

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2004**

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, 2004

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, 2004

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**FULTON COUNTY
GEORGIA
2004**

BOARD OF COMMISSIONERS OF FULTON COUNTY

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

Clerk of Commission

Mark Massey

County Manager

Thomas C. Andrews

County Attorney

Overtis Hicks Brantley

Director of Finance and Budget Officer

Patrick J. O'Connor

Purchasing Agent

Jerome Noble

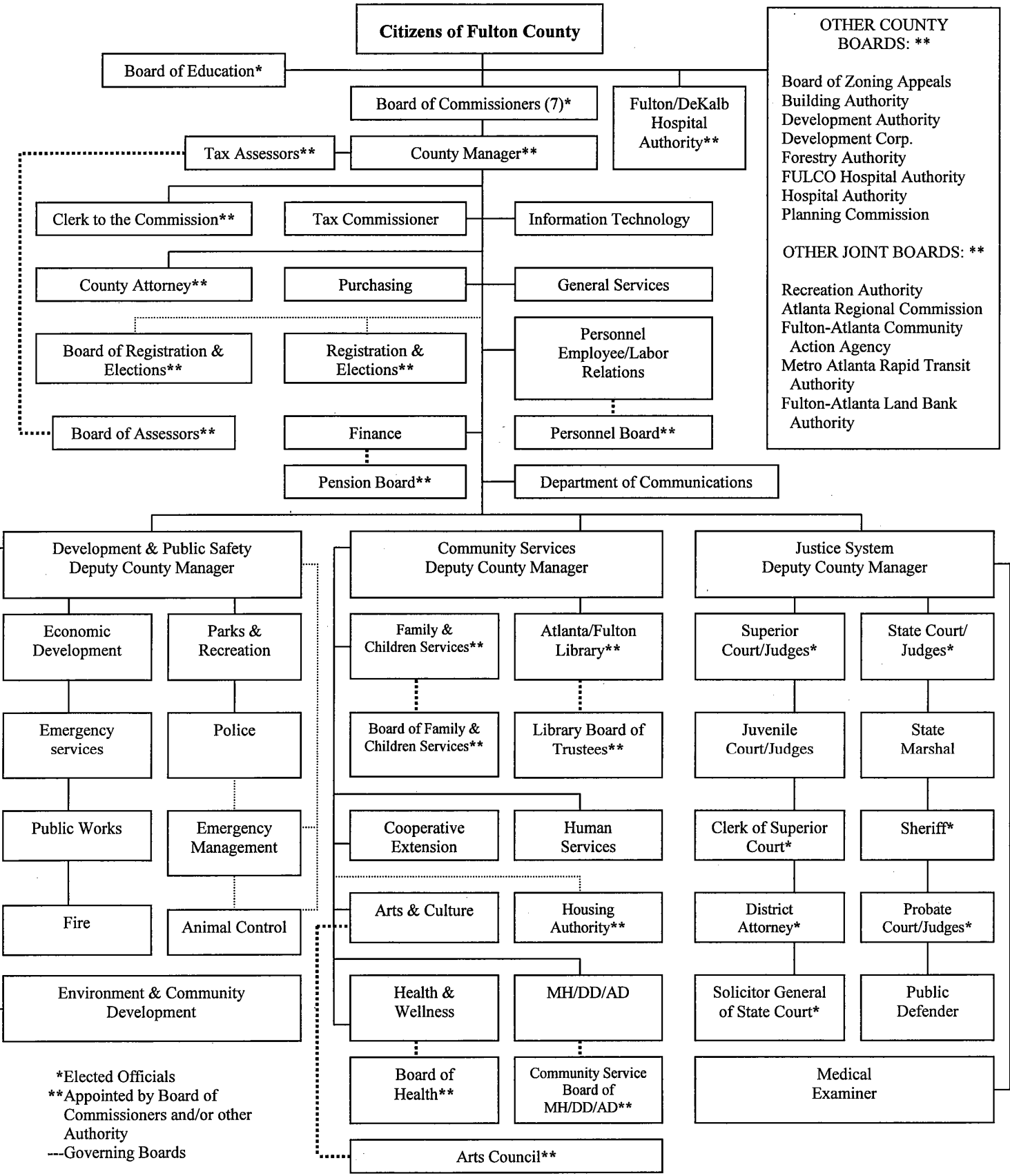
Tax Commissioner

Dr. Arthur Ferdinand

County Auditor

Mauldin & Jenkins LLC

Organizational Chart of Fulton County Government



- OTHER COUNTY BOARDS: ****
- Board of Zoning Appeals
 - Building Authority
 - Development Authority
 - Development Corp.
 - Forestry Authority
 - FULCO Hospital Authority
 - Hospital Authority
 - Planning Commission
- OTHER JOINT BOARDS: ****
- Recreation Authority
 - Atlanta Regional Commission
 - Fulton-Atlanta Community Action Agency
 - Metro Atlanta Rapid Transit Authority
 - Fulton-Atlanta Land Bank Authority

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

LETTER OF TRANSMITTAL



DEPARTMENT OF FINANCE

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

June 30, 2005

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, 2004, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County financial activities are included.

Profile of the Government

Fulton is the most populous county in the State of Georgia with 852,500 residents, which is approximately 10% of the entire State's population. 72% of our residents live within ten municipalities, including the City of Atlanta. The County provides a full range of services to these citizens including a comprehensive court system, a full range of public health and human services and facilities, and library services to all citizens. The unincorporated section of Fulton County comprises 28% of the county population, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, storm water and sewerage collection and disposal, and building inspection and code enforcement services. These separate services are financed through the County's Special Service District Fund, which has an independent millage rate from the County's General Fund, which finances operations for County wide activities.

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

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

ECONOMIC CONDITIONS AND OUTLOOK

The Georgia State University Economic Forecasting Center publishes quarterly data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area is showing some signs of improvement. In a summary from the May 2005 publication, Dr. Rajeev Dhawan, Director of the Georgia State University's Economic Forecasting Center believes the area's economic position remains "truly health and stable", with both positive economic factors as well as other sectors of concern in the local economy. Positive job growth is expected to continue throughout 2005 and 2006. Mr. Dhawan expected a gain of 73,000 jobs statewide in 2005 with another 85,000 jobs emerging in 2006. Jobs paying higher wages (over \$50,000) are expected to increase by 6,400 in 2005 with another 8,400 jobs in 2006. Professional and business services, education, and health services will be the larger contributors of job growth to the state and local economy. According to the report, Georgia unemployment declined to an overall 4.6% in 2004 but is expected to rise slightly to 4.9% in 2005, but steady to 4.8% for 2006.

Other indicators of local economic health have seen a continued short term decline. This report indicates that building permits in Atlanta will continue to decline throughout 2005 to 2007. The local transportation sector also shows uncertainty with Delta continuing to experience difficulties with the rapidly rising cost of fuel. However, the State of Georgia's 2006 gubernatorial election year is expected to see additional state spending of \$1 billion which will create new jobs at various state agencies.

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 2005 publication.

Our sales tax collections, a leading economic indicator, increased significantly by 8.0% in 2004 to \$68,086,000 from the 2003 total of \$63,035,000. The sales tax collections from January through May of 2005 of \$28,909,000 show an additional increase of 4.8% as compared to the same period in 2004, which also demonstrates economic improvement in the metro Atlanta area.

The challenge for metro Atlanta governments like Fulton County is to understand these economic trends and determine ways to continue to provide quality services. The County is primarily dependent on property tax and sales tax collections for three fourths of total revenues, followed by license and fee revenues and grants. Prior year financial planning and conservative financial decisions have placed Fulton County in a relatively strong financial position as compared to other governments who are primarily dependent on sales tax revenues. Local governments that do not enjoy strong fiscal health are forced to make major strategic decisions in a slowing economy. The County is evaluating our short and long term financial needs and how recent legislative changes in our unincorporated section will impact our services.

FINANCIAL INFORMATION

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

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

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

As a recipient of federal, state, and local financial assistance, the County is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is subject to periodic evaluation by management and by the Internal Audit staff of the County's Finance Department.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

BUDGETARY CONTROLS

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. Activities of the General Fund and Special Services District Fund are included in the annual budget.

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

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

FIDUCIARY OPERATIONS

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

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

CASH MANAGEMENT

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

No investment is leveraged, and the County does not enter into reverse repurchase agreements for the purpose of investment speculation. Deposits are safeguarded by federal deposit insurance and collateralization. All collateral on deposits are held either by the County, its agents, or a financial institution's trust department in the County's name. Approximately 85% of the cash equivalents and investments held by the County for government wide activities during the year and at December 31, 2004, are classified in the category of lowest credit risk, as defined by the Government Accounting Standards Board. Remaining investments are held in the County's name either by the counterpart financial institution's trust department or by a securities and exchange commission-registered brokerage firm. The average rate of return for general government investments for 2004 was 1.53%, which was approximately 19 basis points over the average 3 month treasury bill rate.

RISK MANAGEMENT

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

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

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

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Mauldin & Jenkins LLC was selected by the County's Board of Commissioners to fulfill this requirement. In addition to meeting the requirements set forth in the State statutes, the accounting firm of Singleton & Jordan, PJC Group was selected to audit 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, 2003. This was the eighteenth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

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

Sincerely,



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fulton County,
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zielle

President

Jeffrey R. Enos

Executive Director

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FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (the "County") as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority (the "Authority"), which statements reflect total assets (in thousands) of \$519,721 as of December 31, 2004, and total revenues (in thousands) of \$617,460 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority in the component unit column, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fulton County, Georgia as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Special Services District 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 30, 2005 on our consideration of Fulton County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2005

**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, 2004. 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. The County has restated some prior year data based on our review of prior water and sewerage system asset information and General fund deferred revenue accounts, which is discussed in Footnote 16 to the financial statements. The data presented within this section related to the prior year has been amended where necessary to accurately show comparative information based on these infrastructure amendments. All financial information contained in this section is in thousands of dollars.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year by \$2,140,386 (*net assets*). Of this amount, \$480,190 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. The County's total net assets increased by \$81,554 during 2004. Business type activities produced \$32,096 of the increase while the governmental activities experienced an increase of \$49,458.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$299,615, an increase of \$4,950 in comparison with the previous year. The County's General Fund and Special Service District Fund, both major funds, generated net assets of \$14,300, while Other Governmental funds decreased \$9,350. It is important to recognize that the governmental fund financial statements differ from the Statement of Activities primarily because cash resources used for capital outlay are treated as expenditures in the governmental funds statements, but are capitalized and not considered expenditures in the statement of activities.

At the close of the fiscal year, total fund balance for the General Fund was \$106,444, of which \$40,943 has been designated for future year expenditures based on Board resolution. The remaining \$65,501 is available to meet the government's other ongoing obligations to citizens and creditors. A prior period adjustment of \$10,453 was made to the General fund to recognize sales taxes receivable that were originally recorded as deferred revenue rather than earned revenue as of December 31, 2003. The Special Service District's ending fund balance was \$21,419 which has been designated for future year expenditures based on Board resolution.

The County's total long term liabilities increased by \$251,075 in 2004, primarily due to the \$287 million issuance of 2004 Water and Sewerage System revenue bonds recorded as a business-type activity. Long-term liabilities related to general governmental activities decreased by \$34,703. Long-term liabilities related to business-type activities increased by \$285,778.

The County's capital assets used for governmental activities were valued at \$1,210,009, of which \$41,398 are under construction. Business-type capital assets totaled \$838,610, of which \$40,492 is currently under construction. No interest was required to be capitalized in 2004. Depreciation is based on useful life of the underlying asset using the straight line method. The County amended the estimated value of historical cost of water and sewerage infrastructure during 2004, which yielded a net adjustment of \$17,775 and is shown as a prior period adjustment on the Statement of Activities within business-type activities.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

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

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

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

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

Proprietary fund statements

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

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

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

Fiduciary fund statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The two funds are the County's defined benefit retirement plan, which is administered by the County with the assistance of professional fund managers, and various agency funds. These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-59 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining statements and schedules can be found on pages 60-72 of this report.

Government-wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total		% Change
	2004	2003	2004	2003	2004	2003	
Current and other assets	\$ 444,050	446,646	674,063	399,224	1,118,113	845,870	32
Capital assets	1,210,009	1,200,599	838,610	799,077	2,048,619	1,999,676	2
Total Assets	<u>1,654,059</u>	<u>1,647,245</u>	<u>1,512,673</u>	<u>1,198,301</u>	<u>3,166,732</u>	<u>2,845,546</u>	11
Current liabilities	45,935	53,876	15,678	19,180	61,613	73,056	(16)
Long-term liabilities	363,938	398,641	600,795	315,017	964,733	713,658	35
Total Liabilities	<u>409,873</u>	<u>452,517</u>	<u>616,473</u>	<u>334,197</u>	<u>1,026,346</u>	<u>786,714</u>	30
Net Assets:							
Invested in capital assets, net of related debt	932,446	896,321	607,009	604,365	1,539,455	1,500,686	3
Restricted	78,932	129,112	41,809	31,795	120,741	160,907	(25)
Unrestricted	232,808	169,295	247,382	227,944	480,190	397,239	21
Total Net Assets	<u>\$ 1,244,186</u>	<u>1,194,728</u>	<u>896,200</u>	<u>864,104</u>	<u>2,140,386</u>	<u>2,058,832</u>	4

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

The County has approximately \$860 million in cash and investments, of which approximately \$410 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$111 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 \$480 million and are available to be used to meet the County's ongoing obligations to citizens and creditors.

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

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

	Governmental Activities		Business-type Activities		Total		Percent Change
	2004	2003	2004	2003	2004	2003	
Revenues:							
Program revenues:							
Charges for services	\$ 81,468	68,590	119,138	97,823	200,606	166,413	21 %
Operating grants and contributions	57,732	58,855	-	-	57,732	58,855	(2)
Capital grants and contributions	25,205	48,123	8,954	12,969	34,159	61,092	(44)
General revenues:							
Taxes	577,675	579,430	-	-	577,675	579,430	(0)
Intergovernmental	15,475	15,790	-	-	15,475	15,790	(2)
Other charges for services	12,204	12,707	-	-	12,204	12,707	(4)
Use of money and property	16,439	13,837	3,826	6,538	20,265	20,375	(1)
Miscellaneous	8,775	1,757	714	1,519	9,489	3,276	190
Total revenues	<u>794,973</u>	<u>799,089</u>	<u>132,632</u>	<u>118,849</u>	<u>927,605</u>	<u>917,938</u>	1
Expenses:							
Administration	100,089	101,552	-	-	100,089	101,552	(1)
Public Safety	177,082	174,471	-	-	177,082	174,471	1
Legal	112,916	107,698	-	-	112,916	107,698	5
Infrastructure & facilities	67,431	61,116	-	-	67,431	61,116	10
Social services	111,306	118,008	-	-	111,306	118,008	(6)
Health services	158,414	158,087	-	-	158,414	158,087	0
Interest and debt costs	18,277	19,161	-	-	18,277	19,161	(5)
Water & Sewerage	-	-	99,571	90,781	99,571	90,781	10
Airport services	-	-	965	806	965	806	20
Total expenses	<u>745,515</u>	<u>740,093</u>	<u>100,536</u>	<u>91,587</u>	<u>846,051</u>	<u>831,680</u>	2
Change in net assets	49,458	58,996	32,096	27,262	81,554	86,258	(5)
Beginning net assets	<u>1,194,728</u>	<u>1,135,732</u>	<u>864,104</u>	<u>836,842</u>	<u>2,058,832</u>	<u>1,972,574</u>	4
Ending net assets	<u>\$ 1,244,186</u>	<u>1,194,728</u>	<u>896,200</u>	<u>864,104</u>	<u>2,140,386</u>	<u>2,058,832</u>	4

Analysis of governmental activities

Net assets of the governmental activities of the County increased by \$49,458 in 2004, as compared to \$58,996 in 2003. Property and sales taxes remain the primary source of revenue for the County, while charges for services, operating grants and capital contributions comprise the other components of revenues for governmental activities. Capital contributions from developers for infrastructure decreased approximately \$23 million in 2004, but interest revenues increased \$2.6 million due to higher rates.

Overall, the expenditures for governmental activities saw little change from 2003, experiencing a total overall increase of less than 1%. Public safety expenditures continue to be the County's largest outlay of

resources, which includes the Sheriff's office with related court security and jail costs, police, fire, medical examiner and emergency communications (911). Legal includes civil and criminal courts and related departments that serve the court system and experienced slight increases in 2004. Health services are the County's second largest expenditure. This includes the County's health centers and mental health services that are available to all County residents. This includes the County's \$80 million payment to Grady Hospital, also known as the Fulton DeKalb Hospital Authority, which provides health services to the entire region, regardless of ability to pay. Also significant in purpose and effort is social services. This includes costs to render assistance to the elderly and poor, cultural enrichment, provide libraries and parks to citizens, and community support where necessary. Administration includes executive and legislative functions, along with supporting services of assessing, billing and collecting property taxes, human resources, legal, finance, and information technology. Infrastructure and facilities is the County's public works and public building management, including roadway and transportation networks, drainage, landfill maintenance and a host of other related efforts.

