011</u>	<u>Due within one year</u>
Long-term debt:					
Revenue Certificates	\$ 204,105	16,536	(16,112)	204,529	15,355
Notes payable	21,719	-	(3,074)	18,645	3,274
Capital lease obligations	4,463	-	(2,762)	1,701	1,159
Total long-term debt	<u>230,287</u>	<u>16,536</u>	<u>(21,948)</u>	<u>224,875</u>	<u>19,788</u>
Other long-term liabilities:					
Deferred revenue	9,114	714	(3,462)	6,366	-
IT Software contract	10,665	-	(2,224)	8,441	2,824
Workers Compensation	6,828	-	(1,269)	5,559	2,171
General Professional	47,384	13,016	-	60,400	10,401
Accrued OPEB	48,748	4,763	-	53,511	2,422
Other	10,388	-	(7,761)	2,627	-
Total	<u>\$ 133,127</u>	<u>18,493</u>	<u>(14,716)</u>	<u>136,904</u>	<u>17,818</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(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
2012	\$ 18,630	11,557	1,159	53	19,789	11,610
2013	19,602	9,693	542	8	20,144	9,701
2014	20,624	8,663	-	-	20,624	8,663
2015	21,740	7,466	-	-	21,740	7,466
2016	22,927	6,167	-	-	22,927	6,167
2017-2021	116,030	13,620	-	-	116,030	13,620
Total	219,553	57,166	1,701	61	221,254	57,227
Deferred charges/ premiums	3,621	-	-	-	3,621	-
Total	\$ 223,174	57,166	1,701	61	224,875	57,227

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, 2011, the Hospital Authority's outstanding amount of bonds considered defeased in prior years totaled \$12,000 for the Authority's 1990A, 1990B, and 1991 Revenue Refunding certificates.

(h) Hospital Authority Capital Lease Obligations

The Hospital Authority has entered into various capital lease agreements for office equipment, which expire at various dates through 2013. At December 31, 2011, the gross amount of capital assets under capital leases is \$11 million and the related accumulated depreciation is \$6.7 million.

(9) Other Long-Term Obligations

(a) Fulton County

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 13 years. The County payments specific to landfill postclosure care approximated \$1,132 in 2011, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification. An average inflation assumption of 3.15% is applied to the estimated annual costs. These costs could vary based on new technologies or other changes to applicable laws and regulations.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(9) Other Long-Term Obligations (continued)

(b) Hospital Authority

The Hospital Authority engages an independent actuary to make an annual evaluation for general and professional liability risks. The cumulative unfunded portion of the actuarially recommended reserve is \$65.9 million as of December 31, 2011. The Hospital 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 \$5.2 million as of December 31, 2011.

The Hospital Authority has historically maintained a line of credit facility with a commercial bank, which serves as bridge financing for the Hospital Authority's intergovernmental transfer (IGT) funding requirements for the ICTF program and as a general revolving working capital facility. The Hospital Authority has executed a commitment letter dated August 3, 2011 with the bank for renewal of the facility for the upcoming annual ICTF program cycle. The working capital component generally provides \$10-\$50 million of non-IGT funding capacity, while the ICTF program component generally flexes with the required amount of IGT funding. In total, the facility is currently estimated at \$50 million. No amount was outstanding under the facility at December 31, 2011.

(10) Interfund Assets/Liabilities and Transfers

Interfund receivable and payable balances as of December 31, 2011 are attributable to unsettled balances at year-end for charges and transfers between funds. The General fund owed \$39 to a non-major governmental fund and \$44 to the major governmental fund as of December 31, 2011. No other balances exist as of December 31, 2011. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

Transferred From	Transferred To			Total
	General fund	South Fulton Tax District funds	Non-Major Govern- mental funds	
General fund	\$ —	—	54,848	54,848
South Fulton taxing district fund	344	—	488	832
Non-major governmental funds	259	4,181	—	4,440
	\$ 603	4,181	55,336	60,120

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(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, 2011, which is expected to be paid after one year, is \$7,970. This estimated future liability is reported in the governmental activities of the government-wide statements. The County purchases commercial insurance for these exposures at various claim levels. The County has not experienced any significant decrease in insurance coverage in 2011. 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, 2011, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$8,255. At December 31, 2011, the County held \$10,434 in cash and cash equivalents available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$3,945 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2011, the County held \$13,088 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, 2011 was as follows (in thousands of dollars):

		Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2011	\$	18,300	95,939	(94,069)	20,170
2010	\$	17,221	93,727	(92,648)	18,300
2009		18,933	87,036	(88,748)	17,221

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(12) Deferred Compensation Plan

The County has adopted a deferred compensation plan (the "Plan") in accordance with the 2001 revisions of Section 457 of the Internal Revenue Code. The Plan, available to all Fulton County employees, allows an employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed \$15,000. These are based on the new provisions of the 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. Valic, ICMA, Nationwide, and MetLife independently managed assets of the plan throughout 2011.

(13) Retirement Plans

(a) County Pension Plan

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(13) Retirement Plans (continued)

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

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, including contributions to the Supplemental Plan described in this note, made for 2011 are as follows (in thousands of dollars):

	<u>2011</u>
Total required employer contributions:	
Dollar amount	\$ 45,049
Percent of covered payroll	91.42%
Actual employer contributions:	
Dollar amount	\$ 42,299
Percent of covered payroll	85.84%

Employee contribution rates are established in accordance with pension law. During 2011 actual countywide employee contributions were \$3,225 which represented 6.54% of covered payroll. The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.9% investment rate of return, (b) projected salary increases are 0.0% throughout 2012, 2.0% for 2013-2014 and 4.0% thereafter, (c) inflationary adjustments at or exceeding 3% annually. The net pension asset is being amortized on a level dollar amount over 30 years. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Membership

Current membership in the Plan and current year payrolls for 2011 are as follows:

Members:	
Retired and receiving benefits	\$ 2,995
Terminated with vested benefits	29
Active employees:	
Vested	<u>937</u>
Total members	<u>3,961</u>
Total current year payroll for employees covered by the Plan (in thousands)	<u>\$ 49,277</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(13) Retirement Plans (continued)

The Plan's annual pension cost and net pension obligation for 2011 were as follows:

	<u>(In thousands of dollars)</u>
Annual required contribution	\$ 45,049
Interest on net pension obligation	(3,862)
Adjustment to annual required contribution	3,320
Annual pension cost	<u>44,507</u>
Contributions made, including interest	(43,857)
Decrease in net pension obligation	650
Net pension obligation (asset) beginning of year	<u>(48,271)</u>
Net pension obligation (asset) end of year	\$ <u>(47,621)</u>

Actuarial changes for the January 1, 2012 valuation included three changes from the January 1, 2011 actuarial study. Salary increase assumptions for 2012 were decreased to 0.0% from 2.0%, but remain at 2% for 2013 and 2014, and 4% thereafter. Also, the assumed rate of asset return was reduced from 8.0% to 7.9%, and updated mortality tables for actives, disabled, and non-disabled inactives migrated from the 1994 Group Annuity Mortality Tables to the RP-2000 Combined Mortality Tables. These total changes in assumptions along with market conditions increased the actuarial accrued liability from \$1,567,306 as of 1/1/2011 to \$1,604,463 as of January 1, 2012, an increase of \$37,157, or 2.3%.

Actuarial changes for the January 1, 2011 valuation only included one change from the changes implemented in 2010. Salary increase assumptions were increased to 2.0% from 0.0% for salary under \$40,000 per year. However, plan provision interpretation changes contributed to a significant increase in the actuarial determined liability. The computation of final average earnings was revised to account for a 27th pay period occurring in some of the 12-month periods. This was done by adding a 3.6% load to affected active employees pay rates when computing future benefits. These total changes along with market conditions increased the actuarial accrued liability from \$1,478,136 as of 1/1/2010 to \$1,567,306 as of January 1, 2011, an increase of \$89,170, or 6.0%.

As of the most recent valuation date of January 1, 2012, Plan funded status was as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$1,104,779	\$1,604,463	\$499,684	68.9%	\$49,277	1014.0%

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(13) Retirement Plans (continued)

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

Fiscal year ended	Annual Pension Cost (APC)	Percentage of APC contributed	Net pension obligation (asset)
December 31, 2009	\$ 43,537	92.0%	\$ (45,855)
December 31, 2010	36,299	106.7	(48,271)
December 31, 2011	44,507	98.5	(47,621)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability. The information required to allocate the net pension asset for Proprietary funds was not available as of this date and net pension asset is reported in the government-wide statements.

(b) Defined Contribution Plan

The Fulton County Defined Contribution Pension Plan was established in June 1999 to provide retirement benefits for new employees, appointees and other County officials, as the defined benefit plan was closed. Mass Mutual serves as an independent administrator of the plan. At December 31, 2011, the plan had 4,881 total participants, of which 4,816 are active who contributed 6% of their pensionable earnings, approximately \$10,842 during 2011. The County also contributed \$14,456 which was 8% of their pensionable earnings throughout the year. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws.

(c) Hospital Authority Pension Plan

The Hospital Authority has a single-employer 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. This plan was frozen effective May 19, 2008, and substantially all of the employees of the Hospital Authority transferred to the Grady Memorial Hospital Corporation on May 20, 2008. Effective January 1, 2009, the Hospital Authority implemented a Retirement Savings Program 401(k) plan to replace the defined benefit plan above. Information on this plan and these changes may be obtained by writing to Grady Health System Chief Financial Officer, 80 Jesse Hill, Jr. Drive, S.E., Administrative Office, Atlanta, Georgia 30303.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(14) Other Post-Employment Benefits

(a) Fulton County

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, in which all of the County’s employees may become eligible for these benefits if they reach normal retirement age while working for the County. Fulton County contributes 75-90% of the premium cost for health care coverage, based upon the plan chosen by the participant, and contributes 100% of the premium cost for \$10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$32,308 in 2011, as compared to 30,821 in 2010. In accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the County’s annual other postemployment benefit

(OPEB) cost is calculated based on the Annual Required Contribution of the employer (ARC) which is required to be actuarially determined on a biannual basis.

The Annual Required Contribution and Total OPEB Obligation amounts were determined under the Attained Age funding method. As of the evaluation date, the number of retirees with current health care coverage was approximately 2,700 and all also had life insurance coverage in effect. Approximately 4,600 active employees with coverage are subject to this plan.

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

In 2009 the County contributed \$2,185 to an irrevocable trust fund dedicated to pay for future OPEB claims against the unfunded accrued actuarial liability of \$1,507,110. This is presented in the Statement of Fiduciary Assets on page 24. No contribution has been made subsequently, but interest earnings of \$504 have accumulated in this trust fund.

As of the most recent valuation date of January 1, 2011, the OPEB Plan funded status was as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
\$2,689	\$1,509,799	\$1,507,110	0.002%	\$224,189	673.4%

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(14) Other Post-Employment Benefits (continued)

The county's annual OPEB cost and net OPEB liability for the year ended December 31, 2011:

Annual required contribution (ARC) for other postemployment benefits (OPEB)	90,851
Interest on annual required contribution	7,928
Adjustment to the ARC	<u>(7,876)</u>
Annual OPEB cost/Annual required contribution	90,903
Annual employer contributions made on claims	<u>(15,768)</u>
Change in net OPEB obligation	75,135
Net OPEB obligation - January 1	<u>198,188</u>
Net OPEB obligation - December 31	\$ <u><u>273,323</u></u>

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

<u>Fiscal year ended</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC contributed</u>	<u>Net OPEB obligation</u>
December 31, 2009	\$ 55,861	25.3%	\$ 154,032
December 31, 2010	55,861	21.0	198,188
December 31, 2011	90,903	17.3	273,323

Actuarial Assumptions for the Other Postemployment Benefit plan are noted below:

Cost Method	Attained Age Normal method
Actuarial Asset Valuation Method	Not applicable
Assumed Investment Rate of Return	4.0%
Healthcare Cost Trend Rate	8.0% in 2012 to 5.0% in 2015 and thereafter
Inflation Rate	3.0%
Estimated Salary increases	4.0%
Amortization Method	Level, 30 years, open period
Latest valuation date	January 1, 2011

The required schedule of funding progress for the postemployment benefit plan immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(14) Other Post-Employment Benefits (continued)

(b) Hospital Authority

The Hospital Authority provides retiree medical benefits covering all employees of the Hospital Authority who retire at age 55 or older with at least 10 years of service. During 2008, the Hospital Authority amended this plan to limit availability of retiree medical benefits to current employees aged 50 or older on September 4, 2008 and who retire at age 62 or older with at least 10 years of service. The cost of providing most of these benefits is shared with the retirees. The plan is unfunded, and therefore the Hospital's participation is on a "pay as you go" basis.