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

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. A \$287 million Water and Sewerage System Revenue bond was issued in late 2004 to expand the wastewater treatment facilities of the System. A 5% rate increase was been approved for 2004. The Fulton County Airport-Brown field fund accounted for a minimal amount of business-type activity.

Governmental Funds Financial Analysis

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term flows, outflows, and balances of resources available to spend. Revenues for the two major funds, General and Special Service District, did increase slightly from the previous year, and expenditure outlays decreased from 2003 which resulted in an increase of fund balance for both major funds of \$14,300. The general and special service district funds reported combined ending fund balances of \$127,863, of which \$65,501 is undesignated as noted earlier in this analysis. Additionally, the other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities that yielded a decrease of \$9,350 to the prior year fund balances, largely due to capital project expenditures. Total non-major governmental fund balances were \$171,752 at year end. Of this amount, \$87,267 is designated for capital projects, \$32,598 is reserved for debt service, \$17,232 is reserved for encumbrances, and \$34,655 is designated for various other activities and grants.

Budgetary Highlights and Control

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. Activities of the General Fund and Special Services District Fund are included in the annual budget.

The 2004 General Fund budget was adopted at approximately \$603 million, 2.0% lower than the previous year's budget.

Actual revenues exceeded budgeted revenues due to the legal manner in which the General Fund can budget property tax revenues, which is based on the previous year actual collections rather than on anticipated assessment growth. Actual expenditures fell short of budgetary appropriations largely due to a year long hiring freeze.

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

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of year-end amounts to \$1,539,455 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding to finance acquisition of these assets. Business type activities added substantial projects for water and sewer system improvements in 2004 primarily consisting of the Camp Creek Wastewater treatment facility. As noted earlier, the Water and Sewerage system fund amended the total for capital assets during 2004 by \$17,775 and is discussed further in footnote 16.

	Governmental Activities		Business-type Activities		Total		Percent Change	%
	2004	2003	2004	2003	2004	2003		
Capital assets not being depreciated:								
Land & land improvements	\$ 68,541	67,095	34,573	34,573	103,114	101,668	-	
Construction in progress	41,398	47,394	40,492	105,928	81,890	153,322	(47)	
Capital assets, shown net of depreciation:								
Equipment	33,183	39,462	4,088	5,574	37,271	45,036	(17)	
Buildings and improvements	383,649	389,357	1,705	1,842	385,354	391,199	(1)	
Roadway network	683,238	657,291	-	-	683,238	657,291	4	
Water System	-	-	131,352	129,403	131,352	129,403	-	
Sewerage system	-	-	626,400	521,757	626,400	521,757	20	
Total net capital assets	\$ 1,210,009	1,200,599	838,610	799,077	2,048,619	1,999,676	2	

Significant capital additions consist of receiving \$23.5 million of donated roadway networks from developers in the governmental activities. The Water and Sewerage System also reclassified construction in progress to water and sewerage system assets, along with receiving approximately \$9 million in developer built water and sewer mains during 2004.

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 43.

Debt Administration

At December 31, 2004, the County had a number of debt issues outstanding. These issues, in thousands, included \$24,077 of General Obligation Bonds including accreted interest; \$598,371 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and \$95,132 of Building Authority Revenue Bonds (net of unaccreted premiums/discounts). The County has maintained an AA rating from Standard & Poor's Corporation, AA rating from Fitch Investor Services, and an Aa3 rating from Moody's Investors Service on general obligation bond issues. Under existing state statutes, the County's general obligation bonded debt issuances are subject to a legal limitation based on 10% of total assessed value of real and personal property. As of December 31, 2004, the County's general obligation bonded debt of \$24,077 less reserves of \$20,808 was below the legal limit by \$4,087,820.

At December 31, 2004, total other capital leases totals \$35,914, along with a liability for post-closure landfill care of \$15,614.

The Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$131,547 as of December 31, 2004, which decreased by principal paid in 2004 of \$4,700.

The 1995 General Obligation bond was called and retired during 2004, and the 1996 General Obligation bond of \$2,060 is anticipated to be called and retired during 2005.

The most significant debt activity for 2004 was the \$287 million Water and Sewerage Revenue bonds, which yielded bond proceeds to primarily fund wastewater system capacity improvements as well as water service projects within the System's service areas. The bond issue costs and premiums received are being amortized in accordance with prevailing accounting standards.

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

Requests for Information

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

**BASIC
FINANCIAL
STATEMENTS**

FULTON COUNTY, GEORGIA

Statement of Net Assets

December 31, 2004

(in thousands of dollars)

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Fulton-DeKalb Hospital Authority
Current Assets:				
Cash and cash equivalents	\$ 210,937	57,353	268,290	6,100
Investments	124,042	59,458	183,500	4,009
Receivables (net of allowances):				
Taxes	43,382	—	43,382	—
Interest	6	—	6	—
Accounts	77	9,380	9,457	86,570
Due from other governments, net	4,846	2,919	7,765	104,142
Other current assets	8,074	—	8,074	20,525
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	—	181,145	181,145	2,254
Investments	—	228,499	228,499	38,037
Interest receivable	—	1,113	1,113	—
Investment in joint venture	—	73,124	73,124	—
Capital assets (non-depreciable)	109,939	75,065	185,004	5,273
Capital assets (net of accumulated depreciation)	1,100,070	763,545	1,863,615	249,787
Other non-current assets	52,686	61,072	113,758	3,024
Total assets	1,654,059	1,512,673	3,166,732	519,721
Liabilities:				
Accounts payable and accrued expenses	31,076	2,888	33,964	168,472
Accrued interest	1,218	—	1,218	—
Due to others	4,881	—	4,881	—
Claims payable	6,608	—	6,608	39,342
Unearned revenue	2,152	—	2,152	—
Liabilities (payable from restricted assets):				
Contracts and other payables	—	12,056	12,056	—
Deferred revenue	—	734	734	1,925
Non-current liabilities:				
Due within one year	55,846	9,485	65,331	14,505
Due in more than one year	308,092	591,310	899,402	264,562
Total liabilities	409,873	616,473	1,026,346	488,806
Net Assets:				
Invested in capital assets, net of related debt	932,446	607,009	1,539,455	(24,065)
Restricted for debt retirement	32,598	41,809	74,407	—
Restricted for construction	45,766	—	45,766	—
Restricted for other purposes	568	—	568	40,648
Unrestricted	232,808	247,382	480,190	14,332
Total net assets	\$ 1,244,186	896,200	2,140,386	30,915

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2004

(In thousands of dollars)

Functions/Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets			Fulton-DeKalb Hospital Authority
					Governmental activities	Primary Government Business-type activities		
Primary Government								
Governmental activities:								
Administration	\$ 100,089	32,350	—	—	(67,739)	(67,739)	—	
Public safety	177,082	5,295	—	—	(171,787)	(171,787)	—	
Legal	112,916	28,580	1,559	—	(82,777)	(82,777)	—	
Infrastructure and facilities	67,431	1,037	1,490	25,205	(39,699)	(39,699)	—	
Social services	111,306	3,773	15,523	—	(92,010)	(92,010)	—	
Health services	158,414	10,433	39,160	—	(108,821)	(108,821)	—	
Interest and other debt related costs	18,277	—	—	—	(18,277)	(18,277)	—	
Total governmental activities	745,515	81,468	57,732	25,205	(581,110)	(581,110)	—	
Business-type activities:								
Water and sewerage services	99,571	118,287	—	8,954	27,670	27,670	—	
Airport	965	851	—	—	(114)	(114)	—	
Total business-type activities	100,536	119,138	—	8,954	27,556	27,556	—	
Total primary government	846,051	200,606	57,732	34,159	(581,110)	(553,554)	—	
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	627,866	416,357	79,007	—	—	—	(132,502)	
Total component unit	627,866	416,357	79,007	—	—	—	(132,502)	
General revenues:								
Property taxes					493,829	493,829	—	
Sales taxes					68,949	68,949	—	
Other taxes					14,897	14,897	—	
Intergovernmental not restricted for specific programs					15,475	15,475	105,279	
Commission on tax collections					12,204	12,204	—	
Use of money and property					16,439	20,265	1,631	
Miscellaneous					8,775	9,489	15,186	
Total general revenues					630,568	635,108	122,096	
Changes in net assets					49,458	32,096	(10,406)	
Net assets - beginning, previously reported					1,194,728	881,879	41,321	
Prior period adjustments - Note 16					(17,775)	(17,775)	—	
Net assets - beginning					1,194,728	864,104	41,321	
Net assets - ending					1,244,186	896,200	30,915	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
Governmental Funds
December 31, 2004

(in thousands of dollars)

	<u>General</u>	<u>Special Service District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 53,565	24,792	107,083	185,440
Investments	49,686	—	74,356	124,042
Receivables (net of allowances):				
Taxes	31,290	11,857	235	43,382
Interest	6	—	—	6
Accounts	—	—	77	77
Due from other governments	954	—	3,892	4,846
Due from other funds	—	244	—	244
	<u>135,501</u>	<u>36,893</u>	<u>185,643</u>	<u>358,037</u>
Total assets	\$ 135,501	36,893	185,643	358,037
Liabilities:				
Accounts payable	\$ 17,649	4,580	8,599	30,828
Due to other funds	—	—	244	244
Due to others	—	—	4,881	4,881
Deferred revenue	11,408	10,894	167	22,469
	<u>29,057</u>	<u>15,474</u>	<u>13,891</u>	<u>58,422</u>
Total liabilities	29,057	15,474	13,891	58,422
Fund Balances:				
Reserved for encumbrances	—	—	17,232	17,232
Reserved for debt service	—	—	32,598	32,598
Unreserved, reported in:				
General fund:				
Designated	40,943	—	—	40,943
Undesignated	65,501	—	—	65,501
Special Revenue funds:				
Designated	—	21,419	34,655	56,074
Capital Projects funds:				
Designated	—	—	87,267	87,267
	<u>106,444</u>	<u>21,419</u>	<u>171,752</u>	<u>299,615</u>
Total fund balances	106,444	21,419	171,752	299,615
	<u>\$ 135,501</u>	<u>36,893</u>	<u>185,643</u>	<u>358,037</u>
Total liabilities and fund balances	\$ 135,501	36,893	185,643	358,037

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, 2004

(in thousands of dollars)

Fund Balances - total governmental funds	\$	299,615
<p>Amounts reported for governmental activities in the Statement of Net Assets are different from amounts reported for governmental funds in the Balance Sheet because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in governmental funds:</p>		
Capital assets:		
Land		68,541
Buildings		644,744
Equipment		89,602
Roadway network		928,611
Construction in progress		41,398
Less Accumulated Depreciation		<u>(562,887)</u>
Total capital assets, net of accumulated depreciation		1,210,009
<p>Net pension asset at year end that is not a financial resource used in governmental activities and therefore not reported in governmental funds.</p>		
		50,477
<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		(132,115)
Building Authority bonds payable		(94,548)
Less unamortized deferred charges on bonds, net		(16)
Less deferred charges for issuance costs		2,209
General obligation bonds payable		(24,077)
Compensated absences		(45,525)
Other long term capital leases		(35,914)
Claims and judgments		(16,129)
Landfill closure and postclosure costs		(15,614)
Accrued interest		(1,218)
<p>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.</p>		
		26,715
<p>Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		<u>20,317</u>
Net assets - total governmental activities	\$	<u>1,244,186</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, 2004

(In thousands of dollars)

	<u>General</u>	<u>Special Service District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 498,221	76,288	3,376	577,885
Intergovernmental	17,794	2,326	54,750	74,870
Charges for services	19,709	3,792	17,664	41,165
Courts and law enforcement	19,037	154	9,389	28,580
Use of money and property	8,151	2,875	5,450	16,476
Licenses and permits	—	23,927	—	23,927
Miscellaneous	2,965	921	4,889	8,775
Net (depreciation) appreciation in investments	(8)	13	(42)	(37)
Total revenues	<u>565,869</u>	<u>110,296</u>	<u>95,476</u>	<u>771,641</u>
Expenditures:				
Current:				
Administration	78,358	13,381	1,352	93,091
Public safety	84,534	66,174	13,175	163,883
Legal	102,370	—	—	102,370
Infrastructure and facilities	37,136	802	3,234	41,172
Social services	60,221	13,096	33,909	107,226
Health services	80,345	—	74,269	154,614
Other nonagency	26,372	2,372	75	28,819
Capital outlay	—	—	30,122	30,122
Debt service:				
Principal retirement	1,525	—	27,937	29,462
Interest	843	—	15,089	15,932
Total expenditures	<u>471,704</u>	<u>95,825</u>	<u>199,162</u>	<u>766,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>94,165</u>	<u>14,471</u>	<u>(103,686)</u>	<u>4,950</u>
Other financing sources (uses):				
Transfers in	1,170	—	94,391	95,561
Transfers out	(88,714)	(6,792)	(55)	(95,561)
Total other financing sources (uses)	<u>(87,544)</u>	<u>(6,792)</u>	<u>94,336</u>	<u>—</u>
Net change in fund balances	6,621	7,679	(9,350)	4,950
Fund balance at beginning of year	<u>89,370</u>	<u>13,740</u>	<u>181,102</u>	<u>284,212</u>
Prior period adjustments - Note 16	<u>10,453</u>	<u>—</u>	<u>—</u>	<u>10,453</u>
Fund balance at beginning of year, as restated	<u>99,823</u>	<u>13,740</u>	<u>181,102</u>	<u>294,665</u>
Fund balance at end of year	\$ <u>106,444</u>	<u>21,419</u>	<u>171,752</u>	<u>299,615</u>

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, 2004

(in thousands of dollars)

Net change in fund balances - governmental funds \$ 4,950

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures Changes in Fund Balances, because:

Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:

Acquisition of capital assets	30,654
Depreciation expense	(44,785)
Donations of capital assets recorded as capital contributions in the government-wide statements, but not recorded within governmental funds	23,542

Bond proceeds provide current financial resources to governmental funds, but the issuance of debt increases long-term liabilities for governmental activities. Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized for governmental activities:

Tax Anticipation Note proceeds	(47,900)
Tax Anticipation Note payments	47,900
Principal repayments	29,462
Amortization of bond issue costs	(282)
Amortization of bond discount	41
Change in accrued interest	36
Accreted interest on capital appreciation bonds	(2,140)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences	628
Claims and judgments	6,189
Landfill closure costs	522
Net pension asset	1,313

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds. (210)

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. (462)

Change in net assets - governmental activities \$ 49,458

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 495,521	495,521	505,986	10,465
Sales Tax	63,000	63,000	68,086	5,086
Appropriated Fund Balance	44,932	44,932	(4,525)	(49,457)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 603,453</u>	<u>603,453</u>	569,547	<u>(33,906)</u>
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			4,952	
To record net change in interest receivable and depreciation of investments			1,323	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(13,308)	
Appropriated Fund Balance			4,525	
Total adjustment to GAAP basis			<u>(2,508)</u>	
Total revenues and other sources, GAAP basis			<u>567,039</u>	
Expenditures:				
Board of Commissioners	\$ 3,088	3,088	2,448	640
Clerk to the Commission	1,034	1,051	1,023	28
County Manager	8,354	8,354	7,715	639
Economic Development	2,030	2,030	1,753	277
Finance	6,223	6,223	5,381	842
Information Technology	22,445	23,177	22,248	929
Personnel	4,068	4,068	3,898	170
Purchasing	2,553	2,606	2,112	494
County Attorney	3,740	3,740	3,274	466
Tax Assessor	11,637	11,637	11,157	480
Tax Commissioner	12,485	12,472	11,296	1,176
Department of Communications	1,027	1,027	910	117
Environment and Community Development	3,084	2,969	2,711	258
Registration and Elections	6,144	6,411	6,194	217
Emergency Communications - 911 transfer	6,915	6,915	6,915	—
Police	4,103	4,103	3,889	214
Sheriff	80,026	80,999	80,980	19
Medical Examiner	3,484	3,484	3,123	361
Superior Court Judges	4,261	4,261	3,952	309
Superior Court-General	19,031	19,031	18,335	696
Superior Court Clerk	13,707	14,008	12,898	1,110
State Court Judges	3,606	3,606	3,429	177
State Court-General	11,477	11,477	10,938	539
State Court Solicitor	5,550	5,550	4,940	610

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Juvenile Court	13,966	13,816	13,187	629
Probate Court	2,380	2,380	2,176	204
County Marshal	5,112	5,112	4,695	417
District Attorney	19,243	19,093	17,836	1,257
Public Defender	10,775	10,775	9,419	1,356
General Services	31,416	31,361	28,332	3,029
Public Works	17,187	17,187	15,261	1,926
Human Services	26,412	26,406	25,090	1,316
Arts Council	5,699	5,699	5,339	360
Family and Children Services	14,284	14,284	14,284	—
Cooperative Extension	478	478	465	13
Library	30,933	30,400	27,588	2,812
Health fund transfer	27,068	27,068	24,046	3,022
Fulton-DeKalb Hospital Authority (Grady Hospital)	80,345	80,345	80,345	—
Non-agency	78,083	76,762	69,965	6,797
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 603,453</u>	<u>603,453</u>	569,547	<u>33,906</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			4,179	
Expenditures incurred on behalf of reimbursing funds for indirect costs			<u>(13,308)</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 560,418</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue per Budget Law	\$ 94,919	94,919	97,650	2,731
Insurance Premium Tax	9,070	9,070	8,763	(307)
Appropriated Fund Balance	4,967	4,967	(4,704)	(9,671)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 108,956</u>	<u>108,956</u>	101,709	<u>(7,247)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			3,883	
Appropriated fund balance			4,704	
Total adjustment to GAAP basis			<u>8,587</u>	
Total revenues and other sources, GAAP basis			<u>\$ 110,296</u>	
Expenditures and other uses:				
Fire	\$ 33,788	33,788	33,291	497
Police	25,788	25,788	25,166	622
Parks and Recreation	11,940	11,940	11,415	525
Environment and Community Development	13,355	13,355	12,024	1,331
Public Works	2,235	2,235	2,107	128
Tax Commissioner	1,351	1,351	1,105	246
Economic Development	571	571	555	16
Information Technology	612	612	536	76
Non agency	19,316	19,316	15,510	3,806
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 108,956</u>	<u>108,956</u>	101,709	<u>7,247</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			908	
Total expenditures and other uses, GAAP basis			<u>\$ 102,617</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets
Proprietary Funds

December 31, 2004

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	\$ 56,445	908	57,353	25,497
Investments	59,458	—	59,458	—
Accounts receivable (net of allowance)	9,380	—	9,380	—
Due from other governments, net	2,919	—	2,919	—
Other current assets	—	—	—	8,074
Restricted assets:				
Cash and cash equivalents	181,145	—	181,145	—
Investments	228,499	—	228,499	—
Interest receivable	1,113	—	1,113	—
Total current assets	<u>538,959</u>	<u>908</u>	<u>539,867</u>	<u>33,571</u>
Noncurrent assets:				
Investment in joint venture	73,124	—	73,124	—
Nondepreciable capital assets	47,156	27,909	75,065	—
Depreciable capital assets (net of accumulated depreciation)	761,787	1,758	763,545	—
Other assets	61,072	—	61,072	—
Total noncurrent assets	<u>943,139</u>	<u>29,667</u>	<u>972,806</u>	<u>—</u>
Total assets	<u>1,482,098</u>	<u>30,575</u>	<u>1,512,673</u>	<u>33,571</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets (continued)
Proprietary Funds

December 31, 2004

(In thousands of dollars)

Liabilities and Net Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 2,099	—	2,099	248
Accrued liabilities	1,477	—	1,477	—
Claims payable	—	—	—	6,608
	<u>3,576</u>	<u>—</u>	<u>3,576</u>	<u>6,856</u>
Current liabilities (payable from restricted assets):				
Contracts and other payables	12,056	—	12,056	—
Revenue bonds payable - current	8,655	—	8,655	—
Deferred revenue	734	—	734	—
Note payable - current	142	—	142	—
	<u>21,587</u>	<u>—</u>	<u>21,587</u>	<u>—</u>
Total current liabilities	<u>25,163</u>	<u>—</u>	<u>25,163</u>	<u>6,856</u>
Non-current liabilities:				
Revenue bonds payable - noncurrent	589,716	—	589,716	—
Note payable	923	—	923	—
Other long-term liabilities	671	—	671	—
Total non-current liabilities	<u>591,310</u>	<u>—</u>	<u>591,310</u>	<u>—</u>
Total liabilities	<u>616,473</u>	<u>—</u>	<u>616,473</u>	<u>6,856</u>
Net Assets:				
Invested in capital assets, net of related debt	577,342	29,667	607,009	—
Restricted for debt retirement	41,809	—	41,809	—
Unrestricted	246,474	908	247,382	26,715
Total net assets	<u>\$ 865,625</u>	<u>30,575</u>	<u>896,200</u>	<u>26,715</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise fund	Total Enterprise Funds	Activities- Internal Service Funds
Operating revenues:				
Charges for services	\$ —	851	851	78,597
Sewerage charges	89,023	—	89,023	—
Water charges	29,264	—	29,264	—
Total operating revenues	118,287	851	119,138	78,597
Operating expenses:				
Administrative and general	5,905	46	5,951	19,790
Depreciation and amortization	20,814	264	21,078	—
Personal services	16,366	409	16,775	—
Contractual services	14,525	246	14,771	59,269
Operating services	21,224	—	21,224	—
Total operating expenses	78,834	965	79,799	79,059
Operating income (loss)	39,453	(114)	39,339	(462)
Non-operating revenues (expenses):				
Gain on investment in joint venture	714	—	714	—
Interest income	3,826	—	3,826	—
Interest expense	(20,737)	—	(20,737)	—
Total non-operating revenues (expenses)	(16,197)	—	(16,197)	—
Income (loss) before contributions	23,256	(114)	23,142	(462)
Capital contributions	8,954	—	8,954	—
Change in net assets	32,210	(114)	32,096	(462)
Net assets at beginning of year, before restatement	851,190	30,689	881,879	27,177
Prior period adjustment - Note 16	(17,775)	—	(17,775)	—
Net assets at beginning of year, as restated	833,415	30,689	864,104	27,177
Net assets at end of year	\$ 865,625	30,575	896,200	26,715

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and sewerage system fund</u>	<u>Other Enterprise fund</u>	<u>Total Enterprise Funds</u>	<u>Activities- Internal Service Funds</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 118,795	851	119,646	78,597
Payments to suppliers	(43,689)	(293)	(43,982)	(82,080)
Payments to employees	(16,342)	(409)	(16,751)	—
Net cash provided by (used in) operating activities	<u>58,764</u>	<u>149</u>	<u>58,913</u>	<u>(3,483)</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(28,635)	—	(28,635)	—
Principal and interest payments on notes payable	(210)	—	(210)	—
Proceeds from issuance of revenue bonds	293,511	—	293,511	—
Bond issuance costs paid	(3,492)	—	(3,492)	—
Additions to property, plant, and equipment	(51,352)	—	(51,352)	—
Net cash provided by capital and related financing activities	<u>209,822</u>	<u>—</u>	<u>209,822</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(287,957)	—	(287,957)	—
Purchase of investment in joint venture	(12,330)	—	(12,330)	—
Proceeds from sale of investments	138,479	—	138,479	—
Interest received on investments	4,568	—	4,568	—
Net cash used in investing activities	<u>(157,240)</u>	<u>—</u>	<u>(157,240)</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	111,346	149	111,495	(3,483)
Cash and cash equivalents at beginning of year	<u>126,244</u>	<u>759</u>	<u>127,003</u>	<u>28,980</u>
Cash and cash equivalents at end of year	<u>\$ 237,590</u>	<u>908</u>	<u>238,498</u>	<u>25,497</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 39,453	(114)	39,339	(462)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	20,814	264	21,078	—
Changes in assets and liabilities:				
Changes in customer receivables - net	(649)	—	(649)	—
Other assets	1,457	—	1,457	(639)
Change in due from other governments - net	1,279	—	1,279	—
Accounts and claims payable	(1,465)	—	(1,465)	(2,382)
Accrued liabilities	24	—	24	—
Deferred revenue	(122)	—	(122)	—
Contractual and other liabilities	(2,027)	(1)	(2,028)	—
Net cash provided by (used in) operating activities	<u>\$ 58,764</u>	<u>149</u>	<u>58,913</u>	<u>(3,483)</u>
Non-cash transactions:				
Unrealized loss on investments	\$ 1,933	—	—	—
Donated capital assets contributed by outside sources	8,954	—	—	—
Gain on investment in joint venture	714	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2004

(In thousands of dollars)

	Pension trust fund	Agency funds
Assets:		
Cash and cash equivalents	\$ 27,380	53,515
Investments, at fair value:		
U.S. government securities	164,586	—
Corporate stocks	566,815	—
Corporate bonds	149,718	—
Mutual fund investments	105,459	—
Foreign government bonds	734	—
Real estate investment contracts	116	—
Taxes receivable (net of allowance)	—	29,090
Interest receivable	3,946	—
Accounts receivable	1,201	—
	1,019,955	82,605
Total assets		
 Liabilities:		
Due to other taxing districts	—	39,896
Due to others	18	42,709
	18	82,605
Total liabilities		
 Net Assets:		
Net Assets held in trust for pension benefits, (A schedule of funding progress is presented on page 57)	1,019,937	—
Total net assets	\$ 1,019,937	—

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, 2004

(In thousands of dollars)

	Pension Trust Fund
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 68,315
Interest and dividends	22,856
Less: investment expenses	<u>(2,582)</u>
Net investment income	88,589
Employee contributions	7,065
Employer contributions	30,185
Contributions from other participating governments	935
Other income	<u>271</u>
Total additions	<u>127,045</u>
Deductions:	
Benefit payments	51,871
Transfer of plan assets to 401(A) plan or other plans	1,705
Refunds of contributions to terminated employees	824
Administrative fees and other expenses	<u>608</u>
Total deductions	<u>55,008</u>
Net increase in net assets held in trust for pension benefits	72,037
Net assets held in trust for pension benefits:	
Beginning of year	<u>947,900</u>
End of year	<u>\$ 1,019,937</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, 2004

(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, 2004

(1) Summary of Significant Accounting Policies (continued)

Discretely Presented Component Unit - The Fulton-DeKalb Hospital Authority (the "Hospital Authority") is governed by a ten-member board, of which seven members are appointed by the County's Board of Commissioners. Fulton County provided \$80.35 million in funding to the Hospital Authority during 2004. The County also expended approximately \$3.2 million for ambulatory care to the Hospital Authority during 2004.

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

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

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

Joint Ventures

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

Under the joint venture agreement, the County guarantees one-third of the Recreation Authority's debt in the event the Recreation Authority should be unable to meet its debt service obligations. In prior years, the County has had to provide debt service funding under such guarantee. (Debt service payments, when required, are made from the County's General Fund.) The joint venture debt specific to the Arena is secured from various sources, including a pledge of the operating revenues of the facility pursuant to an Operator Revenue Security Agreement with the arena operator. The arena debt is also secured through a Guarantee Agreement with the professional sports franchise for an aggregate amount not to exceed \$60 million and an irrevocable letter of standby credit of \$15 million. The debt related to the zoo utilizes a separate guarantor agreement.

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

Atlanta Regional Commission - The County is a joint venture partner with the Atlanta Regional Commission based on GASB Statement No. 14. Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Membership in a Regional Development Center (RDC) is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RDC in Georgia. The County paid dues in the amount of \$612 to the ARC for the year ended December 31, 2004. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Complete financial statements of the RDC may be obtained at the following address:

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

Atlanta-Fulton County Water Resources Commission - The Atlanta-Fulton County Water Resource Commission is a joint venture between the County and the City of Atlanta for the construction and operation of a water treatment facility in north Fulton County. The County and the City share equally the costs of construction of the plant, and each is entitled to receive 50% of the total water supply treated by the plant or 50% of the plant's capacity, whichever is greater. The costs of operation of the plant were borne pro rata by the City and the County on the basis of water delivered to each party. A \$70 million storage capacity project, known as Phase 2.5, is currently under construction and funded equally by the County and the City. Total expenditures for this project totaled approximately \$12.3 million during 2004. The County incurred charges of approximately \$2.9 million in 2004 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, 2004, the County's share of the depreciated cost of the facility is shown as "Investment in joint venture" in the accompanying statement of net assets.

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

Cost-Sharing Arrangements

In February 2003, the County entered into a cost-sharing arrangement with neighboring Cobb County, Georgia. The County paid \$58 million for the purchase of capacity for 50 years plus any unallocated reserve capacity at actual cost from the R.L Sutton wastewater treatment plant and the new underground conveyance system that delivers sewerage to this facility. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. This cost is shown within other assets on the financial statements of the Water and Sewerage System fund, and is being amortized over 40 years using the straight-line method. Amortization of this intangible asset, approximately \$1.4 million annually, is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary funds.

In 1996 the County had previously entered into a \$5 million cost sharing agreement with the City of Union City, Georgia for the sale of 1.5 million gallons of daily capacity for a 50 year period. Union City is to share in the cost of annual capital improvements to deliver this capacity on a pro rata basis. In 2004 an additional \$1.4 million was remitted to the County per this agreement from Union City. In September of 2004 the County also received \$4.3 million related to a cost-sharing arrangement with the City of Fairburn for the sale of 1 million gallons of daily capacity for 15 years with a renewable option for a five year period. These receipts of \$5.7 million are recorded as sewerage charge revenue in the Proprietary fund statement of Revenues, Expenses and Changes in Fund Net Assets on page 22.

(b) *Accounting Pronouncements*

The County adopted GASB Statement No. 39, *Determining Whether Certain Organization Are Component Units*, required for fiscal period beginning after June 15, 2003, in fiscal 2004. No additional organizations were required to be included in the government-wide financial statements of the County. The Fulton-DeKalb Hospital Authority had previously implemented GASB 39 for an affiliated nonprofit entity.

The County plans to adopt GASB Statement No. 40, *Deposit and Investment Risk Disclosures – amendment of GASB Statement No.3*, required for fiscal period beginning after June 15, 2004, in fiscal 2005. This statement amends current categories of investments to better inform financial statement users about deposit and investment risk that could affect a government's ability to provide services and meet obligations when they are due.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires governments to evaluate a capital asset for impairment upon occurrence of physical damage, changes in legal or environmental factors, technological changes or obsolescence, changes in manner or duration of use on construction stoppage. We will implement procedures to detect and record material events of this nature. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2004.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

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

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

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

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

(c) Government-Wide and Fund Financial Statements

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary, fiduciary and agency fund financial statements. Revenues are recorded when earned and expenses are

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

Special Service District Fund

The Special Service District Fund accounts for operations of the County's police, fire and recreation and economic development departments. Financing is provided by a specific annual property tax levy and fees and charges for services. Collections for this fund are restricted for use in the unincorporated sections of Fulton County.

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 the only non-major proprietary fund:

Fulton County Airport-Brown field

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

The County reports the following fiduciary funds:

Fulton County Employees' Retirement System

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

Agency Funds

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

The County reports the following other fund types:

Internal Service funds

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

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

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

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

(f) *Inventories*

Inventories of the government funds are recorded as expenditures at the time of purchase (purchase method).

Inventories of the Hospital Authority, which are primarily pharmaceuticals and supplies, are valued at the lower of cost or market. Cost is determined on an average cost basis for supplies and first in, first out basis for pharmaceuticals.

(g) *Interfund Receivables/Payables*

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

(h) *Capital Assets*

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

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2004.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

(j) *Restricted Assets*

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

(k) *Compensated Absences*

County employees are granted annual leave and sick leave in varying amounts. In the event of termination, an employee is reimbursed for an accumulated annual leave up to a maximum of 360 hours. Employees are not reimbursed for accumulated sick leave if terminated prior to retirement. Therefore, accrued sick leave is not reported in the accompanying financial statements. Upon retirement, accumulated sick leave may be counted as creditable service for pension benefit purposes. Nonexempt employees who work overtime can accrue compensatory leave for each overtime hour worked, up to a specified maximum. At termination, employees are paid for any accumulated compensatory leave.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(1) Summary of Significant Accounting Policies (continued)

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 from the fund that incurred the original liability.

(l) *Estimated Claims Payable*

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

(m) *Net Patient Service Revenues*

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

(n) *Uncompensated Care*

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

(o) *Management Estimates*

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(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, 2005 are recorded as expenditures in 2004 (budget) as opposed to 2005 when obligations are due (GAAP); (4) Utilized fund balance to meet balanced budget requirements is recorded as revenue on the budgetary basis statements but not in the governmental fund statement of revenues, expenditures and changes in fund balances-governmental funds.

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

	Net changes in fund balance	
	General Fund	Special Service District Fund
GAAP basis	\$ 6,621	7,679
Adjustments to accruals:		
Tax revenues and interest receivable	(6,275)	(3,883)
Liabilities	4,179	908
Fund balance utilized	(4,525)	(4,704)
Budget basis	\$ —	—

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

- (1) Prior to November 15 of the preceding budget year, the Budget Commission, consisting of the Chairman of the Board of Commissioners, the County Manager, and the Director of Finance, receives budget requests from County departments.
- (2) 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(2) Budgetary Accounting and Compliance (continued)

- (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 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 capital projects, debt service, and all other special revenue funds as required by state law for the fiscal year ending December 31, 2005. Generally, appropriations, both encumbered and unencumbered, lapse at December 31.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2004.

(3) Cash and Investments

At December 31, 2004, the carrying amount of the County's deposits for governmental and business – type activities was (\$6,161) and the bank balances totaled \$31,001. The amount of the total bank balance is classified into three categories of custodial credit risk: (1) cash that is insured or collateralized with securities held by the County or by its agent in the County's name, (2) cash collateralized with securities held by the pledging financial institutions' trust department or agent in the County's name, and (3) uncollateralized bank accounts.

The County's above deposits are classified as follows at December 31, 2004 (in thousands):

<u>Category</u>	<u>2004 Bank balance</u>
1	\$ 996
2	30,005
Total	<u>\$ 31,001</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(3) Cash and Investments (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.