The changes in the accumulated postretirement benefit obligation (APBO) during 2010 follow:

	2011
APBO, Beginning	\$ 48,748
Service cost	1,454
Interest cost	2,470
Plan participant contributions	1,295
Benefits paid	(2,548)
Actuarial gain	2,092
APBO, Ending	\$ 53,511

\$2,422 of the above liability is classified as current

The amount of prior service credit and actuarial net loss expected to be amortized into net periodic postretirement benefit cost in 2012 is a net credit of \$2.0 million.

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

	2011
Service cost	\$ 1,454
Interest cost	2,470
Amortization of prior service credit	(2,011)
Net periodic postretirement benefit cost	\$ 1,913

Expected future payments for other post-employment benefits range from \$2,422 to \$2,903 for the next five years and \$18,551 for combined years 2017 through 2021.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(14) Other Post-Employment Benefits (continued)

(b) Hospital Authority (continued)

Assumed healthcare cost trend rates can have a significant effect on amounts reported for postretirement healthcare benefits. A 1% increase in the healthcare cost trend rate would increase the APBO by approximately \$7.7 million and increase interest and service cost by approximately \$630 thousand. A 1% decrease in the healthcare cost trend rate would decrease the APBO by approximately \$6.4 million and reduce interest and service cost by approximately \$530 thousand. Assumed trend rates utilized in this estimate range from 7.7% in 2012 reduced by .20% each year thereafter to a rate of 4.5% in 2028.

Other assumptions used to determine benefit obligations include a discount rate of 4.60%, a discount rate of 5.40% for periodic postretirement benefit cost, and no return on plan assets or compensation increase assumptions were necessary under current plan provisions.

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

(15) Commitments and Contingencies

(a) Fulton County

- (1) **Litigation** – The County is a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability ranging from \$24 million to \$25 million is believed to be reasonably possible, of which \$12 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 \$12 million for these cases, \$10 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.
- (3) **Commitments** - Commitments for water and sewerage system improvements at December 31, 2011 total approximately \$15,535.

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2011

(15) Commitments and Contingencies (continued)

- (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 and equipment, which expire at various dates through 2019. Rental costs for the year ended December 31, 2011 were approximately \$4.3 million. The future minimum lease payments under noncancelable operating leases as of December 31, 2011 are as follows (in thousands):

	<u>Operating leases</u>
2012	\$ 2,158
2013	2,287
2014	2,316
2015	1,848
2016	1,777
thereafter	<u>5,096</u>
	<u>\$ 15,482</u>

(16) Fund Balance

In conformity with GAAP, as set forth in the Statement of Governmental Accounting Standards No. 54 "Fund Balance Reporting and Governmental Fund type Definitions," the County established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

- (1) Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- (2) Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- (3) Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of commissioners may modify or rescind the commitment.
- (4) Assigned – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of commissioners has the authority to assign fund balances.
- (5) Unassigned – Fund balances not within the above four categories.

(17) Subsequent Events

The County in June of 2012 issued \$120 million in Tax Anticipation Notes to provide operating capital until property tax collections are received by the County.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**
(Unaudited)

FULTON COUNTY, GEORGIA

Required Supplementary Information
Unaudited, and in thousands

December 31, 2011

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

Year Ended	Required Contribution	Employer Contributions	Percentage Contributed
December 31, 2006	\$ 37,081	36,111	97.4%
December 31, 2007	38,895	37,909	97.5
December 31, 2008	33,836	32,857	97.1
December 31, 2009	43,008	38,602	89.8
December 31, 2010	36,639	37,326	101.9
December 31, 2011	45,049	42,299	93.9

Schedule of Funding Progress (including effects of plan modifications)

Actuarial valuation date	Actuarial value of assets (a)	Entry age normal Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
December 31, 2006	\$ 1,116,451	1,331,658	215,207	83.8%	98,882	217.6%
December 31, 2007	1,193,724	1,383,842	190,118	86.3	80,266	236.9
December 31, 2008	1,175,299	1,441,124	265,825	81.6	78,184	340.0
December 31, 2009	1,149,786	1,478,136	328,350	77.8	67,184	488.7
December 31, 2010	1,144,371	1,567,306	422,935	73.0	57,888	730.6
December 31, 2011	1,104,779	1,604,463	499,684	68.9	49,277	1,014.0

Other Post Employment Benefits Required Supplementary Information

Schedule of Funding Progress

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, 2007	\$ -	1,075,768	1,075,768	0.00%	247,868	434%
December 31, 2008	-	1,075,768	1,075,768	0.00	247,868	434
December 31, 2009	2,225	941,944	939,719	0.00	214,743	437
December 31, 2010	2,492	941,944	939,719	0.00	214,743	437
December 31, 2011	2,689	1,509,799	1,507,110	0.00	224,189	673

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**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF NON-MAJOR SPECIAL SERVICE DISTRICT AND SUB-DISTRICT FUNDS

(a Non-Major Special Revenue fund)

2006 State of Georgia legislation required the County to separately report revenues and expenditures for its unincorporated section by separate geographic areas. These two “sub-districts” are combined with the original special service district as “Special Service Districts” for financial reporting purposes as a non-major special revenue fund, but presentation of separate revenue and expenditures, including budgetary comparisons for these separate areas are provided within this section. The original Special Service District, which accounted for operations for the entire unincorporated area of Fulton County, is shown as well.

Special Service District fund – accounts for revenues, expenditures, and balances for total unincorporated Fulton County through the end of fiscal 2005.

Northwest Special Service Sub-District fund – accounts for revenues, expenditures, and balances for the north-western section of unincorporated Fulton County beginning with fiscal 2006.

Northeast Special Service Sub-District fund – accounts for revenues, expenditures, and balances for the north-eastern section of unincorporated Fulton County beginning with fiscal 2006.

FULTON COUNTY, GEORGIA
Combining Balance Sheet
Special Service Districts-Non-Major Special Revenue fund
For the year ended December 31, 2011

(In thousands of dollars)

	<u>Special Service District</u>	<u>Northwest Fulton Sub-District</u>	<u>Northeast Fulton Sub-District</u>	<u>Total Special Service District</u>
Assets:				
Cash and cash equivalents	\$ 8,331	229	—	8,560
Receivables (net of allowances):				
Taxes	4	—	—	4
Due from other funds	39	—	—	39
Total assets	<u>\$ 8,374</u>	<u>229</u>	<u>—</u>	<u>8,603</u>
Liabilities:				
Accounts payable	\$ 749	—	—	749
Deferred revenue	5	—	—	5
Total liabilities	<u>754</u>	<u>—</u>	<u>—</u>	<u>754</u>
Fund balances:				
Assigned	7,620	229	—	7,849
Total fund balances	<u>7,620</u>	<u>229</u>	<u>—</u>	<u>7,849</u>
Total liabilities and fund balances	<u>\$ 8,374</u>	<u>229</u>	<u>—</u>	<u>8,603</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	Special Service District	Northwest Fulton Sub-District	Northeast Fulton Sub-District	Total Special Service District
Revenues:				
Taxes	\$ 46	3	1	50
Charges for services	6	2	—	8
Use of money and property	22	—	—	22
Miscellaneous	2,125	67	32	2,224
Total revenues	2,199	72	33	2,304
Expenditures:				
Current:				
Public safety	832	—	—	832
Other nonagency	—	189	—	189
Total expenditures	832	189	—	1,021
Excess (deficiency) of revenues over (under) expenditures	1,367	(117)	33	1,283
Other financing sources (uses):				
Transfers out	(4,181)	(105)	(115)	(4,401)
Total other financing sources (uses)	(4,181)	(105)	(115)	(4,401)
Net change in fund balances	(2,814)	(222)	(82)	(3,118)
Fund balance at beginning of year	10,434	451	82	10,967
Fund balance at end of year	\$ 7,620	229	—	7,849

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

For the year ended December 31, 2011
(In thousands of dollars)

	Non-GAAP budget basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenues per Budget Law	\$ —	—	2,199	2,199
Appropriated Fund Balance	—	—	5,013	5,013
Total revenues and other sources, non-GAAP budget basis	\$ —	—	7,212	7,212
Reconciliation to GAAP basis:				
To record net change in interest receivable and depreciation of investments			—	
Appropriated fund balance			(5,013)	
Total adjustment to GAAP basis			(5,013)	
Total revenues and other sources, GAAP basis			\$ 2,199	
 Expenditures and other uses:				
Non agency	\$ 4,968	4,968	832	4,136
Transfers	4,181	4,181	4,181	—
Total expenditures and other uses, non-GAAP budget basis	\$ 9,149	9,149	5,013	4,136
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			\$ 5,013	

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

For the year ended December 31, 2011
(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:				
Revenues per Budget Law	\$ —	—	72	72
Appropriated Fund Balance	—	—	294	294
Total revenues and other sources, non-GAAP budget basis	<u>\$ —</u>	<u>—</u>	366	<u>366</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			—	
Appropriated fund balance			(294)	
Total adjustment to GAAP basis			<u>(294)</u>	
Total revenues and other sources, GAAP basis			<u>\$ 72</u>	
Expenditures and other uses:				
Non agency	\$ 475	475	189	286
Transfers	108	108	105	3
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 583</u>	<u>583</u>	294	<u>289</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			<u>\$ 294</u>	

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

For the year ended December 31, 2011
(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:				
Revenues per Budget Law	\$ —	—	33	33
Appropriated Fund Balance	—	—	115	115
Total revenues and other sources, non-GAAP budget basis	<u>\$ —</u>	<u>—</u>	<u>148</u>	<u>148</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			—	
Appropriated fund balance			<u>(115)</u>	
Total adjustment to GAAP basis			<u>(115)</u>	
Total revenues and other sources, GAAP basis			<u>\$ 33</u>	
Expenditures and other uses:				
Non agency	\$ 82	82	—	82
Transfers	<u>116</u>	<u>116</u>	<u>115</u>	<u>1</u>
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 198</u>	<u>198</u>	<u>115</u>	<u>83</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			—	
Total expenditures and other uses, GAAP basis			<u>\$ 115</u>	

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DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

Special Service Districts – Includes the two “sub-districts” and the original special service district for financial reporting purposes, but presentation of separate revenue and expenditures, including budgetary comparisons for these separate areas are provided within the previous section as combining schedules.

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

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

Solid Waste fund - accounted for the annual postclosure costs for two closed landfills within the County. These costs will be reported in the General fund in future years.

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

Public 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. The bulk of this activity will be reported in the General fund in future years, while activities deriving dedicated income from outside resources will remain within this fund.

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

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:

Library Capital Fund – accounts for the resources obtained through intergovernmental agreement for library expenditures within a tax allocation district.

Fulton County Urban Redevelopment Agency – accounts for the resources used in the design, construction, renovation, and furnishing of certain capital projects that are leased exclusively to Fulton County.