Investments and cash equivalents of the County's governmental and business-type activities are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. The following amounts were held at December 31, 2004 and are (in thousands of dollars):

	2004			Fair value
	Category			
	1	2	3	
U.S. Government Securities	\$ 749,328	22,294	—	771,622
Repurchase agreements	—	95,972	—	95,972
Total categorized investments	\$ 749,328	118,266	—	867,594

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, 2004 (in thousands of dollars):

Balances by category:	
Cash and deposits	\$ (6,161)
Cash equivalents	455,595
Investments	411,999
	\$ 861,433
Balances as presented in the Statement of Net Assets:	
Unrestricted activities:	
Cash and cash equivalents	\$ 268,289
Investments	183,500
Restricted activities:	
Cash and cash equivalents	181,145
Investments	228,499
	\$ 861,433

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(3) Cash and Investments (continued)

At December 31, 2004, the carrying amount of the County's agency funds deposits was \$39,887 while the bank balances totaled \$68,735. The cash is considered category 2 because the balances were collateralized with securities held by the pledging financial institutions' trust department or in the County's name.

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.

Cash equivalents and investments in the County's fiduciary funds are categorized below to give an indication of the level of risk assumed by the fiduciary funds at December 31, 2004 are shown below (in thousands). \$13,628 of cash equivalents reside in the County's agency funds as of December 31, 2004.

	2004			Total fair value
	Risk category			
	1	2	3	
U.S. Government securities	\$ 205,594	—	—	205,594
Corporate stocks	491,946	74,869	—	566,815
Corporate bonds	149,718	—	—	149,718
Foreign government bonds	734	—	—	734
Total categorized investments	\$ 847,992	74,869	—	922,861
Real estate investment contracts				116
Mutual fund investments				105,459
				\$ 1,028,436

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2004 (in thousands of dollars):

	2004	
	Pension Trust Fund	Agency funds
Balances by category:		
Cash and cash equivalents	\$ 27,380	53,515
Investments	987,428	—
	\$ 1,014,808	53,515

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(3) Cash and Investments (continued)

The County has entered into debt service forward delivery agreements with financial intermediaries which results in a forward swap of interest earned on amounts placed in the debt service sinking funds. In exchange for a current cash payment, the financial intermediary has the right to invest the funds on hand in the sinking fund and retain the investment earnings. The amounts received are recorded as deferred revenue in the County's financial statements, since the substance of these agreements is to effectively pay the County currently for interest that would normally be earned during later years. The deferred revenue resulting from these transactions, totaling \$389 at December 31, 2004 is being amortized over the life of the agreement under a method that approximates the effective interest method.

Hospital Authority

The carrying amount of the Hospital Authority's cash deposits with financial institutions at December 31, 2004 was \$8,354 and the bank balance was \$39,634.

The Hospital Authority's deposits are classified as follows at December 31, 2004 (in thousands of dollars):

	2004	
	<u>Bank balance</u>	
Category 1	\$	900
Category 2		<u>38,734</u>
Total bank balance	\$	<u>39,634</u>

A summary of the carrying amounts of the Hospital Authority cash, cash equivalents, and investments at December 31, 2004 is as follows (in thousands of dollars):

	December 31, 2004	
	<u>Unrestricted</u>	<u>Restricted</u>
Cash and Cash Equivalents	\$ 6,100	2,254
Investments	4,009	<u>38,037</u>
Total	\$ <u>10,109</u>	<u>40,291</u>

The Hospital Authority's investments, which are carried at fair value, and cash equivalents are categorized below to give an indication of the level of risk assumed at December 31, 2004 (in thousands):

	2004			
	Category			Fair
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
U.S. Government obligations	\$ —	17,506	—	17,506
Marketable securities	—	10,676	—	10,676
Corporate bonds & notes	—	<u>5,357</u>	—	<u>5,357</u>
Total categorized investments and cash equivalents	\$ —	<u>33,539</u>	—	33,539
Investment pools				3,697
Money market funds				<u>4,810</u>
Total investments and cash equivalents				\$ <u>42,046</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(4) Taxes

(a) Property Taxes

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

(b) Local Option Sales Tax

The County receives 35% 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. This allocation was renegotiated with municipalities within Fulton County during 2002. The impact of these negotiations yielded no significant change to the allocation to be received for Fulton County, Georgia. The anticipated incorporation of the City of Sandy Springs however will change the allocation of sales taxes received by Fulton County.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2004 are as follows (in thousands of dollars):

	<u>2004</u>
Taxes Receivable:	
General Fund	\$ 5,100
Special Service District Fund	400
Other Governmental funds - Debt Service Fund	100
Agency Funds	<u>12,300</u>
	\$ <u>17,900</u>
Accounts Receivable – Water and Sewerage System Fund	\$ <u>353</u>

(6) Due from Other Governments

Due from other governments includes \$2,919, net of an \$18,549 reserve, due from other area municipalities to the Water and Sewerage System Fund for wastewater treatment charges, sewer use fees, water line construction and miscellaneous surcharges not yet remitted to the County at December 31, 2004. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$3,892 for federal financial assistance related to various grantor receivables. The General fund also has \$954 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(7) Capital Assets and Infrastructure

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

	January 1, 2004	Increases	Decreases	December 31, 2004
Capital assets not being depreciated:				
Land and land improvements	\$ 67,095	1,635	(189)	68,541
Construction in progress	47,394	11,070	(17,066)	41,398
Total capital assets not being depreciated	114,489	12,705	(17,255)	109,939
Capital assets being depreciated:				
Equipment	83,912	5,690	—	89,602
Buildings and other improvements	636,523	8,221	—	644,744
Roadway network	883,777	44,834	—	928,611
Total capital assets being depreciated	1,604,212	58,745	—	1,662,957
Less accumulated depreciation for:				
Equipment	(44,450)	(11,969)	—	(56,419)
Buildings and other improvements	(247,166)	(13,929)	—	(261,095)
Roadway network	(226,486)	(18,887)	—	(245,373)
Total accumulated depreciation	(518,102)	(44,785)	—	(562,887)
Net capital assets being depreciated	1,086,110	13,960	—	1,100,070
Net capital assets- governmental activities	\$ 1,200,599	26,665	(17,255)	1,210,009

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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(7) Capital Assets and Infrastructure (continued)

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

	<u>January 1,</u> <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2004</u>
Airport fund:				
Capital assets not being depreciated:				
Land and land improvements	\$ 27,909	—	—	27,909
Total capital assets not being depreciated	<u>27,909</u>	<u>—</u>	<u>—</u>	<u>27,909</u>
Capital assets being depreciated:				
Equipment	1,109	1	—	1,110
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	<u>6,566</u>	<u>1</u>	<u>—</u>	<u>6,567</u>
Less accumulated depreciation for:				
Equipment	(930)	(127)	—	(1,057)
Buildings and other improvements	(3,615)	(137)	—	(3,752)
Total accumulated depreciation	<u>(4,545)</u>	<u>(264)</u>	<u>—</u>	<u>(4,809)</u>
Net capital assets being depreciated	<u>2,021</u>	<u>(263)</u>	<u>—</u>	<u>1,758</u>
Net capital assets-Airport fund	<u>\$ 29,930</u>	<u>(263)</u>	<u>—</u>	<u>29,667</u>
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 6,664	—	—	6,664
Construction in progress	105,928	50,961	(116,397)	40,492
Total capital assets not being depreciated	<u>112,592</u>	<u>50,961</u>	<u>(116,397)</u>	<u>47,156</u>
Capital assets being depreciated:				
Equipment	11,482	391	—	11,873
* Water system	160,777	8,074	—	168,851
* Sewerage system	654,209	117,277	—	771,486
Total capital assets being depreciated	<u>826,468</u>	<u>125,742</u>	<u>—</u>	<u>952,210</u>
Less accumulated depreciation for:				
Equipment	(6,087)	(1,751)	—	(7,838)
* Water system	(33,688)	(3,811)	—	(37,499)
* Sewerage system	(130,138)	(14,948)	—	(145,086)
Total accumulated depreciation	<u>(169,913)</u>	<u>(20,510)</u>	<u>—</u>	<u>(190,423)</u>
Net capital assets being depreciated	<u>656,555</u>	<u>105,232</u>	<u>—</u>	<u>761,787</u>
Net capital assets-Water and Sewerage System fund	<u>\$ 769,147</u>	<u>156,193</u>	<u>(116,397)</u>	<u>808,943</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(7) Capital Assets and Infrastructure (continued)

*The January 1, 2004 balances for the Water and Sewerage System fund capital assets were decreased for the water system by \$2,752 with related accumulated depreciation of \$438, and decreased for the sewerage system by \$16,792 with a decrease in accumulated depreciation of \$1,331. See footnote 16 for additional discussion related to this amendment net of accumulated depreciation of \$17,775 which is shown as a prior period adjustment.

No interest was capitalized from borrowings related to construction projects during 2004.

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

Governmental activities:	
Administration	\$ 2,589
Public Safety	5,438
Legal	5,698
Infrastructure and facilities	25,362
Social services	5,180
Health services	<u>518</u>
Total depreciation expense, governmental activities	<u>\$ 44,785</u>
Business-type activities:	
Water and Sewerage	\$ 20,510
Airport	<u>264</u>
Total depreciation expense, business-type activities	<u>\$ 20,774</u>

Capital assets of the Hospital Authority were as follows at December 31, 2004:

Capital assets not being depreciated:	
Land improvements	\$ 1,654
Construction in progress	3,619
Total capital assets not being depreciated	<u>5,273</u>
Capital assets being depreciated:	
Equipment	102,061
Buildings	<u>447,980</u>
Total capital assets being depreciated	550,041
Less accumulated depreciation for:	
Equipment	(48,352)
Buildings	<u>(251,902)</u>
Total accumulated depreciation	<u>(300,254)</u>
Net capital assets being depreciated	<u>249,787</u>
Total net capital assets – Hospital Authority	<u>\$ 255,060</u>

Total depreciation expense for the Hospital Authority was \$36,840. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(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, 2004 (in thousands of dollars):

	January 1, 2004	Additions	Retirements	Other*	December 31, 2004	Due within one year
Governmental activities:						
Certificates of participation	\$ 136,815	-	(4,700)	-	132,115	4,915
Less deferred charges, net	(625)	-	-	57	(568)	
Total Certificates of Participation	136,190	-	(4,700)	57	131,547	
Building Authority Revenue Bonds	101,688	-	(9,075)	1,935	94,548	11,960
Less deferred charges, net	682	-	-	(98)	584	
Total Building Authority Revenue Bonds	102,370	-	(9,075)	1,837	95,132	
General Obligation Bonds	35,473	-	(11,601)	205	24,077	7,901
Compensated absences	46,154	19,371	(20,000)	-	45,525	19,371
Other long term capital lease obligations	39,840	-	(3,926)	-	35,914	4,266
Claims and judgments	22,318	-	(6,082)	(107)	16,129	6,538
Post-closure care	16,136	-	(522)	-	15,614	895
Lines of credit	160	-	(160)	-	-	-
Total Governmental activities	\$ 398,641	19,371	(56,066)	1,992	363,938	55,846
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 318,730	287,000	(8,040)	-	597,690	8,655
Less deferred charges, net	(6,359)	6,511	-	529	681	
Total Water & Sewerage Revenue Bonds	312,371	293,511	(8,040)	529	598,371	
Note Payable	1,198	-	(133)	-	1,065	142
Other long-term liabilities	1,448	688	(777)	-	1,359	688
Total business-type activities	\$ 315,017	294,199	(8,950)	529	600,795	9,485

*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, 2004

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

Bonds Payable

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

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final maturity date</u>	<u>Outstanding Balance</u>	<u>Annual principal installments</u>	<u>Purpose</u>
1980	1 9.00%	2006	\$ 120	\$ 120	Capital facilities
1984	1 8.125	2006	4,515	4,515	County jail
1992	1 6.20-6.60	2009	2,652	248-403	Capital facilities
1993	1 5.00-5.375	2010	8,980	675-2,190	Capital facilities
1996	* 4.75-5.25	2016	2,060	140-240	Capital facilities
1997	4.75-5.25	2017	3,450	140-1,815	Capital facilities
1998	4.10-4.65	2018	2,300	130-230	Capital facilities
			<u>\$ 24,077</u>		

*The County has called the 1996 General Obligation bonds for early retirement and budgeted resources to early retire these bonds in fiscal 2005.

(1) Non-callable general obligation bonds

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

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final Maturity Date</u>	<u>Outstanding balance</u>	<u>Annual principal installments</u>
General governmental activities:				
1991 Building Authority	6.70-6.75%	2011	\$ 12,738	\$ 4,895-6,015
1995 Building Authority	4.55-6.00	2007	4,540	595-2,020
2002-A Building Authority	3.00-5.25	2014	4,695	360-580
2002-B Building Authority	2.50-5.00	2014	36,000	205-6,975
2002-C Building Authority	2.50-5.00	2010	36,575	2,340-6,645
			<u>\$ 94,548</u>	
Business-type activities:				
1992 Water and Sewerage	6.00-6.25%	2010	\$ 36,926	\$ 1,840-9,710
1998 Water and Sewerage	4.10-5.25	2027	267,967	425-20,320
2004 Water and Sewerage	2.00-5.25	2034	293,478	135-36,935
			<u>\$ 598,371</u>	

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

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

The annual requirements to amortize bonds payable as of December 31, 2004, including interest payments are as follows (in thousands of dollars):

Year Ending December 31	General Obligation Bonds		Building Authority Revenue Bonds		Water and Sewerage Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 7,901	1,284	11,960	3,756	8,655	30,163	28,516	35,203
2006	3,272	822	13,775	3,242	9,180	29,637	26,227	33,701
2007	3,226	726	12,780	2,599	9,740	29,077	25,746	32,402
2008	3,174	621	10,436	4,092	10,335	28,482	23,945	33,195
2009	2,255	329	10,347	4,445	10,965	27,851	23,567	32,625
2010-2014	2,890	785	35,250	11,137	64,135	129,938	102,275	141,860
2015-2019	1,359	112	-	-	81,935	112,141	83,294	112,253
2020-2024	-	-	-	-	103,830	90,252	103,830	90,252
2025-2029	-	-	-	-	131,320	62,745	131,320	62,745
2030-2034	-	-	-	-	167,595	26,481	167,595	26,481
Total	24,077	4,679	94,548	29,271	597,690	566,767	716,315	600,717
Deferred charges/ premiums	-	-	584	(584)	681	(681)	1,265	(1,265)
Total	\$ 24,077	4,679	95,132	28,687	598,371	566,086	717,580	599,452

In current and prior years, the County defeased certain outstanding revenue and general obligation bonds and lines of credit by placing the proceeds of new bonds and County resources in irrevocable trusts to provide for all future debt service payments on the old bonds and lines of credit. Accordingly, the trust accounts and the defeased bonds are not included in the accompanying financial statements. At December 31, 2003, the outstanding amount of bonds considered defeased totaled \$92,235.

- (3) **Covenants** - The various bond indentures contain a number of limitations and restrictions. The County's management believes that it is in compliance with all limitations and restrictions at December 31, 2004.
- (4) **Debt Margins** - The County is subject to the Municipal Finance Law of Georgia which limits the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding up to 10% of the average assessed valuation of the past five years. At December 31, 2004, the General Obligation Bonds outstanding, net of amounts available in the Debt Service Fund, related to General Obligation Bonds of \$24,077 totaled \$3,269. The statutory limit at that date was \$4,091,089 providing a debt margin of \$4,087,820.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

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

Certificates of Participation

The County entered into a capital lease obligation with the Fulton County Facilities Corporation, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement in which the County agreed to make twenty annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation as of June 30, 2004 is \$132,115 with interest rates ranging from 4.60% to 6.00%.

The annual requirements to amortize this capital lease obligation as of December 31, 2004, including interest payments of \$74,455 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>		<u>Lease Payments</u>
2005	\$	12,220
2006		12,219
2007		12,218
2008		12,218
2009		12,220
2010-2014		57,486
2015-2019		87,989
	\$	<u>206,570</u>

(d) Other Long-term Obligations - Capital Leases

The County has entered into other various capital lease obligations totaling \$35,914 with interest rates ranging from 3.95% to 7.66%. The capital leases require the County to make lease payments equal to the debt payments made by the owner of the facility or holder of the lease. The County can exercise its option to purchase each facility upon prepayment of the respective lease. Assets acquired through capital leases are \$45,149 as of December 31, 2004, of which \$6,239 is equipment and \$38,910 is recorded as buildings.

The annual requirements to amortize these other capital lease obligations as of December 31, 2004, including interest payments of \$9,649 and executory costs of \$1,624 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>		<u>Capital lease Obligation</u>
2005	\$	6,556
2006		6,692
2007		6,825
2008		5,574
2009		6,305
2010-2014		13,250
2015-2017		<u>1,985</u>
	\$	<u>47,187</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

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

(e) Note Payable

The Enterprise Funds entered into a note payable agreement with the Georgia Environmental Facilities Authority to finance construction of certain treatment facilities. The note which totals \$1,065 at December 31, 2004 is payable in quarterly installments of principal and interest and bears interest at 6.7%. The annual requirements to pay the note as of December 31, 2004 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total payments</u>
2005	\$ 142	68	210
2006	152	58	210
2007	163	47	210
2008	174	36	210
2009	185	25	210
2010-2011	249	13	262
	<u>\$ 1,065</u>	<u>247</u>	<u>1,312</u>

(f) Hospital Authority Revenue Bonds

At December 31, 2004, the Hospital Authority had the following revenue bonds outstanding (in thousands of dollars):

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final maturity date</u>	<u>Outstanding balance December 31, 2004</u>	<u>Annual principal payments</u>
2003	2.00-5.25%	2020	\$ 261,648	\$ 9,430-22,970

A summary of required principal portion of the debt service payments on these revenue bonds at December 31, 2004 (in thousands of dollars) is as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total payments</u>
2005	\$ 9,430	13,130	22,560
2006	11,855	12,307	24,162
2007	12,245	11,920	24,165
2008	12,790	11,368	24,158
2009	13,365	10,792	24,157
2010-2014	76,995	43,821	120,816
2015-2019	98,750	22,072	120,822
2020	22,970	1,198	24,168
	<u>258,400</u>	<u>126,608</u>	<u>385,008</u>
Deferred charges	<u>19,090</u>	<u>(19,090)</u>	
	<u>277,490</u>	<u>107,518</u>	<u>385,008</u>
Less deferred loss	<u>(15,842)</u>		
Long-term maturities	<u>\$ 261,648</u>		

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

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

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, 2004, the Hospital Authority's outstanding amount of bonds considered defeased in prior years totaled \$24,490 for the Authority's 1990A, 1990B, 1991 Revenue Refunding certificates.

(g) Hospital Authority Capital Lease Obligations

Capital lease obligations at December 31, 2004 consist of the following (in thousands of dollars):

Capital lease obligations, at varying rates of imputed interest collateralized by lease equipment	\$ 17,419
Less current installments of capital lease obligations	<u>(5,075)</u>
Capital lease obligations, excluding current installments	<u>\$ 12,344</u>

The Hospital Authority has entered into various capital lease agreements for equipment, which expire at various dates through 2008. At December 31, 2004, the gross amount of property, plant, and equipment recorded under capital leases is \$30,466 and the related accumulated depreciation is \$12,175.

Scheduled principal maturities on the capital lease obligations as of December 31, 2004 are (in thousands of dollars):

Year ending December 31:	
2005	\$ 5,800
2006	4,911
2007	3,547
2008	1,922
2009	1,063
2010-2014	<u>1,949</u>
	19,192
Less amounts representing interest	<u>(1,773)</u>
	<u>\$ 17,419</u>

(9) Other Long-Term Obligations

(a) Fulton County

The County owns two landfill sites within the County geographic boundaries, one of which was closed in 1992 while the other landfill was closed in 1994. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for 30 subsequent years. As of December 31, 2004, the County has estimated a liability for postclosure care costs of approximately \$15,614. The estimated costs of postclosure care are also subject to changes attributable to the effects of inflation, revision of laws, and other variables. The County payments specific to landfill postclosure care approximated \$522 in 2004, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(9) Other Long-Term Obligations

(b) Hospital Authority

The Authority engages an independent actuary to make an annual evaluation for general and professional liability risks. The provision for these risks for 2004 was \$18,218 consisting of \$13,552 of additional accruals and \$4,666 of excess insurance premiums that were charged to operating expenses in 2004. The cumulative unfunded portion of the actuarially recommended reserve is \$41,671 as of December 31, 2004. The Authority also estimated the reserve for workers' compensation liability by calculating a future reserve for compensated absences and related medical expenses for all open claims outstanding as of that date plus estimating an amount for claims incurred by not reported, which totaled \$5,100 as of December 31, 2004.

The Authority has an \$115,000 letter of credit to provide interim working capital prior to receiving the fourth quarter Indigent Care Trust Fund payment and to provide the funds for the intergovernmental transfer to the State of Georgia. \$33,000 was owed as of December 31, 2004.

(10) Interfund Assets/Liabilities and Transfers

Interfund receivable and payable balances as of December 31, 2004 are attributable to unsettled balances at year-end for charges and transfers between funds. A Non-major governmental fund owed the Special Service district fund, a major fund, \$244 as of December 31, 2004. No other balances exist as of December 31, 2004. 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):

<u>Transferred From</u>	<u>General fund</u>	<u>Transferred To</u>	
		<u>Non-Major Governmental funds</u>	<u>Total</u>
General fund	\$ —	88,714	88,714
Special Service District fund	1,170	5,622	6,792
Non-major governmental funds	—	55	55
	<u>\$ 1,170</u>	<u>94,391</u>	<u>95,561</u>

(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, 2004, which is expected to be paid after one year, is \$16,129. 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 2004. Settled claims have not exceeded commercial coverage in each of the past three fiscal years.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(11) Risk Management (continued)

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, 2004, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$4,608. At December 31, 2004, the County held \$17,433 in cash and cash equivalents available for payment of these claims.

The County has also recorded a liability within the Risk Management Fund of \$2,000 to provide for resources to insure for general, employee and vehicle liability and automobile physical damage. At December 31, 2004, the County held \$6,792 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, 2004 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
2003	\$	34,096	56,958	(61,455)	29,599
2004		29,599	54,562	(61,424)	22,737

(12) Deferred Compensation Plan

The County has adopted a deferred compensation plan (the "Plan") in accordance with the 2001 revisions of Section 457 of the Internal Revenue Code. The Plan, available to all Fulton County employees, allows an employee to voluntarily defer receipt of up to 25% of gross compensation, not to exceed \$12,000 to \$15,000 for years ending 2003 through 2006. These are based on the new provisions of the 2001 Economic Growth and Tax Relief Reconciliation Act (EGTRRA). The Plan assets are held in custodial accounts for the exclusive benefit of the Plan participants and their beneficiaries and, therefore, the plan assets and liabilities are not recorded on the financial statements of the County. Valic, ICMA, Nationwide, and CityStreet independently manage assets of the plan.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(13) Retirement Plans

(a) *County Pension Plan*

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

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(13) Retirement Plans (continued)

The required contribution percentages developed in the most recent actuarial valuations for the Plan, and the actual contributions, including contributions to the Supplemental Plan described in this note, made for 2004 are as follows (in thousands of dollars):

	<u>2004</u>
Total required employer contributions:	
Dollar amount	\$ 29,778
Percent of covered payroll	25.83%
Actual employer contributions:	
Dollar amount	\$ 31,120
Percent of covered payroll	26.98%

Employee contribution rates are established in accordance with pension law. During 2004 and 2003, actual countywide employee contributions were \$7,065 and \$7,639, respectively, which represented 6.13% and 6.36% of covered payroll, respectively.

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 8.2% investment rate of return, (b) projected salary increases ranging from 4.0-5.0% annually depending on years of service, (c) inflationary adjustments at or exceeding 3% annually. The net pension asset is being amortized on a level dollar amount over 30 years. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Membership

Current membership in the Plan and current year payrolls for 2004 and 2003 are as follows:

	<u>2004</u>	<u>2003</u>
Members:		
Retired and receiving benefits	2,193	2,115
Terminated with vested benefits	29	21
Active employees:		
Vested	1,857	1,917
Nonvested	488	621
Total members	<u>4,567</u>	<u>4,674</u>
Total current year payroll (in thousands of dollars)	\$ <u>115,809</u>	<u>120,656</u>
Total current year payroll for employees covered by the Plan (in thousands of dollars)	\$ <u>115,284</u>	<u>120,074</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(13) Retirement Plans (continued)

The Plan's annual pension cost and net pension obligation for the current year were as follows:

	<u>(In thousands of dollars)</u>
Annual required contribution	\$ 29,778
Interest on net pension obligation	(4,139)
Adjustment to annual required contribution	<u>5,344</u>
Annual pension cost	30,983
Contributions made, including interest	<u>32,296</u>
Increase in net pension obligation	(1,313)
Net pension obligation (asset) beginning of year	<u>(49,164)</u>
Net pension obligation (asset) end of year	<u>\$ (50,477)</u>

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

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

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

On January 1, 2000, The Fulton County Employee's Retirement System Supplemental Plan was established to comply with federal tax laws and has an approximate unfunded actuarial liability of approximately \$1,154 as of December 31, 2004 that is not reflected in the data below. The participant information, actuarial funding methods, and assumption used in this valuation are similar to those of the Fulton County Defined Benefit plan and obtained its biannual actuarial review as of January 1, 2005.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(13) Retirement Plans (continued)

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

Fiscal year ended	Annual Pension Cost (APC)	Percentage of APC contributed	Net pension obligation (asset)
December 31, 2002	\$ 20,806	103.3%	\$ (50,354)
December 31, 2003	28,256	95.8	(49,164)
December 31, 2004	30,983	100.1%	(50,477)

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

Actuarial valuation date	Actuarial value of assets (a)	Entry age normal Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (Asset) (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
December 31, 1999	\$ 800,077	876,240 ⁽¹⁾	76,163 ⁽¹⁾	91.3%	\$ 149,255	51.0%
December 31, 2000	895,540	893,165 ⁽²⁾	(2,375) ⁽²⁾	100.3	143,983	(1.6)
December 31, 2001	954,545	984,425 ⁽³⁾	29,880 ⁽³⁾	97.0	140,787	21.2
December 31, 2002	1,004,253 ⁽³⁾	1,085,354 ⁽³⁾	81,101 ⁽³⁾	92.5	140,931	57.5
December 31, 2003	1,018,979	1,149,383	130,404	88.7	120,074	108.6
December 31, 2004	1,038,201	1,232,491 ⁽⁴⁾	194,290 ⁽⁴⁾	84.2	115,284	168.5

- (1) Includes effect of participant's transfer to the County's defined contribution plan.
- (2) Includes effect of January 1, 2001 actuarial assumption modifications.
- (3) Includes effect of January 1, 2003 actuarial assumption and plan modifications.
- (4) Includes effect of January 1, 2005 actuarial assumption modifications.

(b) Defined Contribution Plan

The Fulton County Defined Contribution Pension Plan was established in June 1999 to provide retirement benefits for new employees, appointees and other County officials, as the defined benefit plan was closed. GEB Corporation serves as an independent administrator of the plan. At December 31, 2004, the plan has approximately 3,700 active participants who contributed 6% of their pensionable earnings, approximately \$9,334 during 2004. The County also contributed approximately \$12,446 to this plan throughout the year. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(13) Retirement Plans (continued)

(c) *Hospital Authority Pension Plan*

The Hospital Authority has a single-employer trustee noncontributory defined benefit pension plan in which substantially all regular employees are eligible to participate. The Hospital Authority's funding policy is to contribute annually an amount sufficient to meet the actuarially determined pension expense for that year. The Hospital Authority issues a publicly available financial report on this plan which may be obtained by writing to Grady Health System Chief Financial Officer, 80 Jesse Hill, Jr. Drive, S.E., Administrative Office, Atlanta, Georgia 30303.

(14) Other Post-Employment Benefits

The County provides certain health care and life insurance benefits for retired employees through an independent third party administrator, as authorized by various acts of the Georgia Legislature and statutes enacted by the County. Substantially all of the County's employees may become eligible for these benefits if they reach normal retirement age while working for the County. Fulton County contributes 75-90% of the premium cost for health care coverage, based upon the plan chosen by the participant, and contributes 100% of the premium cost for \$10,000 of life insurance coverage for those employees retiring after December 1, 1988. The County pays 75% of the life insurance premiums for those persons who retired prior to December 1, 1988. The County also pays 90% of the premium cost for a Medicare supplement program for those retirees 65 years old or older. The total cost to provide retiree health care and life insurance benefits, in the Health Insurance Stabilization fund, an internal service fund, is recognized as paid; such costs approximated \$15,809 and \$12,408 in 2004 and 2003, respectively.

(15) Commitments and Contingencies

(a) *Fulton County*

- (1) *Litigation* – The County settled a reverse discrimination case related to the library system. The County's remaining liability is approximately \$6,200 which has been recorded within the long term debt section of the government wide financial statements.

The County is also a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability ranging from \$3 million to \$22 million is believed to be reasonably possible. Of this amount, up to \$3 million is believed to be probable. The County will continue to assert its position in a defense against all unsettled claims. The County has accrued \$7 million for these cases, \$5 million within the long term debt section and \$2 million within the claims payable on the government wide Statement Net Assets presented on page 11.

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2004

(15) Commitments and Contingencies (continued)

(3) *Commitments* - Commitments for water and sewerage system improvements at December 31, 2004 total approximately \$31,652.

(b) *Hospital Authority*

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

(2) *Operating Leases* - Leases that do not meet the criteria for capitalization are classified as operating leases with related rental expense charged to operations as incurred. The Hospital Authority has several noncancelable operating leases, primarily for office space, which expire at various dates through 2010. The future minimum lease payments under noncancelable operating leases as of December 31, 2004 are as follows (in thousands):

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

(16) Prior Period Adjustments

The General fund governmental fund has reported a prior period adjustment of \$10,453 to correctly report sales taxes receivable as earned revenue instead of deferred revenue as of December 31, 2003. No adjustment was required to be made to the Statement of Activities or Statement of Net Assets.

The Water and Sewerage System fund has recorded a prior period adjustment of \$17,775 relating to the value of water and sewer capital assets. These assets were previously overcapitalized in the financial statements based on the County's detail review of these records in concert with a financial system implementation.

(17) Subsequent Events

The County in July of 2005 issued a call to retire the outstanding balance of the 1996 General Obligation Bonds, which total \$2,060 as of December 31, 2004.

On June 21, 2005, a section of the unincorporated section of Fulton County, known as Sandy Springs, voted and approved a referendum to allow incorporation. This will affect the allocation of sales tax revenues for the general operations of Fulton County's general fund (a major fund) by approximately \$18 million in 2006. The State of Georgia law also provided should the referendum pass, that the remaining noncontiguous sections of unincorporated Fulton County allocate available resources from revenues to expenditures within that same area. The complete financial and operational effect on the County's Special Service fund (a major fund) of this significant change is being addressed by County management as well as the Board of Commissioners.

**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

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

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

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

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

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

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

Library Bond Fund - a 1985 bond issue used to finance land acquisition, construction, and equipping multiple libraries and kiosks.

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

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2004

(in thousands of dollars)

	<u>Special Revenue Funds</u>					
	<u>Debt Service fund</u>	<u>Grants in Aid</u>	<u>Emergency Telephone</u>	<u>Solid Waste</u>	<u>Stormwater Management</u>	<u>General Government Services</u>
Assets:						
Cash and cash equivalents	\$ 10,234	656	5,096	2,389	5,741	1,702
Investments/	22,296	—	—	—	—	—
Receivables (net of allowances):						
Taxes	235	—	—	—	—	—
Accounts	—	—	—	—	—	7
Due from other governments	—	3,892	—	—	—	—
Total assets	\$ 32,765	4,548	5,096	2,389	5,741	1,709
Liabilities:						
Accounts payable	\$ —	3,980	335	—	87	—
Due to other funds	—	—	—	244	—	—
Due to others	—	—	2,995	—	—	8
Deferred revenue	167	—	—	—	—	—
Total liabilities	167	3,980	3,330	244	87	8
Fund balances (deficit):						
Reserved for encumbrances	—	—	—	—	—	—
Reserved for debt service	32,598	—	—	—	—	—
Unreserved:						
Designated	—	568	1,766	2,145	5,654	1,701
Designated for property and infrastructure	—	—	—	—	—	—
Total fund balances (deficit)	32,598	568	1,766	2,145	5,654	1,701
Total liabilities and fund balances	\$ 32,765	4,548	5,096	2,389	5,741	1,709

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2004

(in thousands of dollars)

	Special Revenue Funds						
	Public and Mental Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District
Assets:							
Cash and cash equivalents	\$ —	1,022	8,524	253	6,139	3,095	868
Investments	—	—	—	—	695	4,868	—
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Accounts	—	—	19	—	51	—	—
Due from other governments	—	—	—	—	—	—	—
Total assets	\$ —	1,022	8,543	253	6,885	7,963	868
Liabilities:							
Accounts payable	\$ 835	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Due to others	—	—	1,141	—	737	—	—
Deferred revenue	—	—	—	—	—	—	—
Total liabilities	835	—	1,141	—	737	—	—
Fund balances deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	—	—	—	—	—	—	—
Unreserved:							
Designated	(835)	1,022	7,402	253	6,148	7,963	868
Designated for property & infrastructure	—	—	—	—	—	—	—
Total fund balances (deficit)	(835)	1,022	7,402	253	6,148	7,963	868
Total liabilities and fund balances	\$ —	1,022	8,543	253	6,885	7,963	868

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2004

(in thousands of dollars)

Capital Projects Funds								
Serial bond	Library bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other capital projects	Special Service District projects	Transportation Improvements	Total Non-major Governmental Funds
138	3	15,095	8,378	588	5,140	24,977	7,045	107,083
1,652	94	34,815	—	—	—	9,936	—	74,356
—	—	—	—	—	—	—	—	235
—	—	—	—	—	—	—	—	77
—	—	—	—	—	—	—	—	3,892
1,790	97	49,910	8,378	588	5,140	34,913	7,045	185,643
—	—	1,845	82	—	440	995	—	8,599
—	—	—	—	—	—	—	—	244
—	—	—	—	—	—	—	—	4,881
—	—	—	—	—	—	—	—	167
—	—	1,845	82	—	440	995	—	13,891
—	—	7,933	492	10	—	6,721	2,076	17,232
—	—	—	—	—	—	—	—	32,598
—	—	—	—	—	—	—	—	34,655
1,790	97	40,132	7,804	578	4,700	27,197	4,969	87,267
1,790	97	48,065	8,296	588	4,700	33,918	7,045	171,752
1,790	97	49,910	8,378	588	5,140	34,913	7,045	185,643