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

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2011

(in thousands of dollars)

	Debt Service fund	Special Revenue Funds				Stormwater Management	General Government Services
		Special Service Districts	Grants in Aid	Emergency Communications	Solid Waste		
Assets:							
Cash and cash equivalents	\$ 2,778	8,560	1,821	434	—	621	458
Investments	—	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	500	4	—	—	—	—	—
Accounts	—	—	—	—	—	—	—
Due from other funds	—	39	—	—	—	—	—
Due from other governments	—	—	4,440	99	—	—	—
Total assets	\$ 3,278	8,603	6,261	533	—	621	458
Liabilities:							
Accounts payable	\$ —	749	3,359	202	—	—	—
Due to others	—	—	—	328	—	—	214
Deferred revenue	108	5	—	—	—	—	—
Total liabilities	108	754	3,359	530	—	—	214
Fund balances (deficit):							
Nonspendable	—	—	—	—	—	—	—
Restricted	3,170	—	2,902	3	—	—	—
Committed	—	—	—	—	—	—	—
Assigned	—	7,849	—	—	—	621	244
Unassigned	—	—	—	—	—	—	—
Total fund balances (deficit)	3,170	7,849	2,902	3	—	621	244
Total liabilities and fund balances	\$ 3,278	8,603	6,261	533	—	621	458

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2011

(in thousands of dollars)

	Special Revenue Funds						
	Public Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District
Assets:							
Cash and cash equivalents	\$ 1	596	8,622	—	4,481	3,215	3
Investments	—	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Accounts	2,207	—	14	—	—	—	—
Due from other funds	—	—	—	—	—	—	—
Due from other governments	—	—	391	—	—	—	—
Total assets	<u>\$ 2,208</u>	<u>596</u>	<u>9,027</u>	<u>—</u>	<u>4,481</u>	<u>3,215</u>	<u>3</u>
Liabilities:							
Accounts payable	\$ 4,293	—	—	—	—	359	—
Due to others	—	—	1,566	—	1,656	—	—
Deferred revenue	—	—	—	—	—	—	—
Total liabilities	<u>4,293</u>	<u>—</u>	<u>1,566</u>	<u>—</u>	<u>1,656</u>	<u>359</u>	<u>—</u>
Fund balances (deficit):							
Nonspendable	—	—	—	—	—	—	—
Restricted	—	—	7,461	—	—	—	—
Committed	—	596	—	—	—	—	—
Assigned	—	—	—	—	2,825	2,856	3
Unassigned	(2,085)	—	—	—	—	—	—
Total fund balances (deficit)	<u>(2,085)</u>	<u>596</u>	<u>7,461</u>	<u>—</u>	<u>2,825</u>	<u>2,856</u>	<u>3</u>
Total liabilities and fund balances	<u>\$ 2,208</u>	<u>596</u>	<u>9,027</u>	<u>—</u>	<u>4,481</u>	<u>3,215</u>	<u>3</u>

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2011

Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other capital projects	Special Service District projects	Transport- ation Improve- ments	Total Non-major Governmental Funds
1,350	13,588	29,904	422	1,559	4,345	8,592	91,350
—	14,052	2,858	—	—	—	—	16,910
—	3	—	—	—	—	—	507
—	—	—	—	—	—	—	2,221
—	—	—	—	—	—	—	39
—	—	—	—	—	—	—	4,930
<u>1,350</u>	<u>27,643</u>	<u>32,762</u>	<u>422</u>	<u>1,559</u>	<u>4,345</u>	<u>8,592</u>	<u>115,957</u>
—	260	2,910	—	665	301	—	13,098
—	—	—	—	—	—	—	3,764
—	—	—	—	—	—	—	113
—	<u>260</u>	<u>2,910</u>	<u>—</u>	<u>665</u>	<u>301</u>	<u>—</u>	<u>16,975</u>
—	—	—	—	—	—	—	—
1,350	27,383	—	422	—	—	—	42,691
—	—	—	—	—	—	—	596
—	—	29,852	—	894	4,044	8,592	57,780
—	—	—	—	—	—	—	(2,085)
<u>1,350</u>	<u>27,383</u>	<u>29,852</u>	<u>422</u>	<u>894</u>	<u>4,044</u>	<u>8,592</u>	<u>98,982</u>
<u>1,350</u>	<u>27,643</u>	<u>32,762</u>	<u>422</u>	<u>1,559</u>	<u>4,345</u>	<u>8,592</u>	<u>115,957</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(in thousands of dollars)

	Special Revenue Funds						General Government Services
	Debt Service fund	Special Service Districts	Grants in Aid	Emergency Telephone	Solid Waste	Stormwater Management	
Revenues:							
Taxes	\$ 11,902	50	—	—	—	—	—
Intergovernmental	2,795	—	42,480	—	—	490	—
Charges for services	—	8	3,012	3,810	16	—	—
Courts and law enforcement	—	—	—	—	—	—	—
Use of money and property	42	22	—	—	—	—	—
Miscellaneous	—	2,224	—	—	—	—	116
Net appreciation (depreciation) in investments	—	—	—	—	—	—	—
Total revenues	14,739	2,304	45,492	3,810	16	490	116
Expenditures:							
Current:							
Administration	6	—	263	—	—	—	140
Public safety	—	832	2,423	6,498	—	—	—
Infrastructure and facilities	—	—	—	—	1,369	921	—
Social services	—	—	17,423	—	—	—	—
Health services	—	—	24,436	—	—	—	—
Other nonagency	—	189	—	—	—	—	—
Capital outlay	—	—	—	—	—	—	—
Debt service:							
Principal retirement	20,940	—	—	—	—	—	—
Interest	17,262	—	—	—	—	—	—
Total expenditures	38,208	1,021	44,545	6,498	1,369	921	140
Excess (deficiency) of revenues over (under) expenditures	(23,469)	1,283	947	(2,688)	(1,353)	(431)	(24)
Other financing sources (uses):							
Capital lease refunding obligations	—	—	—	—	—	—	—
Transfers in	24,982	—	1,179	—	298	—	—
Transfers out	—	(4,401)	—	—	—	—	—
Total other financing sources (uses)	24,982	(4,401)	1,179	—	298	—	—
Net change in fund balances	1,513	(3,118)	2,126	(2,688)	(1,055)	(431)	(24)
Fund balance at beginning of year	1,657	10,967	776	2,691	1,055	1,052	268
Fund balance (deficit) at end of year	\$ 3,170	7,849	2,902	3	—	621	244

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(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
\$ —	—	—	159	—	—	—
16,072	—	—	—	—	1,466	—
7,661	—	—	—	—	—	—
—	—	6,125	—	—	—	—
—	—	13	—	1	6	—
—	183	—	—	—	—	—
—	—	—	—	—	—	—
<u>23,733</u>	<u>183</u>	<u>6,138</u>	<u>159</u>	<u>1</u>	<u>1,472</u>	<u>—</u>
—	—	—	—	—	1,003	—
—	—	6,080	—	—	—	—
—	159	—	—	—	—	—
—	—	—	—	6,524	—	—
35,427	—	—	—	—	—	—
—	—	—	412	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>35,427</u>	<u>159</u>	<u>6,080</u>	<u>412</u>	<u>6,524</u>	<u>1,003</u>	<u>—</u>
(11,694)	24	58	(253)	(6,523)	469	—
—	—	—	—	—	—	—
14,128	—	—	—	6,681	—	—
—	—	(39)	—	—	—	—
<u>14,128</u>	<u>—</u>	<u>(39)</u>	<u>—</u>	<u>6,681</u>	<u>—</u>	<u>—</u>
2,434	24	19	(253)	158	469	—
(4,519)	572	7,442	253	2,667	2,387	3
<u>\$ (2,085)</u>	<u>596</u>	<u>7,461</u>	<u>—</u>	<u>2,825</u>	<u>2,856</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, 2011

(in thousands of dollars)

	Library Capital	Fulton County Urban Rede- velopment Agency	Capital Improvements	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	Transpor- tation Improve- ments	Total Nonmajor Governmental Funds
Revenues:								
Taxes	—	—	—	—	—	—	—	12,111
Intergovernmental	1,350	—	—	—	—	11	445	65,109
Charges for services	—	—	—	—	—	—	—	14,507
Courts and law enforcement	—	—	—	—	—	—	—	6,125
Use of money and property	—	51	91	—	442	5	19	692
Miscellaneous	—	—	—	—	—	—	—	2,523
Net appreciation (depreciation) in investments	—	(14)	(1)	—	—	17	—	2
Total revenues	1,350	37	90	—	442	33	464	101,069
Expenditures:								
Current:								
Administration	—	116	—	—	—	—	—	1,528
Public safety	—	—	—	—	—	—	—	15,833
Infrastructure and facilities	—	3,936	—	—	970	—	—	7,355
Social services	—	—	—	—	4,852	—	—	28,799
Health services	—	—	—	—	—	—	—	59,863
Other nonagency	—	—	—	—	—	—	—	601
Capital outlay	—	—	8,261	—	—	1,295	1,089	10,645
Debt service:								
Principal retirement	—	—	—	—	—	—	—	20,940
Interest	—	—	—	—	—	—	—	17,262
Total expenditures	—	4,052	8,261	—	5,822	1,295	1,089	162,826
Excess (deficiency) of revenues over (under) expenditures	1,350	(4,015)	(8,171)	—	(5,380)	(1,262)	(625)	(61,757)
Other financing sources (uses):								
Capital lease refunding obligations	—	5,372	—	—	4,852	—	—	10,224
Transfers in	—	9	7,666	—	123	270	—	55,336
Transfers out	—	—	—	—	—	—	—	(4,440)
Total other financing sources (uses)	—	5,381	7,666	—	4,975	270	—	61,120
Net change in fund balances	1,350	1,366	(505)	—	(405)	(992)	(625)	(637)
Fund balance at beginning of year	—	26,017	30,357	422	1,299	5,036	9,217	99,619
Fund balance at end of year	1,350	27,383	29,852	422	894	4,044	8,592	98,982

FULTON COUNTY, GEORGIA
 Debt Service funds
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budget Basis)
 For the year ended December 31, 2011

(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	\$ 13,100	13,100	11,461	(1,639)
Other revenues per Budget law	—	—	2,838	2,838
Transfers	24,971	24,971	24,982	11
Appropriated Fund Balance	142	142	(1,073)	(1,215)
Total revenues	<u>\$ 38,213</u>	<u>38,213</u>	<u>38,208</u>	<u>(5)</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			440	
Appropriated Fund Balance			<u>1,073</u>	
Total adjustment to GAAP basis			<u>1,513</u>	
Total revenues and other sources, GAAP basis			<u>39,721</u>	
Expenditures				
Principal	\$ 20,941	20,941	20,940	1
Interest	17,262	17,262	17,262	—
Other	10	10	6	4
Total expenditures	<u>\$ 38,213</u>	<u>38,213</u>	<u>38,208</u>	<u>5</u>
Total expenditures and other uses, GAAP basis			<u>38,208</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, 2011

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Grants in Aid				
Revenues				
Intergovernmental revenue	47,737	47,737	44,360	(3,377)
Other general revenues	\$ 4,500	4,500	3,012	(1,488)
Transfers	1,179	1,179	1,179	—
Appropriated Fund Balance	—	—	(4,003)	(4,003)
Total revenues	\$ <u>53,416</u>	<u>53,416</u>	44,549	<u>(8,867)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(1,881)	
Appropriated Fund Balance			<u>4,003</u>	
Total revenues and other sources, GAAP basis			<u>46,671</u>	
Expenditures				
Administration	271	271	263	8
Public Safety	2,650	2,650	2,427	223
Social and Health services	22,845	22,845	18,015	4,830
Health services	27,650	27,650	23,844	3,806
Total expenditures	\$ <u>53,416</u>	<u>53,416</u>	44,549	8,867
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			(4)	
Total expenditures and other uses, GAAP basis			<u>44,545</u>	
 Emergency Communications - 911				
Revenues				
Charges for Services	\$ 4,750	4,750	3,810	(940)
Appropriated fund balance	2,224	2,224	2,540	(316)
Total revenues	<u>6,974</u>	<u>6,974</u>	6,350	<u>(1,256)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			(2,540)	
Total revenues and other sources, GAAP basis			<u>3,810</u>	
Expenditures				
Total expenditures	\$ <u>6,974</u>	<u>6,974</u>	6,350	<u>624</u>
Reconciliation to GAAP basis - to record net effect				
of unrecorded liabilities			148	
Total expenditures and other uses, GAAP basis			<u>6,498</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, 2011

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Solid Waste:				
Revenues				
Charges for Services	\$ —	—	16	(16)
Transfers	1,050	1,050	298	752
Appropriated fund balance	—	—	1,059	(298)
Total revenues	<u>1,050</u>	<u>1,050</u>	1,373	<u>438</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(1,059)</u>	
Total revenues and other sources, GAAP basis			<u>314</u>	
Expenditures				
Total expenditures	\$ <u>1,504</u>	<u>1,504</u>	1,373	<u>131</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(4)</u>	
			<u>1,369</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Stormwater Management:				
Revenues				
Intergovernmental	\$ —	—	490	
Appropriated fund balance	\$ —	—	431	(431)
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(431)</u>	
Total revenues and other sources, GAAP basis			<u>490</u>	
Expenditures				
Total expenditures	\$ <u>1,000</u>	<u>1,000</u>	921	<u>79</u>
Total expenditures and other uses, GAAP basis			<u>921</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government services:				
Revenues				
Miscellaneous	\$ 199	199	116	(83)
Appropriated Fund Balance	—	—	24	24
Total revenues	\$ <u>199</u>	<u>199</u>	140	<u>(59)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(24)</u>	
Total revenues and other sources, GAAP basis			<u>116</u>	
Expenditures				
Total administrative expenditures	\$ <u>199</u>	<u>199</u>	140	<u>59</u>
Total expenditures and other uses, GAAP basis			<u>140</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, 2011

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Health Services				
Revenues				
Intergovernmental revenue-State	17,500	17,500	13,865	(3,635)
Other general revenues	\$ 8,279	8,279	7,837	(442)
Transfers	14,128	14,128	14,128	—
Appropriated Fund Balance	—	—	(391)	(391)
Total revenues	\$ <u>39,907</u>	<u>39,907</u>	35,439	<u>(4,468)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			2,031	
Appropriated Fund Balance			391	
Total revenues and other sources, GAAP basis			<u>37,861</u>	
Expenditures				
Total expenditures	\$ <u>39,907</u>	<u>39,907</u>	35,439	<u>4,468</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(12)</u>	
			<u>35,427</u>	

Public Education Government Television

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous	\$ —	—	183	183
Appropriated Fund Balance	649	649	(24)	(673)
Total revenues	\$ <u>649</u>	<u>649</u>	159	<u>(490)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			24	
Total revenues and other sources, GAAP basis			<u>183</u>	
Expenditures				
Total expenditures	\$ <u>649</u>	<u>649</u>	159	<u>490</u>
Total expenditures and other uses, GAAP basis			<u>159</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, 2011

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Law Enforcement and Justice services:				
Revenues				
Anticipated revenues	\$ 212	212	6,138	5,926
Appropriated Fund Balance	3,507	3,507	(19)	(3,526)
Total revenues	<u>\$ 3,719</u>	<u>3,719</u>	6,119	<u>2,400</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>19</u>	
Total revenues and other sources, GAAP basis			<u>6,138</u>	
Expenditures				
Total expenditures	\$ <u>7,520</u>	<u>7,520</u>	6,119	<u>1,401</u>
Total expenditures and other uses, GAAP basis			<u>6,119</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Hotel Motel:				
Revenues				
Anticipated revenues	\$ 172	172	159	(13)
Appropriated Fund Balance	—	—	253	253
Total revenues	<u>\$ 172</u>	<u>172</u>	412	<u>240</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(253)</u>	
Total revenues and other sources, GAAP basis			<u>159</u>	
Expenditures				
Total Non-agency expenditures	\$ <u>506</u>	<u>506</u>	412	<u>94</u>
Total expenditures and other uses, GAAP basis			<u>412</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, 2011

(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	\$ 5,991	5,991	6,682	691
Appropriated Fund Balance	990	990	(113)	(1,103)
Total revenues	<u>\$ 6,981</u>	<u>6,981</u>	6,569	<u>(412)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>113</u>	
Total revenues and other sources, GAAP basis			<u>6,682</u>	
Expenditures				
Total expenditures	\$ <u>6,981</u>	<u>6,981</u>	6,569	<u>412</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
			<u>(45)</u>	
Total expenditures and other uses, GAAP basis			<u>6,524</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Special revenue funds:				
Revenues				
Anticipated revenues	\$ 1,823	1,823	1,472	(351)
Appropriated Fund Balance	—	—	(469)	(469)
Total revenues	<u>\$ 1,823</u>	<u>1,823</u>	1,003	<u>(820)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>469</u>	
Total revenues and other sources, GAAP basis			<u>1,472</u>	
Expenditures				
Total expenditures	\$ <u>1,823</u>	<u>1,823</u>	1,003	<u>820</u>
Total expenditures and other uses, GAAP basis			<u>1,003</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sandy Springs Tax Allocation District:				
Revenues				
Total anticipated revenues	\$ <u>—</u>	<u>—</u>	—	<u>—</u>
Total revenues and other sources, GAAP basis			<u>—</u>	
Expenditures				
Total expenditures	\$ <u>—</u>	<u>—</u>	—	<u>—</u>
Total expenditures and other uses, GAAP basis			<u>—</u>	

DESCRIPTION OF NON-MAJOR ENTERPRISE FUNDS

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

Sandy Springs Contractual fund – accounted for services provided for Police and Fire Rescue services to a newly incorporated city within geographical Fulton County, including expenditures incurred for services and the offsetting revenues earned from the City of Sandy Springs.

Johns Creek Contractual fund – accounted for services provided for Police and Fire Rescue services to a newly incorporated city within geographical Fulton County, including expenditures incurred for services and the offsetting revenues earned from the City of Johns Creek.

Airport fund – The Fulton County Airport-Brown field fund accounts for services to tenants and the public for operation and collections from rentals for airport facilities.

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Non-major Enterprise Funds

December 31, 2011

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Total Non-major Enterprise Funds
	Sandy Springs Contractual services fund	Johns Creek Contractual services fund	Airport fund	
Current assets:				
Cash and cash equivalents	\$ —	—	1,533	1,533
Due from other governments, net	1,146	581	—	1,727
Total current assets	<u>1,146</u>	<u>581</u>	<u>1,533</u>	<u>3,260</u>
Noncurrent assets:				
Nondepreciable capital assets	—	—	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	—	—	851	851
Total noncurrent assets	<u>—</u>	<u>—</u>	<u>28,760</u>	<u>28,760</u>
Total assets	<u>1,146</u>	<u>581</u>	<u>30,293</u>	<u>32,020</u>
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 1,146	581	2	1,729
Total liabilities	<u>1,146</u>	<u>581</u>	<u>2</u>	<u>1,729</u>
Net Assets:				
Invested in capital assets, net of related debt	—	—	28,760	28,760
Unrestricted	—	—	1,531	1,531
Total net assets	<u>\$ —</u>	<u>—</u>	<u>30,291</u>	<u>30,291</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2011

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Total Non-major Enterprise Funds
	Sandy Springs Contractual services fund	Johns Creek Contractual services fund	Airport fund	
Operating revenues:				
Charges for services	\$ —	—	1,286	1,286
Total operating revenues	—	—	1,286	1,286
Operating expenses:				
Administrative and general	—	—	284	284
Depreciation and amortization	—	—	179	179
Personal services	—	—	755	755
Contractual services	—	—	—	—
Total operating expenses	—	—	1,218	1,218
Operating income (loss)	—	—	68	68
Income (loss) before contributions	—	—	68	68
Change in net assets	—	—	68	68
Net assets at beginning of year	—	—	30,223	30,223
Net assets at end of year	\$ —	—	30,291	30,291

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise funds

For the year ended December 31, 2011

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Total Non-major Enterprise Funds
	Sandy Springs Contractual services fund	Johns Creek Contractual services fund	Airport fund	
Cash flows from operating activities:				
Receipts from customers and users	\$ —	—	1,286	1,286
Payments to suppliers	—	—	(284)	(284)
Payments to employees	—	—	(755)	(755)
Net cash provided by (used in) operating activities	<u>—</u>	<u>—</u>	<u>247</u>	<u>247</u>
Cash flows from capital and related financing activities:				
Additions to property, plant, and equipment	—	—	(45)	(45)
Net cash used by capital and related financing activities	<u>—</u>	<u>—</u>	<u>(45)</u>	<u>(45)</u>
 (Decrease) increase in cash and cash equivalents	—	—	202	202
Cash and cash equivalents at beginning of year	<u>—</u>	<u>—</u>	<u>1,331</u>	<u>1,331</u>
Cash and cash equivalents at end of year	<u><u>\$ —</u></u>	<u><u>—</u></u>	<u><u>1,533</u></u>	<u><u>1,533</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ —	—	68	68
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	—	—	179	179
Changes in assets and liabilities:				
Accounts and claims payable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash provided by (used in) operating activities	<u><u>\$ —</u></u>	<u><u>—</u></u>	<u><u>247</u></u>	<u><u>247</u></u>

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DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Internal Service Funds

December 31, 2011

(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	\$ —	10,434	13,088	62	23,584
Other current assets	205	8,201	—	—	8,406
Total assets	<u>205</u>	<u>18,635</u>	<u>13,088</u>	<u>62</u>	<u>31,990</u>
 Liabilities and Net Assets					
Current liabilities:					
Accounts payable	205	—	1,945	—	2,150
Claims payable	—	8,255	2,000	—	10,255
Total liabilities	<u>205</u>	<u>8,255</u>	<u>3,945</u>	<u>—</u>	<u>12,405</u>
Net assets:					
Unrestricted	<u>—</u>	<u>10,380</u>	<u>9,143</u>	<u>62</u>	<u>19,585</u>
Total net assets	<u>\$ —</u>	<u>10,380</u>	<u>9,143</u>	<u>62</u>	<u>19,585</u>

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2011

(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	\$ 7,333	74,919	8,912	—	91,164
Operating expenses:					
Contractual services	—	82,071	—	95	82,166
Administrative and general	7,333	—	11,903	—	19,236
Total operating expenses	7,333	82,071	11,903	95	101,402
Operating income (loss)	—	(7,152)	(2,991)	(95)	(10,238)
Net assets at beginning of year	—	17,532	12,134	157	29,823
Net assets at end of year	\$ —	10,380	9,143	62	19,585

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2011

(In thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 7,222	72,884	8,912	—	89,018
Payments to suppliers	(7,222)	(82,353)	(10,050)	(95)	(99,720)
Net cash provided by (used in) operating activities	<u>—</u>	<u>(9,469)</u>	<u>(1,138)</u>	<u>(95)</u>	<u>(10,702)</u>
Increase (decrease) in cash and cash equivalents	—	(9,469)	(1,138)	(95)	(10,702)
Cash and cash equivalents at beginning of year	<u>—</u>	<u>19,903</u>	<u>14,226</u>	<u>157</u>	<u>34,286</u>
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>10,434</u>	<u>13,088</u>	<u>62</u>	<u>23,584</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ —	(7,152)	(2,991)	(95)	(10,238)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	(111)	(2,035)	—	—	(2,146)
Accounts and claims payable	111	(282)	1,853	—	1,682
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>(9,469)</u>	<u>(1,138)</u>	<u>(95)</u>	<u>(10,702)</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, 2011

(In thousands of dollars)