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(in thousands of dollars)

	<u>Special Revenue Funds</u>					
	<u>Debt Service fund</u>	<u>Grants in Aid</u>	<u>Emergency Telephone</u>	<u>Solid Waste</u>	<u>Stormwater Management</u>	<u>General Government Services</u>
Revenues:						
Taxes	\$ 3,376	—	—	—	—	—
Intergovernmental	—	35,336	—	—	—	—
Charges for services	—	899	5,295	159	—	—
Courts and law enforcement	—	—	—	—	—	—
Use of money and property	20	2	—	—	—	—
Miscellaneous	—	—	—	—	—	2,268
Net appreciation (depreciation) in investments	(14)	—	—	—	—	—
Total revenues	<u>3,382</u>	<u>36,237</u>	<u>5,295</u>	<u>159</u>	<u>—</u>	<u>2,268</u>
Expenditures:						
Current:						
Administration	—	351	—	—	—	1,001
Public safety	—	—	13,175	—	—	—
Infrastructure and facilities	—	—	—	1,190	1,289	—
Social services	—	19,587	—	—	—	—
Health services	—	20,910	—	—	—	—
Other nonagency	75	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service:						
Principal retirement	27,937	—	—	—	—	—
Interest	15,089	—	—	—	—	—
Total expenditures	<u>43,101</u>	<u>40,848</u>	<u>13,175</u>	<u>1,190</u>	<u>1,289</u>	<u>1,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,719)</u>	<u>(4,611)</u>	<u>(7,880)</u>	<u>(1,031)</u>	<u>(1,289)</u>	<u>1,267</u>
Other financing sources (uses):						
Transfers in	29,338	1,977	6,915	778	2,513	—
Transfers out	—	—	—	—	—	—
Total other financing sources (uses)	<u>29,338</u>	<u>1,977</u>	<u>6,915</u>	<u>778</u>	<u>2,513</u>	<u>—</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(10,381)</u>	<u>(2,634)</u>	<u>(965)</u>	<u>(253)</u>	<u>1,224</u>	<u>1,267</u>
Fund balance at beginning of year	<u>42,979</u>	<u>3,202</u>	<u>2,731</u>	<u>2,398</u>	<u>4,430</u>	<u>434</u>
Fund balance (deficit) at end of year	<u>\$ 32,598</u>	<u>568</u>	<u>1,766</u>	<u>2,145</u>	<u>5,654</u>	<u>1,701</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2004

(in thousands of dollars)

Special Revenue Funds						
Public and Mental Health services	Public Education Government Television	Law Enforcement and Justice services	Hotel/ Motel Taxes	Social and Cultural services	Other Special Revenue	Sandy Springs Tax Allocation District
\$	—	—	—	—	—	—
16,192	—	1,559	—	—	—	—
10,433	—	—	—	—	—	—
—	—	9,389	—	—	—	—
—	—	14	—	1,536	105	—
—	254	—	—	849	650	868
—	—	—	—	—	—	—
<u>26,625</u>	<u>254</u>	<u>10,962</u>	<u>—</u>	<u>2,385</u>	<u>755</u>	<u>868</u>
—	—	—	—	—	—	—
—	152	—	—	—	603	—
—	—	6,403	—	7,919	—	—
51,815	—	—	—	1,544	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>51,815</u>	<u>152</u>	<u>6,403</u>	<u>—</u>	<u>9,463</u>	<u>603</u>	<u>—</u>
(25,190)	102	4,559	—	(7,078)	152	868
24,005	—	—	—	8,420	—	—
—	—	—	—	—	—	—
<u>24,005</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,420</u>	<u>—</u>	<u>—</u>
(1,185)	102	4,559	—	1,342	152	868
350	920	2,843	253	4,806	7,811	—
\$ <u>(835)</u>	<u>1,022</u>	<u>7,402</u>	<u>253</u>	<u>6,148</u>	<u>7,963</u>	<u>868</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, 2004

(in thousands of dollars)

	Capital Projects Funds							Total Nonmajor Governmental Funds	
	Serial Bond	Library Bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other Capital Projects	Special Service District Projects		Transpor- tation Improve- ments
Revenues:									
Taxes	—	—	—	—	—	—	—	—	3,376
Intergovernmental	—	—	—	—	—	—	1,663	—	54,750
Charges for services	—	—	—	—	—	878	—	—	17,664
Courts and law enforcement	—	—	—	—	—	—	—	—	9,389
Use of money and property	22	1	1,205	44	4	2,043	450	4	5,450
Miscellaneous	—	—	—	—	—	—	—	—	4,889
Net appreciation (depreciation) in investments	—	—	(16)	—	—	—	(12)	—	(42)
Total revenues	22	1	1,189	44	4	2,921	2,101	4	95,476
Expenditures:									
Current:									
Administration	—	—	—	—	—	—	—	—	1,352
Public safety	—	—	—	—	—	—	—	—	13,175
Infrastructure and facilities	—	—	—	—	—	—	—	—	3,234
Social services	—	—	—	—	—	—	—	—	33,909
Health services	—	—	—	—	—	—	—	—	74,269
Other nonagency	—	—	—	—	—	—	—	—	75
Capital outlay	30	—	16,668	677	18	1,500	11,170	59	30,122
Debt service:									
Principal retirement	—	—	—	—	—	—	—	—	27,937
Interest	—	—	—	—	—	—	—	—	15,089
Total expenditures	30	—	16,668	677	18	1,500	11,170	59	199,162
Excess (deficiency) of revenues over (under) expenditures	(8)	1	(15,479)	(633)	(14)	1,421	(9,069)	(55)	(103,686)
Other financing sources (uses):									
Transfers in	—	—	8,667	—	—	417	4,261	7,100	94,391
Transfers out	—	—	(55)	—	—	—	—	—	(55)
Total other financing sources (uses)	—	—	8,612	—	—	417	4,261	7,100	94,336
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(8)	1	(6,867)	(633)	(14)	1,838	(4,808)	7,045	(9,350)
Fund balance at beginning of year	1,798	96	54,932	8,929	602	2,862	38,726	—	181,102
Fund balance at end of year	1,790	97	48,065	8,296	588	4,700	33,918	7,045	171,752

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, 2004

(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	\$ 457	17,433	6,762	845	25,497
Other current assets	—	8,074	—	—	8,074
Total assets	457	25,507	6,762	845	33,571
 Liabilities and Net Assets					
Current liabilities:					
Accounts payable	—	—	248	—	248
Claims payable	—	4,608	2,000	—	6,608
Total liabilities	—	4,608	2,248	—	6,856
Net assets:					
Unrestricted	457	20,899	4,514	845	26,715
Total net assets	\$ 457	20,899	4,514	845	26,715

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2004

(in thousands of dollars)

	Facilities Services fund	Insurance Stabilization fund	Risk Management fund	Owner Controlled Insurance fund	Total Internal Service Funds
Operating revenues - charges for services	\$ 8,229	57,536	12,563	269	78,597
Operating expenses:					
Contractual services	—	55,342	3,023	904	59,269
Administrative and general	7,934	—	11,856	—	19,790
Total operating expenses	7,934	55,342	14,879	904	79,059
Operating income (loss)	295	2,194	(2,316)	(635)	(462)
Net assets at beginning of year	162	18,705	6,830	1,480	27,177
Net assets at end of year	\$ 457	20,899	4,514	845	26,715

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Facilities Services fund</u>	<u>Insurance Stabilization fund</u>	<u>Risk Management fund</u>	<u>Owner Controlled Insurance fund</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 8,229	57,536	12,563	269	78,597
Payments to suppliers	(7,984)	(58,420)	(14,731)	(945)	(82,080)
Net cash provided by (used in) operating activities	<u>245</u>	<u>(884)</u>	<u>(2,168)</u>	<u>(676)</u>	<u>(3,483)</u>
Increase (decrease) in cash and cash equivalents	245	(884)	(2,168)	(676)	(3,483)
Cash and cash equivalents at beginning of year	<u>212</u>	<u>18,317</u>	<u>8,930</u>	<u>1,521</u>	<u>28,980</u>
Cash and cash equivalents at end of year	<u>\$ 457</u>	<u>17,433</u>	<u>6,762</u>	<u>845</u>	<u>25,497</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 295	2,194	(2,316)	(635)	(462)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	—	(867)	—	228	(639)
Accounts and claims payable	(50)	(2,211)	148	(269)	(2,382)
Net cash provided by (used in) operating activities	<u>\$ 245</u>	<u>(884)</u>	<u>(2,168)</u>	<u>(676)</u>	<u>(3,483)</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, 2004

(In thousands of dollars)

Assets	Tax Commissioner	Superior Court	State Court	Juvenile Court	Probate Court	Sheriff and Criminal Court	District Attorney	Total Agency Funds
Cash and cash equivalents	\$ 10,806	13,706	6,602	82	131	22,178	10	53,515
Taxes receivable	29,090	—	—	—	—	—	—	29,090
Total assets	<u>\$ 39,896</u>	<u>13,706</u>	<u>6,602</u>	<u>82</u>	<u>131</u>	<u>22,178</u>	<u>10</u>	<u>82,605</u>
Liabilities								
Due to other taxing districts	\$ 39,896	—	—	—	—	—	—	39,896
Due to others	—	13,706	6,602	82	131	22,178	10	42,709
Total liabilities	<u>\$ 39,896</u>	<u>13,706</u>	<u>6,602</u>	<u>82</u>	<u>131</u>	<u>22,178</u>	<u>10</u>	<u>82,605</u>

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 10,227	3,375,349	3,374,770	10,806
Taxes receivable	43,858	861,665	876,433	29,090
	<u>\$ 54,085</u>	<u>4,237,014</u>	<u>4,251,203</u>	<u>39,896</u>
Liabilities				
Due to other taxing districts	<u>\$ 54,085</u>	<u>4,237,014</u>	<u>4,251,203</u>	<u>39,896</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ 17,738	94,125	98,157	13,706
Liabilities				
Due to others	<u>\$ 17,738</u>	<u>94,125</u>	<u>98,157</u>	<u>13,706</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ 5,496	32,034	30,928	6,602
Liabilities				
Due to others	<u>\$ 5,496</u>	<u>32,034</u>	<u>30,928</u>	<u>6,602</u>

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 91	128	137	82
Liabilities				
Due to others	\$ 91	128	137	82
Probate Court:				
Assets				
Cash and cash equivalents	\$ 177	1,205	1,251	131
Liabilities				
Due to others	\$ 177	1,205	1,251	131
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 28,119	48,050	53,991	22,178
Liabilities				
Due to others	\$ 28,119	48,050	53,991	22,178
District Attorney:				
Assets				
Cash and cash equivalents	\$ 11	13	14	10
Liabilities				
Due to others	\$ 11	13	14	10

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2004

(In thousands of dollars)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 61,859	3,550,904	3,559,248	53,515
Taxes receivable	43,858	861,665	876,433	29,090
	<u>\$ 105,717</u>	<u>4,412,569</u>	<u>4,435,681</u>	<u>82,605</u>
Liabilities				
Due to other taxing districts	\$ 54,085	4,237,014	4,251,203	39,896
Due to others	51,632	175,555	184,478	42,709
	<u>\$ 105,717</u>	<u>4,412,569</u>	<u>4,435,681</u>	<u>82,605</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, 2004

(In thousands of dollars)

Calendar year	Annual principal and interest requirements			Totals
	General obligation bonds	Building Authority bonds	Fulton County water and sewerage revenue bonds	
2005	\$ 9,185	15,716	38,818	63,719
2006	4,094	17,017	38,817	59,928
2007	3,952	15,379	38,817	58,148
2008	3,795	14,528	38,817	57,140
2009	2,584	14,792	38,816	56,192
2010	731	14,809	38,813	54,353
2011	736	7,855	38,814	47,405
2012	734	7,880	38,814	47,428
2013	735	7,909	38,815	47,459
2014	739	7,934	38,817	47,490
2015	742	—	38,816	39,558
2016	488	—	38,814	39,302
2017	241	—	38,815	39,056
2018	—	—	38,813	38,813
2019	—	—	38,818	38,818
2020	—	—	38,818	38,818
2021	—	—	38,816	38,816
2022	—	—	38,816	38,816
2023	—	—	38,815	38,815
2024	—	—	38,817	38,817
2025	—	—	38,813	38,813
2026	—	—	38,813	38,813
2027	—	—	38,812	38,812
2028	—	—	38,814	38,814
2029	—	—	38,813	38,813
2030	—	—	38,814	38,814
2031	—	—	38,817	38,817
2032	—	—	38,812	38,812
2033	—	—	38,817	38,817
2034	—	—	38,816	38,816
	<u>\$ 28,756</u>	<u>123,819</u>	<u>1,164,457</u>	<u>1,317,032</u>

FULTON COUNTY, GEORGIA

**Other Schedules
Debt Service Requirements to Maturity
General Obligation Bonds**

December 31, 2004

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 7,901	1,284	9,185
2006	3,272	822	4,094
2007	3,226	726	3,952
2008	3,174	621	3,795
2009	2,255	329	2,584
2010	520	211	731
2011	550	186	736
2012	575	159	734
2013	605	130	735
2014	640	99	739
2015	675	67	742
2016	454	34	488
2017	230	11	241
	<u>\$ 24,077</u>	<u>4,679</u>	<u>28,756</u>

FULTON COUNTY, GEORGIA

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

December 31, 2004

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 11,960	3,756	15,716
2006	13,775	3,242	17,017
2007	12,780	2,599	15,379
2008	10,436	4,092	14,528
2009	10,347	4,445	14,792
2010	10,329	4,480	14,809
2011	3,396	4,459	7,855
2012	6,800	1,080	7,880
2013	7,170	739	7,909
2014	7,555	379	7,934
	<u>94,548</u>	<u>29,271</u>	<u>123,819</u>
Unamortized deferred charges (net) at December 31, 2004	<u>584</u>	<u>(584)</u>	<u>—</u>
	<u>\$ 95,132</u>	<u>28,687</u>	<u>123,819</u>

FULTON COUNTY, GEORGIA

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

December 31, 2004

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2005	\$ 8,655	30,163	38,818
2006	9,180	29,637	38,817
2007	9,740	29,077	38,817
2008	10,335	28,482	38,817
2009	10,965	27,851	38,816
2010	11,555	27,258	38,813
2011	12,160	26,654	38,814
2012	12,795	26,019	38,814
2013	13,465	25,350	38,815
2014	14,160	24,657	38,817
2015	14,835	23,981	38,816
2016	15,575	23,239	38,814
2017	16,355	22,460	38,815
2018	17,170	21,643	38,813
2019	18,000	20,818	38,818
2020	18,865	19,953	38,818
2021	19,770	19,046	38,816
2022	20,720	18,096	38,816
2023	21,715	17,100	38,815
2024	22,760	16,057	38,817
2025	23,850	14,963	38,813
2026	24,995	13,818	38,813
2027	26,195	12,617	38,812
2028	27,455	11,359	38,814
2029	28,825	9,988	38,813
2030	30,265	8,549	38,814
2031	31,815	7,002	38,817
2032	33,435	5,377	38,812
2033	35,145	3,672	38,817
2034	36,935	1,881	38,816
	<u>597,690</u>	<u>566,767</u>	<u>1,164,457</u>
Unamortized discount at December 31, 2004	<u>681</u>	<u>(681)</u>	<u>—</u>
	<u>\$ 598,371</u>	<u>566,086</u>	<u>1,164,457</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2004

Collection Period from January 1st to December 31st

Collection Rate	Hotel/Motel Tax <u>Collected</u>	<u>Expenditures and Obligations</u>			Expended or Obligated as a Percentage <u>of Collected</u>
		Hotel/Motel Tax <u>Expended</u>	Hotel/Motel Tax <u>Obligated</u>	Hotel/Motel Tax Expended <u>or Obligated</u>	
7%	\$4,233,734	4,035,676	198,058	4,233,734	100.00%

*The Fulton County Tax Commissioner received and disbursed hotel/motel taxes throughout 2004.