Assets	<u>Tax Commissioner</u>	<u>Superior Court</u>	<u>State Court</u>	<u>Juvenile Court</u>	<u>Probate Court</u>	<u>Sheriff and Criminal Court</u>	<u>District Attorney</u>	<u>Total Agency Funds</u>
Cash and cash equivalents	\$ 13,522	17,886	20,125	87	183	26,995	1,822	80,620
Taxes receivable	83,959	—	—	—	—	—	—	83,959
Total assets	\$ 97,481	17,886	20,125	87	183	26,995	1,822	164,579
Liabilities								
Due to other taxing districts	\$ 97,481	—	—	—	—	—	—	97,481
Due to others	—	17,886	20,125	87	183	26,995	1,822	67,098
Total liabilities	\$ 97,481	17,886	20,125	87	183	26,995	1,822	164,579

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 10,991	1,999,643	1,997,112	13,522
Taxes receivable	<u>67,157</u>	<u>1,211,803</u>	<u>1,195,001</u>	<u>83,959</u>
	<u>\$ 78,148</u>	<u>3,211,446</u>	<u>3,192,113</u>	<u>97,481</u>
Liabilities				
Due to other taxing districts	\$ <u>78,148</u>	<u>3,211,446</u>	<u>3,192,113</u>	<u>97,481</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ <u>12,847</u>	<u>71,068</u>	<u>66,029</u>	<u>17,886</u>
Liabilities				
Due to others	\$ <u>12,847</u>	<u>71,068</u>	<u>66,029</u>	<u>17,886</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ <u>17,142</u>	<u>55,724</u>	<u>52,741</u>	<u>20,125</u>
Liabilities				
Due to others	\$ <u>17,142</u>	<u>55,724</u>	<u>52,741</u>	<u>20,125</u>

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 93	94	100	87
Liabilities				
Due to others	\$ 93	94	100	87
Probate Court:				
Assets				
Cash and cash equivalents	\$ 182	1	—	183
Liabilities				
Due to others	\$ 182	1	—	183
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 22,984	42,834	38,823	26,995
Liabilities				
Due to others	\$ 22,984	42,834	38,823	26,995
District Attorney:				
Assets				
Cash and cash equivalents	\$ 1,900	253	331	1,822
Liabilities				
Due to others	\$ 1,900	253	331	1,822

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds
Agency Funds

For the year ended December 31, 2011

(In thousands of dollars)

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2011</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 66,139	2,169,617	2,155,136	80,620
Taxes receivable	67,157	1,211,803	1,195,001	83,959
	<u>\$ 133,296</u>	<u>3,381,420</u>	<u>3,350,137</u>	<u>164,579</u>
Liabilities				
Due to other taxing districts	\$ 78,148	3,211,446	3,192,113	97,481
Due to others	55,148	169,974	158,024	67,098
	<u>\$ 133,296</u>	<u>3,381,420</u>	<u>3,350,137</u>	<u>164,579</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, 2011

(In thousands of dollars)

<u>Calendar year</u>	<u>Annual principal and interest requirements</u>			<u>Totals</u>
	<u>General obligation bonds</u>	<u>Building Authority bonds</u>	<u>Fulton County water and sewerage revenue bonds</u>	
2012	11,211	7,880	30,564	49,655
2013	11,257	7,909	30,548	49,714
2014	11,272	7,934	29,265	48,471
2015	11,271	—	38,809	50,080
2016	11,268	—	38,811	50,079
2017	11,005	—	38,810	49,815
2018	11,005	—	38,806	49,811
2019	10,995	—	38,811	49,806
2020	10,931	—	38,813	49,744
2021	10,863	—	38,809	49,672
2022	10,791	—	38,814	49,605
2023	10,715	—	38,804	49,519
2024	10,639	—	38,814	49,453
2025	10,555	—	38,810	49,365
2026	10,447	—	38,810	49,257
2027	10,345	—	38,811	49,156
2028	10,244	—	38,814	49,058
2029	10,133	—	38,813	48,946
2030	10,022	—	38,814	48,836
2031	9,900	—	38,817	48,717
2032	9,776	—	38,812	48,588
2033	9,645	—	38,817	48,462
2034	9,512	—	38,815	48,327
2035	9,377	—	—	9,377
2036	9,234	—	—	9,234
2037	9,089	—	—	9,089
2038	8,939	—	—	8,939
2039	8,781	—	—	8,781
	<u>\$ 289,222</u>	<u>23,723</u>	<u>866,611</u>	<u>1,179,556</u>

FULTON COUNTY, GEORGIA

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

December 31, 2011

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 3,885	7,326	11,211
2013	4,040	7,217	11,257
2014	4,200	7,072	11,272
2015	4,370	6,901	11,271
2016	4,545	6,723	11,268
2017	4,440	6,565	11,005
2018	4,575	6,430	11,005
2019	4,715	6,280	10,995
2020	4,820	6,111	10,931
2021	4,930	5,933	10,863
2022	5,050	5,741	10,791
2023	5,180	5,535	10,715
2024	5,320	5,319	10,639
2025	5,465	5,090	10,555
2026	5,615	4,832	10,447
2027	5,795	4,550	10,345
2028	5,985	4,259	10,244
2029	6,175	3,958	10,133
2030	6,375	3,647	10,022
2031	6,580	3,320	9,900
2032	6,800	2,976	9,776
2033	7,025	2,620	9,645
2034	7,260	2,252	9,512
2035	7,505	1,872	9,377
2036	7,755	1,479	9,234
2037	8,015	1,074	9,089
2038	8,285	654	8,939
2039	8,560	221	8,781
	<u>\$ 163,265</u>	<u>125,957</u>	<u>289,222</u>
Unamortized premium at December 31, 2011	<u>2,299</u>	<u>(2,299)</u>	<u>—</u>
	<u><u>\$ 165,564</u></u>	<u><u>123,658</u></u>	<u><u>289,222</u></u>

FULTON COUNTY, GEORGIA

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

December 31, 2011

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 6,800	1,080	7,880
2013	7,170	739	7,909
2014	7,555	379	7,934
	<u>21,525</u>	<u>2,198</u>	<u>23,723</u>
Unamortized deferred charges (net) at December 31, 2011	<u>104</u>	<u>(104)</u>	<u>—</u>
	<u>\$ 21,629</u>	<u>2,094</u>	<u>23,723</u>

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
Water and Sewerage Revenue Bonds
Series 2004 and 2011

December 31, 2011

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 5,655	24,909	30,564
2013	5,920	24,628	30,548
2014	4,920	24,345	29,265
2015	14,650	24,159	38,809
2016	15,325	23,486	38,811
2017	16,090	22,720	38,810
2018	16,875	21,931	38,806
2019	17,720	21,091	38,811
2020	18,605	20,208	38,813
2021	19,520	19,289	38,809
2022	20,490	18,324	38,814
2023	21,505	17,299	38,804
2024	22,590	16,224	38,814
2025	23,715	15,095	38,810
2026	24,900	13,910	38,810
2027	26,145	12,666	38,811
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	1,880	38,815
	<u>498,500</u>	<u>368,111</u>	<u>866,611</u>
Unamortized discount at December 31, 2011	<u>40,275</u>	<u>(40,275)</u>	<u>—</u>
	<u>\$ 538,775</u>	<u>327,836</u>	<u>866,611</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2011

Collection Period from January 1st to December 31st					
Collection Rate	Hotel/Motel Tax <u>Collected</u>	<u>Expenditures and Obligations</u>			Expended or Obligated as a Percentage of Collected
		Hotel/Motel Tax <u>Expended</u>	Hotel/Motel Tax <u>Obligated</u>	Hotel/Motel Tax Expended or Obligated	
7%	\$159,372	412,342	—	412,342	258.73%

Note: Previously collected hotel/motel taxes of \$252,970 were distributed per formula in 2011.

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STATISTICAL SECTION

(Unaudited)

Statistical Section

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

Contents

Pages

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

98-101

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

102-107

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

108-112

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

113-114

Operating Information

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs

115-117

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning in that year.

FULTON COUNTY, GEORGIA
 Net Assets by Component
 Last Ten Fiscal Years
 (accrual basis of accounting, in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities										
Invested in capital assets, net of related debt	\$ 631,476	633,358	645,956	647,458	656,111	652,890	733,571	932,446	896,321	284,509
Restricted	50,807	33,487	20,165	21,774	23,378	33,581	57,364	78,932	129,112	109,325
Unrestricted	(90,507)	35,366	82,669	139,273	225,015	341,604	260,036	232,808	169,295	202,593
Total governmental activities net assets	<u>\$ 591,776</u>	<u>702,211</u>	<u>748,790</u>	<u>808,505</u>	<u>904,504</u>	<u>1,028,075</u>	<u>1,050,971</u>	<u>1,244,186</u>	<u>1,194,728</u>	<u>596,427</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 729,671	778,505	799,958	667,975	576,528	687,192	667,370	607,009	622,140	374,181
Restricted	39,316	39,078	46,015	45,833	43,973	42,899	40,911	41,809	31,795	25,615
Unrestricted	250,405	232,070	216,790	369,659	380,390	292,828	277,702	247,382	227,944	211,676
Total business-type activities net assets	<u>\$ 1,019,392</u>	<u>1,049,653</u>	<u>1,062,763</u>	<u>1,083,467</u>	<u>1,000,891</u>	<u>1,022,919</u>	<u>985,983</u>	<u>896,200</u>	<u>881,879</u>	<u>611,472</u>
Primary government										
Invested in capital assets, net of related debt	\$ 1,361,147	1,411,863	1,445,914	1,315,433	1,232,639	1,340,082	1,400,941	1,539,455	1,518,461	658,690
Restricted	90,123	72,565	66,180	67,607	67,351	76,480	98,275	120,741	160,907	134,940
Unrestricted	159,898	267,436	299,459	508,932	605,405	634,432	537,738	480,190	397,239	414,269
Total primary government net assets	<u>\$ 1,611,168</u>	<u>1,751,864</u>	<u>1,811,553</u>	<u>1,891,972</u>	<u>1,905,395</u>	<u>2,050,994</u>	<u>2,036,954</u>	<u>2,140,386</u>	<u>2,076,607</u>	<u>1,207,899</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal 2002.

FULTON COUNTY, GEORGIA

Changes in Net Assets

Last Ten Fiscal Years

(accrual basis of accounting, in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities										
Administration	\$ 109,122	103,734	105,089	115,606	107,926	102,619	97,780	100,089	101,552	113,431
Public Safety	184,163	172,972	179,965	182,435	179,690	183,189	194,271	177,082	174,471	163,333
Legal	148,350	135,775	146,809	139,901	141,646	12,643	115,217	112,916	107,698	98,941
Infrastructure and facilities	52,499	56,037	71,554	74,237	49,225	73,431	81,466	67,431	61,116	56,126
Social services	119,044	116,913	116,906	125,031	127,604	113,521	106,794	111,306	118,008	108,019
Health services	149,504	129,931	163,408	168,845	184,066	160,904	160,770	158,414	158,087	159,504
Interest and other debt related costs	18,364	10,980	12,756	16,561	17,450	17,767	17,053	18,277	19,161	20,245
Total governmental activities expenses	<u>781,046</u>	<u>726,342</u>	<u>796,487</u>	<u>822,616</u>	<u>807,607</u>	<u>664,074</u>	<u>773,351</u>	<u>745,515</u>	<u>740,093</u>	<u>719,599</u>
Business-type activities										
Water and sewerage services	148,303	132,711	128,430	123,175	170,210	116,826	116,583	99,571	89,262	81,118
Contractual services	—	—	—	6,901	6,944	14,430	—	—	—	—
Airport services	1,218	1,097	1,040	1,098	1,008	1,187	875	965	806	755
Total business-type activities expenses	<u>149,521</u>	<u>133,808</u>	<u>129,470</u>	<u>131,174</u>	<u>178,162</u>	<u>132,443</u>	<u>117,458</u>	<u>100,536</u>	<u>90,068</u>	<u>81,873</u>
Total primary government expenses	<u>\$ 930,567</u>	<u>860,150</u>	<u>925,957</u>	<u>953,790</u>	<u>985,769</u>	<u>796,517</u>	<u>890,809</u>	<u>846,051</u>	<u>830,161</u>	<u>801,472</u>
Program Revenues										
Governmental activities										
Charges for services										
Public and Mental health fees	\$ 7,661	8,225	8,130	6,258	8,030	8,094	9,375	10,433	12,073	9,363
Emergency communication fees	3,810	3,891	6,941	8,033	7,572	6,978	8,449	5,295	5,317	5,464
Legal and adjudication	28,988	39,597	38,425	33,541	31,535	33,803	27,080	30,139	21,724	22,775
License and permits	5,456	5,707	6,134	7,850	7,850	16,286	28,852	23,927	19,387	22,391
Other	10,113	8,882	8,590	7,703	4,726	9,362	8,036	11,674	10,089	11,470
Total Charges for Services	<u>56,028</u>	<u>66,302</u>	<u>68,220</u>	<u>63,385</u>	<u>59,713</u>	<u>74,523</u>	<u>81,792</u>	<u>81,468</u>	<u>68,590</u>	<u>71,463</u>
Operating grants and contributions	65,356	66,991	57,184	54,152	46,460	55,454	61,850	57,732	58,855	63,220
Capital grants and contributions	3,762	983	8,879	7,842	6,225	21,056	50,871	25,205	48,123	—
Total governmental activities program revenues	<u>125,146</u>	<u>134,276</u>	<u>131,283</u>	<u>125,379</u>	<u>112,398</u>	<u>151,033</u>	<u>194,513</u>	<u>164,405</u>	<u>175,568</u>	<u>134,683</u>
Business-type activities										
Charges for services	120,276	121,506	108,472	114,501	102,918	138,491	134,464	119,138	97,823	97,820
Capital grants and contributions	—	—	438	19,475	—	6,211	60,455	8,954	12,969	—
Total business-type activities program revenues	<u>120,276</u>	<u>121,506</u>	<u>108,910</u>	<u>133,976</u>	<u>102,918</u>	<u>144,702</u>	<u>194,919</u>	<u>128,092</u>	<u>110,792</u>	<u>97,820</u>
Total primary government program revenues	<u>\$ 245,422</u>	<u>255,782</u>	<u>240,193</u>	<u>259,355</u>	<u>215,316</u>	<u>295,735</u>	<u>389,432</u>	<u>292,497</u>	<u>286,360</u>	<u>232,503</u>
Net (Expense) Revenue										
Governmental activities	\$ (655,900)	(592,066)	(665,204)	(697,237)	(695,209)	(626,831)	(578,838)	(581,110)	(564,525)	(584,916)
Business-type activities	(29,245)	(12,302)	(20,560)	2,802	(75,244)	12,259	77,461	27,556	20,724	15,947
Total primary government net expense	<u>\$ (685,145)</u>	<u>(604,368)</u>	<u>(685,764)</u>	<u>(694,435)</u>	<u>(770,453)</u>	<u>(614,572)</u>	<u>(501,377)</u>	<u>(553,554)</u>	<u>(543,801)</u>	<u>(568,969)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 477,259	482,346	527,018	525,265	486,521	523,418	491,448	493,829	502,930	449,104
Sales taxes	33,991	30,543	32,382	35,374	39,761	60,671	74,930	68,949	62,911	65,520
Other taxes	5,165	4,430	4,466	4,393	8,046	13,299	15,639	14,897	13,589	52,697
Intergovernmental unrestricted revenues	—	—	11,469	—	12,948	15,105	15,917	15,475	15,790	15,544
Commissions on tax collections	15,377	17,181	16,588	15,131	15,043	14,471	12,928	12,204	12,707	9,460
Use of money and property	7,091	5,779	9,348	17,098	23,654	27,488	22,585	16,439	13,837	16,618
Miscellaneous	6,582	5,207	4,219	8,688	4,953	2,810	5,603	8,775	4,074	3,111
Special and extraordinary items	—	—	—	(22,788)	(16,422)	1,418	—	—	(2,317)	—
Total governmental activities	<u>545,465</u>	<u>545,486</u>	<u>605,490</u>	<u>583,161</u>	<u>574,504</u>	<u>658,680</u>	<u>639,050</u>	<u>630,568</u>	<u>623,521</u>	<u>612,054</u>
Business-type activities										
Use of money and property	610	1,277	1,651	13,971	9,693	26,223	13,000	3,826	6,538	16,075
Miscellaneous	(1,626)	(2,085)	(1,795)	467	—	(1,546)	(678)	714	—	—
Total business-type activities	<u>(1,016)</u>	<u>(808)</u>	<u>(144)</u>	<u>14,438</u>	<u>9,693</u>	<u>24,677</u>	<u>12,322</u>	<u>4,540</u>	<u>6,538</u>	<u>16,075</u>
Total primary government	<u>\$ 544,449</u>	<u>544,678</u>	<u>605,346</u>	<u>597,599</u>	<u>584,197</u>	<u>683,357</u>	<u>651,372</u>	<u>635,108</u>	<u>630,059</u>	<u>628,129</u>
Change in Net Assets										
Governmental activities	\$ (110,435)	(46,580)	(59,714)	(114,076)	(128,390)	31,849	60,212	49,458	58,996	27,138
Business-type activities	(30,261)	(13,110)	(20,704)	17,240	(65,508)	36,936	89,783	32,096	27,262	32,022
Total primary government	<u>\$ (140,696)</u>	<u>(59,690)</u>	<u>(80,418)</u>	<u>(96,836)</u>	<u>(193,898)</u>	<u>68,785</u>	<u>149,995</u>	<u>81,554</u>	<u>86,258</u>	<u>59,160</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal 2002.

FULTON COUNTY, GEORGIA
Fund Balances, Governmental funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund										
Unassigned	128,561									
Unreserved		150,230	95,041	76,233	97,362	136,195	100,208	106,444	89,370	100,414
Total general fund	<u>\$ 128,561</u>	<u>150,230</u>	<u>95,041</u>	<u>76,233</u>	<u>97,362</u>	<u>136,195</u>	<u>100,208</u>	<u>106,444</u>	<u>89,370</u>	<u>100,414</u>
Special Service District Fund										
Unassigned	5,123									
Unreserved		3,596	1,924	16,033	16,015	38,171	44,646	21,419	13,740	19,401
Total Special District fund	<u>\$ 5,123</u>	<u>3,596</u>	<u>1,924</u>	<u>16,033</u>	<u>16,015</u>	<u>38,171</u>	<u>44,646</u>	<u>21,419</u>	<u>13,740</u>	<u>19,401</u>
Library Bond fund										
Restricted	\$ 166,813									
Designated for capital projects		168,445								
Total Library bond fund	<u>\$ 166,813</u>	<u>168,445</u>								
All Other Governmental Funds										
Nonspendable	\$ —									
Restricted	42,691									
Committed	596									
Assigned	57,780									
Unassigned	(2,085)									
Reserved		7,129	18,917	21,347	24,997	47,198	45,054	49,830	58,384	77,515
Unreserved, reported in:										
Special revenue funds		25,613	33,931	24,752	27,072	31,160	25,191	34,655	30,178	31,069
Capital projects funds		66,876	50,357	57,546	76,157	76,818	77,388	87,267	92,540	81,572
Total all other governmental funds	<u>\$ 98,982</u>	<u>99,618</u>	<u>103,205</u>	<u>103,645</u>	<u>128,226</u>	<u>155,176</u>	<u>147,633</u>	<u>171,752</u>	<u>181,102</u>	<u>190,156</u>
Total governmental funds	<u>\$ 399,479</u>	<u>421,889</u>	<u>200,170</u>	<u>195,911</u>	<u>241,603</u>	<u>329,542</u>	<u>292,487</u>	<u>299,615</u>	<u>284,212</u>	<u>309,971</u>

Note: The County began to report accrual information when it implemented GASB Statement 34 in fiscal 2002

FULTON COUNTY, GEORGIA
Changes in Fund Balances, Governmental funds
Last Ten Fiscal Years
(modified accrual basis of accounting, in thousands)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 515,240	541,331	567,601	544,346	531,613	592,175	574,336	577,885	577,952	569,608
Intergovernmental	69,118	67,974	74,124	55,178	64,867	70,739	78,208	74,870	76,493	78,764
Charges for services	41,400	52,532	53,283	45,688	43,256	48,001	44,991	41,165	41,499	39,554
Courts and law enforcement	24,549	25,244	25,391	24,978	23,650	24,707	20,877	28,580	20,411	18,978
Use of money and property	7,101	5,704	9,213	16,994	23,821	27,430	22,524	16,476	13,979	17,043
Licenses and permits	5,456	5,707	6,134	7,850	7,850	16,286	28,852	23,927	19,387	22,391
Miscellaneous	6,582	5,207	4,219	8,688	4,953	2,810	5,603	8,775	4,074	3,111
Net (depreciation) appreciation in investments	(10)	75	135	104	(167)	58	61	(37)	(142)	(425)
Total revenues	<u>669,436</u>	<u>703,774</u>	<u>740,100</u>	<u>703,826</u>	<u>699,843</u>	<u>782,206</u>	<u>775,452</u>	<u>771,641</u>	<u>753,653</u>	<u>749,024</u>
Expenditures										
Current:										
Administration	85,494	89,169	87,074	95,103	88,427	91,616	90,431	93,091	86,013	87,900
Public safety	145,552	146,236	147,228	149,384	144,237	162,390	179,396	163,883	163,390	156,387
Legal	115,204	113,323	111,785	113,551	112,361	107,920	104,157	102,370	97,835	92,061
Infrastructure and facilities	36,196	36,044	45,284	52,339	34,823	48,413	44,139	41,172	36,336	39,544
Social services	92,979	98,800	95,152	101,907	100,303	97,951	102,165	107,226	100,588	97,182
Health services	135,567	119,825	151,312	156,443	170,972	155,351	156,037	154,614	156,810	159,754
Other nonagency	32,941	35,671	54,713	52,458	50,781	48,287	32,023	28,819	37,251	34,247
Capital outlay	13,030	13,984	10,679	17,685	41,643	61,583	28,105	30,122	47,970	87,577
Debt service:										
Principal retirement	24,755	17,864	22,629	27,965	29,861	29,457	31,004	29,462	27,617	27,412
Interest	20,353	9,113	10,006	14,143	15,222	15,704	15,123	15,932	17,020	17,055
Total expenditures	<u>702,071</u>	<u>680,029</u>	<u>735,862</u>	<u>780,978</u>	<u>788,630</u>	<u>818,672</u>	<u>782,580</u>	<u>766,691</u>	<u>770,830</u>	<u>799,119</u>
Excess of revenues over (under) expenditures	(32,635)	23,745	4,238	(77,152)	(88,787)	(36,466)	(7,128)	4,950	(17,177)	(50,095)
Other Financing Sources (Uses)										
Capital lease refunding obligations	10,224	49,544	—	4,883	—	54,712	—	—	6,239	—
Proceeds from sale of bonds	—	193,441	110,885	—	—	—	—	—	—	87,535
Premium received on bonds	—	2,469	9,298	—	—	—	—	—	—	4,959
Payments to escrow agent	—	(47,480)	(120,162)	—	—	—	—	—	—	(93,120)
Transfers in	60,120	79,271	73,614	73,614	99,815	102,723	125,163	95,561	111,076	128,667
Transfers out	(60,120)	(79,271)	(73,614)	(73,614)	(100,272)	(102,724)	(125,163)	(95,561)	(112,076)	(128,667)
Total other financing sources (uses)	<u>10,224</u>	<u>197,974</u>	<u>21</u>	<u>4,883</u>	<u>(457)</u>	<u>54,711</u>	<u>—</u>	<u>—</u>	<u>5,239</u>	<u>(626)</u>
Special item: Proceeds from sale of capital assets	—	—	—	—	3,762	18,810	—	—	—	—
Net changes in fund balances	\$ <u>(22,411)</u>	<u>221,719</u>	<u>4,259</u>	<u>(72,269)</u>	<u>(85,482)</u>	<u>37,055</u>	<u>(7,128)</u>	<u>4,950</u>	<u>(11,938)</u>	<u>(50,721)</u>
Debt service as a percentage of noncapital expenditures	6.6	4.0	4.5	5.5	5.9	6.0	6.1	6.2	6.2	6.2 %