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STATISTICAL SECTION

(Unaudited)

FULTON COUNTY, GEORGIA

General Fund Expenditures*
and Other Uses by Function

Last Ten Fiscal Years

(Non-GAAP Budget Basis)**

(In thousands of dollars)

Fiscal year	Health	Public safety	Admin.	Infrast. and facility	Social services	Legal	Other non-agency	Transfers		Total	
								Hospital	Capital projects		Debt service
1995	\$ 15,586	47,860	51,067	17,642	29,724	48,548	18,633	77,011	24,690	2,517	333,278
1996	17,000	51,719	52,143	13,651	29,871	47,713	19,519	75,742	41,751	1,695	350,804
1997	15,480	63,411	53,511	29,155	39,147	54,052	19,780	68,727	49,529	1,426	394,218
1998	22,601	68,668	68,717	33,778	40,084	66,152	35,120	74,984	30,689	1,444	442,237
1999	25,706	68,648	69,039	35,203	36,553	69,792	37,024	73,475	39,522	1,688	456,650
2000	24,033	79,693	76,712	36,613	42,048	77,659	39,864	73,461	45,085	1,041	496,209
2001	25,937	81,437	78,705	35,509	40,524	82,361	49,495	75,600	67,210	34	536,812
2002	27,990	88,386	78,083	37,866	58,802	91,875	46,223	78,936	72,836	7	581,004
2003	26,662	86,225	80,148	36,477	59,016	97,853	55,932	80,345	56,253	6	578,917
2004	24,046	84,102	84,380	42,640	59,485	101,628	50,085	80,345	42,383	453	569,547

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

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

FULTON COUNTY, GEORGIA

Special Services District Fund
Expenditures and Other Uses by Function*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)**

(In thousands of dollars)

<u>Fiscal year</u>	<u>Public safety</u>	<u>Admin.</u>	<u>Infrast. and facility</u>	<u>Social services</u>	<u>Benefits</u>	<u>Other nonagency</u>	<u>Transfers</u>		<u>Total</u>
							<u>Capital projects</u>	<u>Other</u>	
1995	\$ 28,533	519	13,675	6,645	-	9,678	2,358	207	61,615
1996	28,150	1,133	13,350	6,674	-	10,267	7,570	1,838	68,982
1997	33,131	1,700	4,642	8,775	-	10,056	10,286	5,317	73,907
1998	42,845	8,125	1,384	10,427	-	9,570	9,333	2,941	84,625
1999	42,991	11,046	874	9,554	-	10,607	7,358	1,279	83,709
2000	47,166	11,381	899	9,854	-	11,310	7,313	2,149	90,072
2001	47,759	11,381	789	10,207	-	11,753	8,622	2,333	92,844
2002	55,195	10,951	833	11,152	-	11,937	6,534	3,563	100,165
2003	56,217	13,783	767	11,453	-	10,613	3,828	2,694	99,355
2004	58,360	14,146	747	11,415	-	10,249	4,013	2,779	101,709

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

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

FULTON COUNTY, GEORGIA
 General Fund
 Revenues and Other Financing Sources by Source*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Taxes</u>	<u>Inter-Governmental revenue</u>	<u>Charges for services</u>	<u>Court and law</u>	<u>Use of money and property</u>	<u>Miscellaneous and operating transfers</u>	<u>Total</u>
1995	\$ 293,734	8,768	11,486	13,943	12,771	13,508	354,210
1996	310,619	7,329	10,573	13,630	13,975	13,592	369,718
1997	347,596	9,667	13,327	15,143	13,601	11,364	410,698
1998	341,175	7,053	11,999	16,415	13,543	10,038	400,223
1999	434,471 ⁽¹⁾	7,325	19,728	15,830	12,827	11,040	501,221
2000	434,446	12,295	23,115	16,690	11,807	14,434	512,787
2001	458,510	16,370	18,489	15,804	11,773	15,132	536,078
2002	493,493	18,173	22,284	17,044	8,270	16,714	575,978
2003	495,136	16,724	21,052	18,984	7,560	15,382	574,839
2004	493,268	18,307	19,709	19,037	8,069	15,682	574,072

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

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

FULTON COUNTY, GEORGIA

Special Services District Fund
Revenues by Source*

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Taxes</u>		Licenses and <u>permits</u>	Use of money and <u>property</u>	Inter- governmental <u>revenue</u>	Charges for <u>services</u>	<u>Other</u>	<u>Total</u>
	<u>Property</u>	<u>Other</u>						
1995	\$ 28,947	22,607	12,178	939	184	2,219	363	67,437
1996	30,943	28,736	16,566	2,541	167	2,104	535	81,592
1997	33,702	13,959	20,425	3,123	159	2,311	347	74,026
1998	33,238	13,799	19,920	3,313	127	2,049	837	73,283
1999	44,956 ⁽¹⁾	13,709	23,803	2,833	163	2,292	647	88,403
2000	42,046	15,197	22,783	3,682	158	2,106	296	86,268
2001	46,232	16,559	23,361	3,401	81	2,114	426	92,174
2002	48,126	20,509	22,391	2,669	2,088	2,196	159	97,688
2003	48,825	20,579	21,515	2,599	1,948	2,698	380	98,544
2004	54,961	20,397	21,799	2,855	2,326	3,792	283	106,413

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

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

FULTON COUNTY, GEORGIA

General Fund
Tax Revenues by Source

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>General property</u>	<u>Public utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Motor vehicle</u>	<u>Local option sales tax</u>	<u>Other</u>
1995	\$ 293,734	218,629	12,997	830	3,312	17,684	40,282	-
1996	310,619	229,266	13,266	5	3,909	20,012	42,432	1,729
1997	347,596	244,591	14,789	4,204	4,744	23,782	55,486	-
1998	341,175	238,022	11,369	-	7,120	22,423	62,241	-
1999	434,471 ⁽¹⁾	318,653	17,389	-	7,015	25,058	66,356	-
2000	434,446	316,336	13,154	-	6,014	27,979	70,963	-
2001	458,510	343,381	6,183	-	9,043	29,962	69,941	-
2002	493,493	378,875	7,472	-	13,321	28,305	65,520	-
2003	495,136	384,524	4,919	-	16,741	25,916	63,036	-
2004	493,268	375,885	12,168	-	12,350	24,779	68,086	-

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

FULTON COUNTY, GEORGIA

Special Services District Fund
Tax Revenues by Source

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>General property</u>	<u>Public utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Alcoholic beverage</u>	<u>Motor vehicle</u>	<u>Other</u>
1995	\$ 51,554	28,098	842	37	679	3,494	2,402	16,002
1996	59,679	30,004	939	-	649	3,453	2,727	21,907
1997	47,661	32,723	979	573	773	3,805	3,384	5,424
1998	47,037	32,324	914	-	1,170	3,720	3,303	5,606
1999	58,665	44,070	886	-	1,170	3,915	3,626	4,998
2000	57,243	41,269	777	-	861	4,247	4,006	6,083
2001	62,791	45,749	483	-	1,359	3,719	4,081	7,400
2002	68,396	47,625	501	-	2,072	4,224	3,813	10,161
2003	69,404	48,825	447	-	2,713	4,826	3,436	9,157
2004	75,358	54,961	1,036	-	1,870	5,364	3,078	9,049

FULTON COUNTY, GEORGIA

Debt Service Fund
Tax Revenues by Source

(Non-GAAP Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total taxes</u>	<u>Public property</u>	<u>Utility property</u>	<u>Intangible property</u>	<u>Intangible recording</u>	<u>Motor vehicle</u>
1995	\$ 13,792	12,138	642	35	140	837
1996	14,433	12,632	656	-	191	954
1997	15,896	13,597	746	179	234	1,140
1998	15,377	13,362	575	-	360	1,080
1999	20,602	18,048	881	-	335	1,338
2000	12,545	10,449	429	-	305	1,362
2001	10,184	8,953	106	-	271	854
2002	10,574	9,445	167	-	314	648
2003	10,580	9,515	110	-	375	580
2004	3,392	2,505	69	-	277	541

FULTON COUNTY, GEORGIA

General Fund
Property Tax Levies and Collections

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total</u> <u>current year</u> <u>tax</u> <u>levy</u>	<u>Current</u> ⁽¹⁾ <u>tax</u> <u>collected</u>	<u>Percent</u> <u>of levy</u> <u>collected</u>	<u>Delinquent</u> <u>tax</u> <u>collected</u>	<u>Total tax</u> <u>collected</u>	<u>Total</u> <u>collections</u> <u>as percent</u> <u>of current</u> <u>levy</u>	<u>Outstanding</u> <u>delinquent</u> <u>taxes</u>	<u>Outstanding</u> <u>delinquent</u> <u>taxes as</u> <u>percent of</u> <u>current levy</u>
1995	\$ 248,150	\$ 228,971	92.3%	\$ 22,749	\$ 251,720 ⁽²⁾	101.4% ⁽²⁾	\$ 38,939	15.7%
1996	259,755	243,219	93.6	21,347	264,566 ⁽³⁾	101.9 ⁽³⁾	38,682	14.9
1997	268,928	256,684	95.4	25,149	281,833 ⁽⁴⁾	104.8 ⁽⁴⁾	25,795	9.6
1998 ⁽⁵⁾	282,834	277,844	98.2	15,132	292,976	103.6	4,990	1.8
1999 ⁽⁵⁾	304,680	287,358	94.3	6,459	293,817	96.4	17,322	5.7
2000	311,148	295,236	94.9	17,838	313,074	100.6	15,912	8.5
2001	341,734	324,657	95.0	14,587	339,244	99.3	25,912	7.6
2002	358,570	351,745	98.1	15,921	367,666	102.5	9,424	2.6
2003	371,005	365,365	98.5	8,415	373,780	100.8	8,637	2.4
2004	377,362	361,132	95.7	23,045	384,177	101.8	7,375	2.0

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

⁽²⁾ Includes proceeds from the sale of approximately \$4,449,000 in delinquent taxes to a factor at a 2% discount.

⁽³⁾ Includes proceeds from the sale of approximately \$1,585,000 in delinquent taxes to a factor (no discount).

⁽⁴⁾ Includes proceeds from the sale of approximately \$5,403,000 in delinquent taxes to a factor (no discount).

⁽⁵⁾ The 1998 levy has been adjusted to include \$32,284,904 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$43,940,300 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

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

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total current year tax levy</u>	<u>Current tax collected⁽²⁾</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collected</u>	<u>Total tax collected</u>	<u>Total collections as percent of current levy</u>	<u>Outstanding delinquent taxes</u>	<u>Outstanding delinquent taxes as percent of current levy</u>
1995	\$ 31,192	\$ 29,172	93.5%	\$ 2,790	\$ 31,962 ⁽³⁾	102.5% ⁽³⁾	\$ 4,154	13.3%
1996	32,994	31,147	94.4	2,665	33,812 ⁽⁴⁾	102.5 ⁽⁴⁾	3,924	11.9
1997	35,650	34,180	95.9	2,891	37,071 ⁽⁵⁾	104.0 ⁽⁵⁾	2,612	7.3
1998 ⁽⁶⁾	36,873	36,382	98.7	1,663	38,045	103.2	491	1.3
1999 ⁽⁶⁾	40,532	38,491	95.0	662	39,153	96.6	2,041	5.0
2000	40,844	38,959	95.4	1,881	40,840	100.0	1,885	6.7
2001	45,421	43,489	95.8	1,689	45,178	99.5	2,725	6.0
2002	45,744	45,022	98.4	1,797	46,819	102.4	885	2.0
2003	47,425	46,985	99.1	1,116	48,101	101.5	614	1.3
2004	54,974	53,040	96.5	597	53,637	97.6	677	1.2

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

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

⁽³⁾ Includes proceeds from the sale of approximately \$345,000 in delinquent taxes to a factor at a 2% discount.

⁽⁴⁾ Includes proceeds from the sale of approximately \$167,000 in delinquent taxes to a factor (no discount).

⁽⁵⁾ Includes proceeds from the sale of approximately \$509,000 in delinquent taxes to a factor (no discount).

⁽⁶⁾ The 1998 levy has been adjusted to include \$3,900,476 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$5,424,548 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

Debt Service Fund
Property Tax Levies and Collections

(In thousands of dollars)

<u>Fiscal year</u>	<u>Total current year tax levy</u>	<u>Current tax collected</u>	<u>Percent of levy collected</u>	<u>Delinquent tax collected</u>	<u>Total tax collected</u>	<u>Total collections as percent of current levy</u>	<u>Outstanding delinquent taxes</u>	<u>Outstanding delinquent taxes as percent of current levy</u>
1995	\$ 13,325	\$ 12,294	92.3%	\$ 1,271	\$ 13,565 ⁽¹⁾	101.8% ⁽¹⁾	\$ 2,082	15.6%
1996	13,965	13,088	93.7	1,129	14,217 ⁽²⁾	101.8 ⁽²⁾	2,051	14.7
1997	14,779	14,116	95.5	1,340	15,456 ⁽³⁾	104.6 ⁽³⁾	1,384	9.4
1998 ⁽⁴⁾	15,557	15,293	98.3	775	16,068	103.3	647	4.2
1999 ⁽⁴⁾	16,889	15,941	94.4	357	16,298	96.5	948	5.6
2000	9,869	9,370	94.9	983	10,353	104.9	499	10.8
2001	8,754	8,328	95.1	521	8,849	101.1	838	9.6
2002	8,994	8,830	98.2	428	9,258	102.9	366	4.1
2003	9,302	9,164	98.6	221	9,385	100.9	288	3.1
2004	2,402	2,301	95.8	177	2,478	103.2	206	8.6

⁽¹⁾ Includes proceeds from the sale of approximately \$29,000 in delinquent taxes to a factor at a 2% discount.

⁽²⁾ Includes proceeds from the sale of approximately \$83,000 in delinquent taxes to a factor (no discount).

⁽³⁾ Includes proceeds from the sale of approximately \$290,000 in delinquent taxes to a factor (no discount).

⁽⁴⁾ The 1998 levy has been adjusted to include \$1,648,073 real and personal taxes that were billed in March 1999 as a result of the 1998 Final Digest approval in February of 1999. This also is reflected in the 1999 tax levy data presented above. Taxes collected data has also been adjusted to include \$2,283,994 real and personal property tax collection in 1999 after the 1998 final tax billing that occurred in 1999.

FULTON COUNTY, GEORGIA

Assessed and Estimated Actual Value
Of Taxable Property

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Gross assessed value</u>				<u>Assessment ratio</u>	<u>Estimated actual value</u>
	<u>Real property</u>	<u>Privately owned public utilities</u>	<u>Personal and business</u>	<u>Total assessed value</u>		
1995	\$ 15,654,745	\$ 957,223	\$ 4,640,516	\$ 21,252,484	40%	\$ 53,131,210
1996	16,464,209	1,025,887	5,060,907	22,551,003	40	56,377,508
1997	17,059,162	1,042,917	5,598,052	23,700,131	40	59,250,328
1998	20,813,090	1,110,800	5,780,350	27,704,240	40	69,260,600
1999	21,473,564	1,110,800	6,084,324	28,668,688	40	71,671,720
2000	23,175,763	1,443,349	6,383,441	31,002,553	40	77,506,383
2001	26,741,670	1,474,252	6,912,927	35,128,849	40	87,822,123
2002	30,279,444	1,088,710	6,748,080	38,116,234	40	95,290,585
2003	33,087,369	1,006,182	6,584,144	40,677,695	40	101,694,238
2004	35,294,429	1,105,766	6,356,263	42,756,458	40	106,891,145

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

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

FULTON COUNTY, GEORGIA

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

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Gross real and personal property</u>	<u>Less applicable exemption**</u>	<u>Net real and personal property</u>	<u>Privately owned public utilities</u>	<u>Less applicable freeport</u>	<u>Net assessed value</u>
INSIDE CITY OF ATLANTA						
1995	\$ 9,194,640	\$ 1,180,402	\$ 8,014,238	\$ 647,620	—	\$ 8,661,858
1996	9,529,252	1,189,777	8,339,475	674,646	—	9,014,121
1997	9,802,383	1,212,096	8,590,287	679,233	—	9,269,520
1998	11,552,106	1,269,463	10,282,643	680,260	—	10,962,903
1999	11,689,962	1,271,237	10,418,725	680,260	—	11,098,985
2000	12,430,522	992,584	11,437,938	722,993	—	12,160,931
2001	14,977,235	1,408,674	13,568,561	706,441	—	14,275,002
2002	15,820,990	1,601,698	14,219,292	686,805	—	14,906,097
2003	16,938,691	1,728,205	15,210,486	623,977	—	15,834,463
2004	17,846,222	1,729,564	16,116,658	707,996	—	16,824,654
OUTSIDE CITY OF ATLANTA						
1995	\$ 11,100,621	\$ 1,745,064	\$ 9,355,557	\$ 309,603	—	\$ 9,665,160
1996	11,995,864	1,856,541	10,139,323	351,240	—	10,490,563
1997	12,854,830	1,890,855	10,963,975	363,684	—	11,327,659
1998	15,041,334	1,951,484	13,089,850	430,540	—	13,520,390
1999	15,867,926	2,022,596	13,845,330	430,540	—	14,275,870
2000	17,128,682	2,473,548	14,655,134	720,356	—	15,375,490
2001	18,677,362	2,302,391	16,374,971	767,811	—	17,142,782
2002	21,206,534	2,474,438	18,732,096	401,905	—	19,134,001
2003	22,732,822	2,699,318	20,033,504	382,205	—	20,415,709
2004	23,804,470	2,761,835	21,042,635	397,770	—	21,440,405

Notes:

1. The Georgia Constitution provided a homestead exemption of up to \$2,000 on assessments of owner-occupied residences, such exemption being subject to bond taxes only for 1992. Beginning in 1993, a constitutional amendment increased the basic homestead exemption from \$2,000 to \$15,000. 2004: Inside \$ 753,747,220; Outside \$ 1,311,693,060.
2. Constitutional amendment provides a homestead exemption of \$4,000, for County Bond, on assessments of owner-occupied residence of persons who meet age and income requirements, such exemption being from all State and County ad valorem taxes. 2004: Inside \$0; Outside \$0.