Schedule 5

FULTON COUNTY, GEORGIA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Public Utilities</u>	<u>Personal and Business</u>	<u>Total assessed value</u>	<u>Total direct tax rate</u>	<u>Estimated actual value</u>
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
2006	40,777,348	1,091,205	6,716,879	48,585,432	40%	121,463,580
2007	46,380,413	1,090,830	6,991,764	54,463,007	40%	136,157,518
2008	49,883,106	1,108,038	7,256,388	58,247,532	40%	145,618,831
2009	50,156,181	1,119,093	7,403,437	58,678,711	40%	146,696,778
2010	47,152,996	1,067,474	6,999,360	55,219,830	40%	138,049,576
2011	45,294,177	1,067,474	7,166,610	53,528,261	40%	133,820,653

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

- (1) A special full value homestead exemption is allowed on owner-occupied residences of persons who are age 70 or over who meet certain income requirements. This exemption applies only to Fulton County taxes. State and school taxes are not exempt.
- (2) A regular homestead exemption is allowed on all owner-occupied homes, except for purposes of school and bond tax levies.
- (3) An exemption is allowed on qualifying real property devoted to agricultural or historic purposes.
- (4) A 100% Freeport exemption exists on applicable business inventories.
- (5) Assessed values are established by the Fulton County Board of Tax Assessors on January 1 of each year.
- (6) An exemption is allowed for property used in or which is a part of any facility for the primary purpose of eliminating or reducing air or water pollution if the facilities have been certified by the Georgia Department of Natural Resources.
- (7) The 2010 values have been updated due to the receipt of a certified digest.

Schedule 6

FULTON COUNTY, GEORGIA

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

Operating and Bond Levies

(Rate per \$1,000 Assessed Value)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Fulton County direct:										
General & bond	10.55	10.28	10.28	10.28	10.28	11.47	11.65	11.65	12.32	12.81
School	18.50	18.50	17.50	17.50	18.09	18.11	18.11	17.61	18.06	18.77
Special Services district	—	—	—	3.87	3.87	4.61	4.73	4.73	4.31	4.47
South Fulton tax district	<u>8.97</u>	<u>8.16</u>	<u>8.16</u>	<u>5.66</u>	<u>5.66</u>	<u>5.73</u>	—	—	—	—
Total direct	<u>38.02</u>	<u>36.94</u>	<u>35.94</u>	<u>37.31</u>	<u>37.90</u>	<u>39.92</u>	<u>34.49</u>	<u>33.99</u>	<u>34.69</u>	<u>36.05</u>
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Municipalities:										
City of Atlanta	11.94	11.94	11.94	8.80	8.92	9.44	9.57	10.02	10.51	10.86
Downtown Development district	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.20	3.60	2.50
City of Atlanta school district	21.69	21.69	21.69	21.69	22.69	22.70	20.52	20.98	21.57	21.78
Atlanta-DeKalb library	—	—	—	—	—	—	—	—	—	1.47
City of Alpharetta	5.75	5.75	5.75	5.75	6.25	6.60	7.00	7.00	7.00	7.23
City of College Park	11.56	11.56	9.56	9.56	9.56	9.56	9.56	9.56	9.56	9.56
City of East Point	13.75	14.75	14.75	14.75	14.75	12.37	12.37	12.37	12.50	15.00
City of Fairburn	9.93	7.50	5.00	5.00	5.00	5.45	5.45	5.75	6.00	6.00
City of Hapeville	16.61	16.61	16.61	16.61	16.61	12.61	12.61	12.61	9.61	9.61
City of Mountain Park	10.78	11.78	11.78	11.78	11.78	9.89	9.92	6.95	7.00	5.76
City of Palmetto	8.45	8.45	8.45	8.50	4.50	4.50	4.50	4.50	4.50	4.50
City of Roswell	5.46	5.46	5.46	5.46	5.66	6.09	6.09	6.09	5.17	5.43
City of Union city	10.24	9.50	9.50	9.50	9.50	7.50	7.50	7.50	7.50	7.50
City of Sandy Springs	4.73	4.73	4.73	4.73	4.73	4.73	—	—	—	—
City of Milton	4.73	4.73	4.73	4.73	4.73	—	—	—	—	—
City of John's Creek	4.61	4.61	4.61	4.61	4.61	—	—	—	—	—
City of Chattahoochee Hills	10.96	10.96	10.96	—	—	—	—	—	—	—

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

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2011*:			
Development Authority of Fulton County	\$ 958,054,135	1.79%	\$ 9,849,755
Georgia Power	393,189,828	0.73%	4,042,385
Coca Cola	215,524,841	0.40%	2,215,811
AT&T	183,267,851	0.34%	1,884,177
BellSouth Telecommunications	143,310,755	0.27%	1,473,378
BF ATL, LLC	135,349,360	0.25%	1,391,527
Delta Airlines	128,422,871	0.24%	1,320,316
Post Apartment Homes	124,885,991	0.23%	1,283,953
SunTrust Plaza Associates LLC	96,150,900	0.18%	988,527
IEP Peachtree LLC	91,879,110	0.17%	944,609
Total ten major taxpayers	<u>\$ 2,470,035,642</u>	4.61%	<u>\$ 25,394,438</u>
(1) Total County gross assessed value	<u>\$ 53,528,260,715</u>		

*Taxes and assessments based on values at time of presentment

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2002:			
BellSouth Telecommunications	\$ 466,573,480	1.22%	10,531,232
Coca Cola Company	299,400,870	0.79%	\$ 6,606,296
American Telephone & Telegraph	161,662,492	0.42%	5,238,149
Delta Airlines	134,358,460	0.35%	4,903,365
Post Apartment Homes	131,297,090	0.34%	4,130,096
International Business Machines	129,997,050	0.34%	3,914,638
Ford Motor Company	108,107,980	0.28%	2,770,104
Concourse V	67,440,700	0.18%	2,651,094
Georgia Power	66,027,066	0.17%	2,321,298
Hodges MD	50,434,930	0.13%	1,842,472
Total ten major taxpayers	<u>\$ 1,615,300,118</u>	4.24%	<u>\$ 44,908,744</u>
(1) Total County gross assessed value	<u>\$ 38,116,234,000</u>		

Source: Fulton County Tax Commissioner.

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
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	100.7	8,637	2.3
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
2006	414,871	391,563	94.4	19,183	410,746	99.0	8,290	2.0
2007	414,657	385,257	92.9	17,709	402,966	97.2	16,179	3.9
2008	(1) 451,295	409,951	90.8	24,407	434,358	96.2	19,966	4.4
2009	(2) 463,906	406,758	87.7	43,475	450,233	97.1	24,634	5.3
2010	(3) 422,255	411,352	97.4	56,896	468,248	110.9	17,076	4.0
2011	(3) 388,373	371,795	95.7	6,111	377,906	97.3	17,069	4.4

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2002	\$ 8,994	\$ 8,830	98.2 %	\$ 428	\$ 9,258	102.9 %	\$ 366	4.1%
2003	9,302	9,164	98.5	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
2006	2,663	2,497	93.8	155	2,652	99.6	118	4.4
2007	—	—	—	115	115	—	148	—
2008	(1) —	—	—	36	36	—	85	—
2009	(2) —	—	—	11	11	—	47	—
2010	(3) —	—	—	9	9	—	18	—
2011	(3) 12,040	11,541	95.9	2	11,543	95.9	12	0.1

Source: Fulton County Tax Commissioner's office

(1) 2008 due date October 31 as opposed to normal due date of October 15

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

(3) 2010 & 2011 due date October 31 as opposed to normal due date of October 15

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2002	\$ 45,744	45,022	98.4 %	\$ 1,797	\$ 46,819	102.4 %	\$ 885	1.9%
2003	47,425	46,985	99.1	1,116	48,101	101.4	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
2006	— *	—	—	2,200	2,200	—	1,302	—
2007	— *	—	—	307	307	—	1,054	—
2008	— *	—	—	561	561	—	419	—
2009	— *	—	—	6	6	—	307	—
2010	— *	—	—	9	9	—	191	—
2011	— *	—	—	6	6	—	60	—

* State law required the Special Service district to bill and collect by geographic areas of unincorporated Fulton County since 2006, see Schedule 8-C.

Source: Fulton County Tax Commissioner's office

FULTON COUNTY, GEORGIA

Northeast Special Service Sub-District Fund Property Tax Levy and Collections
Last Five Fiscal Years
(in thousands)

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 14,198	\$ 13,601	95.8 %	\$ N/A	\$ 13,601	95.8 %	\$ N/A	N/A
2007	80	67	83.8	375	442	552.5	139	173.8%
2008 (1)	1	1	100.0	93	94	9,400.0	56	5600.0%
2009 (2)	—	—	—	25	25	—	25	—
2010 (3)	—	—	—	4	4	—	18	—
2011 (3)	—	—	—	1	1	—	14	—

FULTON COUNTY, GEORGIA

Northwest Special Service Sub-District Fund Property Tax Levy and Collections
Last Six Fiscal Years
(in thousands)

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 7,077	\$ 6,723	95.0 %	\$ N/A	\$ 6,723	95.0 %	\$ N/A	N/A
2007	—	—	—	222	222	—	98	—
2008 (1)	—	—	—	62	62	—	41	—
2009 (2)	—	—	—	8	8	—	28	—
2010 (3)	—	—	—	19	19	—	12	—
2011 (4)	—	—	—	3	3	—	7	—

FULTON COUNTY, GEORGIA

South Fulton Special Service District Fund Property Tax Levy and Collections
Last Six Fiscal Years
(in thousands)

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 18,141	\$ 16,659	91.8 %	\$ N/A	\$ 16,659	91.8 %	\$ N/A	N/A
2007	18,542	16,704	90.1	1,085	17,789	95.9	529	2.9%
2008 (1)	18,896	16,487	87.3	1,185	17,672	93.5	867	4.6
2009 (2)	27,279	22,657	83.1	2,577	25,234	92.5	864	3.2
2010 (3)	22,964	21,905	95.4	4,044	25,949	113.0	1,169	5.1
2011 (4)	21,406	19,827	92.6	681	20,508	95.8	1,340	6.3

Source: Fulton County Tax Commissioner's office

(1) 2008 due date October 31 as opposed to normal due date of October 15

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

(3) 2010 & 2011 due date October 31 as opposed to normal due date of October 15

FULTON COUNTY, GEORGIA
 Computation of Direct and Overlapping Debt
 as of December 31, 2011

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct debt:			
Fulton County Library bonds	\$ 165,563,819	100	165,563,819
Building Authority of Fulton County	\$ 21,629,171	100 %	21,629,171
Fulton County Urban Redevelopment Agency	30,458,000	100	30,458,000
Total direct debt	<u>\$ 217,650,990</u>		<u>217,650,990</u>
Contractual obligations and overlapping contractual obligations:			
Fulton County School District	134,370,000	100	134,370,000
Municipalities:			
Alpharetta	26,220,000	100	26,220,000
Atlanta (including School District)	230,680,000	97	223,759,600
Hapeville	10,085,000	100	10,085,000
Union City	11,185,000	100	11,185,000
Roswell	22,180,000	100	22,180,000
College Park Business and Industrial Development Authority	2,545,000	100	2,545,000
The Fulton-DeKalb Hospital Authority*:			
Revenue Refunding Certificates			
Series 2003	154,745,000	68.109	105,395,272
Series 2010	15,330,000	100	15,330,000
Series 2011	15,480,000	100	15,480,000
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 2010	120,730,000	98	118,315,400
Zoo Series 2007	17,910,000	98	17,551,800
East Point Building Authority	73,920,000	100	73,920,000
Total overlapping debt	<u>\$ 835,380,000</u>		<u>776,337,072</u>
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations	<u>\$ 1,053,030,990</u>		<u>993,988,062</u>

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

FULTON COUNTY, GEORGIA
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Governmental Activities						Business-type activities						Total Debt Primary Government	
	General Obligation bonds	Fulton County Building Authority bonds	Fulton County Facilities Corporation bonds	Fulton County Urban Redevelopment Agency bonds	Other long-term capital leases	Total Governmental activities	% of Personal Income	Per Capita debt (not in thousands)	Water & Sewerage Revenue Bonds	Water & Sewerage Note payable	Total Business-type activities	Estimated Water/Sewer connections		Debt per estimated connection
2002	\$ 41,469	110,439	140,606		37,207	329,721	1.65%	753.94	319,369	1,322	320,691	88,841	3,610	650,412
2003	35,473	102,370	136,190		39,840	313,873	1.58%	712.59	312,371	1,198	313,569	91,323	3,434	627,442
2004	24,077	95,132	131,547		35,914	286,670	2.07%	978.26	598,371	1,065	599,436	91,823	6,528	886,106
2005	14,381	84,644	126,688		31,648	257,361	1.84%	907.94	589,949	923	590,872	101,001	5,850	848,233
2006	9,428	72,545	121,597		80,895	284,465	1.74%	897.98	581,003	771	581,774	101,840	5,713	866,239
2007	4,581	61,674	116,254		74,135	256,644	1.62%	835.28	571,458	609	572,067	102,000	5,609	828,711
2008	1,760	51,186	110,639		72,231	235,816	1.47%	785.79	561,277	435	561,712	102,000	5,507	797,528
2009	—	39,913	118,678		64,342	222,933	1.48%	748.34	550,422	250	550,672	102,000	5,399	773,605
2010	169,469	27,765	117,788	26,441	61,882	403,345	1.84%	1,023.65	538,956	52	539,008	102,500	5,259	942,353
2011	165,564	21,629	109,448	30,458	61,264	388,363	1.79%	976.35	538,775	—	538,775	102,500	5,256	927,138

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

Sources:

Personal Income and Population data from Schedule 15 - Demographic statistics

Schedule 11

FULTON COUNTY, GEORGIA
Ratios of General Obligation Debt Outstanding
Last Ten Fiscal Years
(in thousands)

Fiscal Year	General Obligation bonds*	Less debt service funds	Net bonded debt	Assessed value for bond purposes	Percentage of actual taxable value	Net bonded debt per capita (not in thousands)
2002	\$ 41,469	29,927	11,542	36,474,277	0.03 %	\$13.38
2003	35,473	30,443	5,030	38,902,270	0.01	5.71
2004	24,077	20,808	3,269	40,910,888	0.01	3.61
2005	14,381	13,086	1,295	42,496,898	—	1.39
2006	9,428	11,045	—	46,570,435	—	—
2007	4,581	6,600	—	51,893,006	—	—
2008	1,760	3,429	—	55,482,952	—	—
2009	—	—	—	55,717,671	—	—
2010	169,469	—	169,469	53,981,561	0.31	184.09
2011	165,564	1,240	164,324	50,762,207	0.32	173.05

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

Sources:

Population data from Schedule 15 - Demographic statistics

Schedule 12

FULTON COUNTY, GEORGIA
Schedule of Revenue Bond Coverage
Fulton County Water and Sewerage System
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year</u>	<u>Operating revenues*</u>	<u>Operating expenses*</u>	<u>Net earnings</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2002	\$ 100,720	45,015	55,705	7,590	16,653	24,243	2.30
2003	100,046	50,480	49,566	8,040	16,198	24,238	2.04
2004	123,676	56,703	66,973	8,655	30,163	38,818	1.73
2005	121,032	60,540	60,492	9,180	29,636	38,816	1.56
2006	122,378	63,288	59,090	9,740	29,077	38,817	1.52
2007	(1) 167,245	70,221	97,024	10,335	29,077	39,412	2.46
2008	110,949	66,929	44,020	10,965	27,851	38,816	1.13
2009	119,875	76,779	43,096	11,555	27,262	38,817	1.11
2010	121,562	75,381	46,181	12,160	26,654	38,814	1.19
2011	120,454	72,996	47,458	8,157	25,419	33,576	1.41

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

(1) 2007 includes one-time revenues of approximately \$32 million for sale of future wastewater treatment capacity to other municipalities.

Schedule 13

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

Assessed value	\$ 53,528,261
Less:	
Applicable property tax exemptions	<u>(2,766,054)</u>
Assessed value for bond purposes	<u>50,762,207</u>
Debt limit 10% of assessed value	5,076,221
Less amounts of debt applicable to the limit:	
General Obligation debt outstanding	165,564
less available debt service funds	<u>(1,240)</u>
Total amount applicable to debt limit	<u>164,324</u>
Legal Debt Margin	<u>\$ 4,911,897</u>

	Debt Limit	Total net bonded debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2002	3,647,427	11,542	3,635,885	0.32%
2003	3,890,227	5,030	3,885,197	0.13%
2004	4,091,088	3,269	4,087,819	0.08%
2005	4,249,689	1,295	4,248,394	0.03%
2006	4,657,046	—	4,657,046	0.00%
2007	5,189,301	—	5,189,301	0.00%
2008	5,548,295	—	5,548,295	0.00%
2009	5,571,767	—	5,571,767	0.00%
2010	5,398,156	169,469	5,228,687	0.32%
2011	5,076,221	164,324	4,911,897	0.33%

Schedule 14

FULTON COUNTY, GEORGIA
Demographic Information
Last Ten Fiscal Years

Fiscal Year	Fulton County Population	Per capita personal Income	Fulton County Personal Income (in thousands)	Unemployment Rate
2002	862,679	\$ 45,733	\$ 39,452,835	4.9 %
2003	880,514	45,202	39,800,989	5.8
2004	905,802	47,163	42,720,319	5.5
2005	934,242	49,291	46,049,314	5.9
2006	964,649	51,476	49,656,730	5.1
2007	992,137	51,552	51,146,432	4.9
2008	1,014,932	53,579	54,379,042	6.4
2009	1,033,756	50,474 (1)	52,177,800	9.9
2010	920,581	55,729 (1)	51,302,609	10.5
2011	949,599	54,566 (1)	51,815,635 (2)	9.8

Population data from U.S. Census Bureau midyear population estimates

Income data from U.S. Bureau of Economic Analysis

(1) 2011 was not available at time of print, 2010's total was revised to reflect Bureau of Economic Analysis data. 2011's estimate is based on an assumption of 1.0% growth

(2) Annual unemployment rates from the Georgia Department of Labor

FULTON COUNTY, GEORGIA

Principal Employers
Current Year and Nine Years Ago

	<u>Employees*</u>	<u>Percentage of County employment**</u>
Ten major employers-within Atlanta Metro Statistical area - 2008 (latest data available):		
Delta Airlines	22,257	4.95%
AT&T	21,915	4.87%
Cox Enterprises	13,583	3.02%
Bellsouth Corp	15,500	3.45%
United Parcel Service	10,745	2.39%
United States Postal Service	14,000	3.11%
Fulton County School system	12,777	2.84%
Atlanta City Municipal Government	7,934	1.76%
Georgia Institute of Technology	7,342	1.63%
IBM Corporation	7,500	1.67%

* From the Metro Atlanta Chamber of Commerce publication "Metro Atlanta Overview" these statistics could include employees working in other areas outside Fulton County.

Ten major employers of 2002:

AT&T Technologies
BellSouth Corporation
Cobb County School System
DeKalb County School System
Delta Airlines
Emory University and Hospitals
Gwinnett County School System
Wal-Mart Stores
The Kroger Company
Publix Supermarkets

* From the Metro Atlanta Chamber of Commerce, these statistics categorized employers based on size and did not include specific employee counts

Schedule 16

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Police</u>	<u>Fire</u>	<u>Emergency Services (911)</u>	<u>Water & Sewerage</u>	<u>All Other</u>	<u>Total Government</u>
2002	4,343	359	447	108	333	1,055	6,645
2003	4,370	339	448	111	312	1,049	6,629
2004	4,348	339	448	111	321	1,041	6,608
2005	4,281	367	447	115	315	985	6,510
2006	4,368	298	345	114	326	931	6,382
2007	4,356	230 *	223 *	109	344	811	6,073
2008	4,561	198 *	186 *	109	345	816	6,215
2009	4,475	160	153	97	322	625	5,832
2010	4,249	154	142	74	302	537	5,458
2011	4,245	153	142	73	302	556	5,471

Sources: Fulton County Budget Book

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

FULTON COUNTY, GEORGIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Atlanta/Fulton County Library										
Circulation-checked out	3,054,633	3,115,000	2,844,584	3,117,535	3,234,537	3,306,002	3,470,279	4,203,681	4,007,431	4,167,728
New library cards issued	79,559	84,000	183,232	211,621	68,975	75,900	-	-	-	-
Database inquiries (hits)						475,237	1,075,941	Unavailable	Unavailable	Unavailable
Human Services:										
Meals - Older Americans Act	520,330	530,330	553,336	582,184	603,222	444,435	406,051	1027*	1451*	1451*
*No of people served										
Health and Wellness:										
Total Nursing services visits	120,500	121,500	118,231	118,211	105,308	208,216	230,715	84,170 ⁽²⁾	79,900 ⁽²⁾	96,341
Food service inspections	6,161	6,470	6,885	7,230	6,653	7,318	7,703	5,572	5,380	6,500
⁽²⁾ clients receiving services										
Transportation: Roadway miles paved	35	20	30	30	30	—	36	Unavailable	Unavailable	Unavailable
911 Emergency Communications calls:	457,831	465,411	407,629	440,707	562,338	649,890	481,916	782,896	546,518	700,000 (est)
Water and Sewerage fund:										
Wastewater average flows										
in millions of gallons per day:										
Camp Creek	13.11	13.50	12.45	14.53	15.25	14.13	14.41	14.96	16.24	15.63
John's Creek	6.08	6.50	5.04	5.05	5.80	4.18	3.61	8.17	4.45	3.57
Big Creek	20.90	21.50	22.11	23.23	23.98	20.08	19.99	22.80	19.91	17.91
Little River	0.78	0.85	0.86	0.84	1.09	0.69	0.68	0.92	0.94	0.84

*not available

Source: Fulton County Budget book

FULTON COUNTY, GEORGIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Atlanta/Fulton County Library Branches, including main facility	33	33	34	34	34	34	34	34	34	34
Health and Wellness: Health centers	16	14	12	12	12	12	12	12	12	12
Jail and detention centers	3	3	3	3	3	3	3	3	3	3
Fire Stations	21	21	21	21	19	15*	15*	15*	15*	15*
Water and Sewerage fund: Wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
Water treatment plant - (joint venture)	1	1	1	1	1	1	1	1	1	1
County owned roadways (in miles)	1,794	1,794	1,794	1,794	1,386	736	556	684	684	684

*Three stations leased by municipalities, one in renovation in 2011

**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**

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 Members of the Board of Commissioners
Fulton County, Georgia:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (“the County”) as of and for the year ended December 31, 2011, which collectively comprise the County’s basic financial statements and have issued our report thereon dated June 29, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Fulton-Dekalb Hospital Authority, as described in our report on the County’s basic financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

PJC Group, LLC

June 29, 2012