(Continued)

FULTON COUNTY, GEORGIA

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

Last Ten Fiscal Years

3. Constitutional amendment provides a homestead exemption of \$10,000, for County Bond, on assessments of owner-occupied residence of persons who meet age and income requirements, such exemption being from all County and school ad valorem taxes, and all city ad valorem tax except bond tax levies. 2004: Inside \$ 60,650,760; Outside \$ 27,966,290.
 4. Constitutional amendment provides for an urban enterprise zone to exempt certain properties within the zone. 2004: Inside \$ 225,057,222; Outside \$ 128,536,622.
 5. Constitutional amendment provides a full value homestead exemption on assessment of owner-occupied residence of persons who are 70 years or older who meet income requirements, such exemption being from all Fulton County taxes. State and school taxes are NOT exempt. 2004: Inside \$ 512,757,480; Outside \$ 653,461,540.
- ** Includes 100% freeport exemption on applicable inventory and qualifying real property devoted to agricultural purposes and urban enterprise purposes.

FULTON COUNTY, GEORGIA

Property Tax Rates and Tax Levies

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>County bonds and operating</u> ⁽¹⁾	<u>Special district tax</u>	<u>Schools</u>	<u>State</u>	<u>Total</u> ⁽²⁾
TAX RATES (Rate per \$1,000 Assessed Value)					
1995	14.01*	4.76**	21.26	0.25	40.28
1996	14.01*	4.76**	21.26	0.25	40.28
1997	13.69*	4.76**	20.76	0.25	39.46
1998	13.69*	4.76**	20.76	0.25	39.46
1999	13.69*	4.76**	20.76	0.25	39.46
2000	13.69*	4.76**	20.15	0.25	38.85
2001	13.34*	4.70**	19.02	0.25	37.31
2002	12.81*	4.47**	18.77	0.25	36.30
2003	12.32*	4.31**	18.06	0.25	34.94
2004	11.65*	4.73**	17.61	0.25	34.24
TAX LEVIES ⁽³⁾ (In thousands)					
1995	\$ 261,475	\$ 31,192	\$ 226,885	\$ 5,101	\$ 524,653
1996	273,720	32,994	243,654	5,343	555,711
1997	283,707	35,650	257,156	5,650	582,163
1998	336,416 ⁽⁴⁾	41,677 ⁽⁴⁾	300,195	6,741	685,029
1999	322,935 ⁽⁴⁾	40,601 ⁽⁴⁾	299,083	6,409	669,028
2000	321,017	40,844	293,933	6,424	662,218
2001	350,488	45,421	308,197	7,176	711,282
2002	363,113	45,873	321,534	7,739	738,259
2003	383,722	47,779	343,648	8,512	783,661
2004	379,764	54,974	352,125	8,957	795,820

Notes:

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

(Continued)

FULTON COUNTY, GEORGIA

Property Tax Rates and Tax Levies

Last Ten Fiscal Years

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

1995 - 2.46 mills
1996 - 2.28 mills
1997 - 3.45 mills
1998 - 2.26 mills
1999 - 2.45 mills
2000 - 2.40 mills
2001 - 2.27 mills
2002 - 2.06 mills
2003 - 1.81 mills
2004 - 1.65 mills

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

1995 - 1.87 mills
1996 - 2.56 mills
1997 - 0 mills
1998 - 0 mills
1999 - 0 mills
2000 - 0 mills
2001 - 0 mills
2002 - 0 mills
2003 - 0 mills
2004 - 0 mills

FULTON COUNTY, GEORGIA

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years
Operating and Bond Levies

(Rate per \$1,000 Assessed Value)

Fiscal Year	Fulton County		Municipalities											City of Union City			
	General ⁽¹⁾	School ⁽¹⁾	Special services district	State of Georgia	City of Atlanta	Downtown development district	City of Atlanta Schools	Atlanta DeKalb Library	City of Alpharetta	City of College Park	City of East Point	City of Fairburn	City of Hapeville		City of Mountain Park	City of Palmetto	City of Roswell
1995	14.01	21.26	4.76	0.25	11.15	-	24.50	1.90	7.88	7.50	12.01	4.50	11.00	9.00	4.50	6.59	4.50
1996	14.01	21.26	4.76	0.25	8.39	2.02	28.26	1.87	7.88	7.50	11.01	4.50	11.00	7.50	4.50	6.59	4.50
1997	13.69	20.76	4.76	0.25	8.39	2.02	26.43	2.06	7.88	7.50	11.01	4.50	11.00	7.50	4.50	6.59	7.50
1998	13.69	20.76	4.76	0.25	8.39	2.02	26.43	2.25	7.88	7.50	15.00	4.50	11.00	7.50	4.50	6.59	7.50
1999	13.69	20.76	4.76	0.25	8.39	2.22	25.93	1.97	7.88	7.50	11.00	4.50	11.00	7.50	4.50	6.59	7.50
2000	13.69	20.15	4.76	0.25	8.03	2.22	24.80	1.86	7.88	6.93	10.50	4.50	10.00	7.50	4.50	5.81	7.50
2001	13.34	19.02	4.70	0.25	7.37	2.22	22.06	1.47	7.48	6.61	9.00	4.50	9.61	6.80	4.50	5.43	7.50
2002	12.81	18.77	4.47	0.25	10.86	2.50	21.78	-	7.23	9.56	15.00	6.00	9.61	5.76	4.50	5.43	7.50
2003	12.32	18.06	4.31	0.25	10.51	3.60	21.57	-	7.00	9.56	12.50	6.00	9.61	7.00	4.50	5.17	7.50
2004	11.65	17.61	4.73	0.25	10.02	4.20	20.98	-	7.00	9.56	12.37	5.75	12.61	6.95	4.50	6.09	7.50

⁽¹⁾Includes bond levy.

FULTON COUNTY, GEORGIA

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

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Population</u> ¹	<u>Assessed value</u>	<u>Gross general obligation bonded debt</u>	<u>Less applicable portion of debt service fund</u>	<u>Net general obligation bonded debt</u>	<u>Net general obligation bonded debt as a percentage of assessed value</u>	<u>Net general obligation bonded debt per capita</u>
1995	731,300	\$ 19,967,269**	\$ 86,672	\$ 9,122	\$ 77,550	0.39%	\$ 106.04
1996	745,400	20,302,773**	82,422	11,441	70,981	0.35	95.22
1997	760,100	22,396,623**	78,034	15,034	63,000	0.28	82.88
1998	773,300	26,355,064**	73,084	18,555	54,529	0.21	70.51
1999	786,100	27,264,925**	65,127	27,394	37,733	0.14	48.00
2000	816,006	29,507,674**	57,321	29,988	27,333	0.09	33.50
2001	828,100	33,580,823**	49,465	29,751	19,714	0.06	23.81
2002	840,000	36,474,277**	41,469	29,927	11,542	0.03	13.74
2003	850,200	38,902,270**	35,473	30,443	5,030	0.01	5.92
2004	852,500	40,910,888**	24,077	20,808	3,269	0.01	3.83

¹Source: 1995-2004 Atlanta Regional Commission estimates as amended, not including 2000 data.
2000 - Bureau of the Census

* Amounts represent assessed value.

** Amounts represent values assessed for bond purposes.

Table VIII

FULTON COUNTY, GEORGIA

Computation of Direct and Overlapping Debt

December 31, 2004

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct and overlapping direct debt:			
Fulton County	\$ 24,077,629	100	24,077,629
Fulton County School District	225,795,000	100	225,795,000
Municipalities:			
Alpharetta	45,135,000	100	45,135,000
Atlanta (including School District)	288,965,000	97	280,296,050
Hapeville	10,490,000	100	10,490,000
Union City	8,085,000	100	8,085,000
Roswell	57,835,000	100	57,835,000
	<u>\$ 660,382,629</u>		<u>651,713,679</u>
Contractual obligations and overlapping contractual obligations:			
Building Authority of Fulton County	\$ 94,548,007	100 %	94,548,007
College Park Business and Industrial Development Authority	5,365,000	100	5,365,000
The Fulton-DeKalb Hospital Authority*: Revenue Refunding Certificates Series 2003	248,970,000	74.7227	186,037,106
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 1997	137,335,000	98	134,588,300
Zoo Series 2003	4,610,000	98	4,517,800
East Point Building Authority	33,773,787	100	33,773,787
Downtown Development Authority of the City of Atlanta Underground Project	65,330,000	97	63,370,100
	<u>\$ 589,931,794</u>		<u>522,200,100</u>
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations	<u>\$ 1,250,314,423</u>		<u>1,173,913,779</u>

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

Table IX

FULTON COUNTY, GEORGIA

Computation of Legal Debt Margin

December 31, 2004

(In thousands of dollars)

Assessed value	\$ 42,756,458
Less:	
Special homestead exemption exempt of all county taxes	(1,182,544)
Freeport exemption	<u>(663,026)</u>
Assessed value for bond purposes	<u>\$ 40,910,888</u>
Debt limit 10% of assessed value	<u>\$ 4,091,089</u>
Less amount of debt applicable to debt limit	
Total general obligation bonded debt	24,077
Less available debt service funds	<u>(20,808)</u>
Total amount applicable to debt limit	<u>3,269</u>
Legal debt margin	<u>\$ 4,087,820</u>

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

FULTON COUNTY, GEORGIA

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

Last Ten Fiscal Years
(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total General Fund expenditures and other uses</u>	<u>Debt service to general expenditures (percent)</u>
1995	\$ 7,010	5,739	12,749	333,278	3.8%
1996	7,249	5,579	12,828	350,804	3.7
1997	7,748	5,405	13,153	394,218	3.3
1998	7,950	4,871	12,821	442,237	2.9
1999	7,947	4,538	12,485	456,650	2.7
2000	7,806	4,110	11,916	496,209	2.4
2001	7,856	3,731	11,587	536,812	2.2
2002	7,996	3,275	11,271	581,004	1.9
2003	8,062	2,415	10,477	578,917	1.8
2004	11,601	1,947	13,548	569,547	2.4

FULTON COUNTY, GEORGIA

Schedule of Revenue Bond Coverage
Fulton County Water and Sewerage System

Last Ten Fiscal Years

(Non-GAAP Budget Basis)

(In thousands of dollars)

<u>Fiscal year</u>	<u>Operating revenue*</u>	<u>Operating expenses*</u>	<u>Net earnings*</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1995	\$ 63,950	27,594	36,356	4,755	9,295	14,050	2.59
1996	73,485	32,649	40,836	4,960	9,081	14,041	2.91
1997	91,447	31,619	59,828	5,215	8,840	14,055	4.26
1998	106,762	35,899	70,863	6,045	18,193	24,239	2.92
1999	102,438	43,014	59,424	6,100	18,139	24,239	2.45
2000	108,682	45,317	63,364	6,430	17,812	24,242	2.61
2001	105,844	48,648	57,196	6,790	17,448	24,238	2.36
2002	100,720	45,015	55,705	7,590	16,653	24,243	2.30
2003	100,046	50,480	49,564	8,040	16,198	24,238	2.04
2004	123,676	56,703	66,973	8,655	30,163	38,818	1.73

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

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

FULTON COUNTY, GEORGIA

Property Values

Last Ten Fiscal Years

(In thousands of dollars)

<u>Fiscal year</u>	<u>Fulton County property values*</u>		
	<u>Commercial</u>	<u>Residential</u>	<u>Nontaxable</u>
1995	\$ 5,876,938	9,777,807	2,290,701
1996	6,223,414	10,240,795	2,352,405
1997	6,464,878	10,594,284	2,450,950
1998	8,123,940	12,689,150	2,824,715
1999	8,395,410	13,078,156	2,828,004
2000	8,955,272	14,220,491	2,760,524
2001	10,119,409	16,622,261	2,809,798
2002	10,906,740	19,372,704	3,188,305
2003	11,583,921	21,503,477	3,177,013
2004	12,209,684	23,084,745	3,184,473

*Source: Information provided by the Fulton County Tax Commissioner.

Table XIII

FULTON COUNTY, GEORGIA

Principal Taxpayers

December 31, 2004

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2004:			
BellSouth Telecommunications	\$ 664,297,396	1.55%	\$ 10,294,971.05
Delta Airlines	536,965,108	1.26%	6,985,078.85
Coca Cola	599,379,529	1.40%	4,014,620.84
Georgia Power	222,893,740	0.52%	4,347,064.02
Cingular Wireless	211,326,981	0.49%	2,704,614.02
Concourse V Associates	218,362,600	0.51%	2,690,131.37
Ford Motors	232,791,250	0.54%	2,286,313.03
Post Apartment Homes	364,602,019	0.85%	2,275,067.55
Development Authority of Fulton County	525,818,300	1.23%	3,712,781.25
Weekly Realty	190,372,900	0.45%	2,140,362.43
Total ten major taxpayers	\$ <u>3,766,809,823</u>	8.81%	\$ <u>41,451,004.41</u>
(1) Total County gross assessed value	\$ <u>42,756,458,000</u>		
(2) Estimated portion of above taxes attributable to Fulton County			\$ <u>10,407,864.56</u>
(2) Total estimated County tax collections for the top ten taxpayers as compared to total General and Special Service District tax collections			<u>1.83%</u>

Source: Fulton County Tax Commissioner.

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

(2) Source: Fulton County Finance Department

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

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

<u>Fiscal year</u>	<u>Permits issued</u>	<u>Value of buildings (thousands)</u>
1995	4,926	\$ 647,466
1996	5,030	665,652
1997	5,479	745,772
1998	6,420	1,051,472
1999	6,091	910,784
2000	5,482	776,117
2001	5,200	781,767
2002	4,046	886,182
2003	4,908	428,513
2004	5,106	633,318

Fire protection
 (unincorporated area):
 Number of stations 21
 Number of employees (all) 427

Police protection
 (unincorporated area):

Number of employees

Police officers 292
 School crossing guards 9
 Civilians 83

	<u>2004-03</u>	<u>2003-02</u>	<u>2002-01</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>	<u>1996-97</u>	<u>1995-96</u>	<u>1994-95</u>
Education:										
Number of schools	83	80	79	71	67	65	63	60	55	55
Number of teachers	5,339	5,094	4,976	4,488	4,483	4,500	3,943	3,605	3,759	3,452
Number of students**	73,036	71,290	69,709	68,707	67,097	65,572	64,000	61,145	57,338	51,842
Students/teachers	14/1	14/1	14/1	15/1	15/1	15/1	16/1	17/1	15/1	15/1
Enrollment:**										
Elementary	34,765	34,443	34,254	34,383	33,590	33,181	32,614	31,131	29,174	26,416
Middle	16,978	16,436	16,058	15,497	15,048	14,687	14,077	13,516	12,827	12,167
High	21,293	20,411	19,397	18,827	18,459	17,704	17,309	16,498	15,337	13,259

** Second month active enrollment

(Continued)

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

Age distribution in census of total county populations:

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

Fulton County demographic data:

	<u>Population*</u>	<u>Average Annual Unemployment rate (percentage)**</u>
1995	731,300	5.4%
1996	745,400	5.0
1997	760,100	4.6
1998	773,300	4.1
1999	786,100	3.8
2000	816,006	3.7
2001	828,100	4.3
2002	840,000	4.9
2003	850,200	5.8
2004	852,500	5.5

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

**Source: Georgia Department of Labor for 1995-2003, U.S Department of Labor for 2004.

(Continued)

FULTON COUNTY, GEORGIA

Miscellaneous Statistical Data

Principal employers in Atlanta Metro area (per Atlanta Chamber of Commerce as of 2004):

Over 10,000:

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

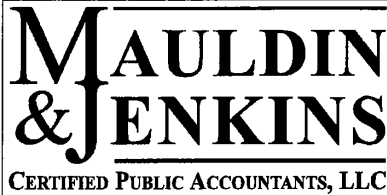
8,000-9,999:

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

5,000 - 7,999:

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

**Report on Internal Control
over Financial Reporting and on
Compliance and Other Matters
Based on an Audit of
Financial Statements
Performed in Accordance
with
Government Auditing Standards**



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Fulton County, Georgia, as of and for the year ended December 31, 2004, which collectively comprise Fulton County, Georgia's basic financial statements and have issued our report thereon dated June 30, 2005. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority. Those financial statements were audited by other auditors whose report has been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fulton County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in our judgment, could adversely affect Fulton County, Georgia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition we noted is described below:

2004-01: *Maintenance of Records for Agency Fund Accounts*

During our audit of the various elected officials as of December 31, 2004, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances. This situation was observed on certain amounts maintained at the Sheriff's Office, Superior Court, State Court, Probate Court, Juvenile Court, and District Attorney. Each of these offices are separately elected bodies which are responsible for maintaining and controlling their respective accounts, and these offices are not departments within the County's Board of Commissioners.

Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective cash balances maintained.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fulton County, Georgia'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. We also need certain additional matters that we reported to management of Fulton County, Georgia, in a separate letter dated June 30, 2005.

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

Mauldin & Jenkins, LLC

Macon, Georgia
June 30, 2005