

FULTON COUNTY

FULTON COUNTY, GEORGIA

OFFICE OF INTERNAL AUDIT

**FISCAL IMPACT ANALYSIS OF TAX ALLOCATION
DISTRICTS**

July 13, 2010

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Fiscal Impact Analysis of Tax Allocation Districts

Executive Summary

At the request of the Fulton County Commission, we performed a fiscal impact analysis on the Tax Allocation Districts (TADs). The purpose of the analysis was to project the gains that would be realized by the County upon the completion of a given TAD, as compared to the additional expenses incurred during the life of the TAD due to an increase in population. We selected the Westside TAD for this analysis because it is the oldest TADs in Fulton County and it has the most information available. To perform the analysis we used a modified method of fiscal impact analysis derived from the University of Wisconsin's Land Information and Computer Graphics Facility. This method called for a cost/benefit analysis comparing expenses incurred during the life of the TAD to the revenue that is realized by Fulton County.

For the duration of the Westside TAD, the County should realize a net loss. This is due mainly to two factors: First, the taxable value is frozen at the base year (1998) throughout the life of the TAD. Secondly, expenses will increase due to population growth. However, when the TAD dissolves (after 2038), the County will realize a quick return on investment because it will be able to tax on the full amount of the increased property values that have occurred over the 40 years of the TAD.

The information that follows will describe the known and assumed variables used to determine the outcome. It will also describe calculation methods used to determine forecasted revenues and expenses.

Known and Assumed Variables

Population

There are two areas of population that were of interest to this study. One was the population of Fulton County, and the other was the population of the Westside TAD. All historical population data used in the study was found through the Census information. In addition, there was no assumption that the geographic boundaries of Fulton County will change in the near future.

For Fulton County, actual population data was used from 1950 – 2010. In addition, the Development Authority of Fulton County had also projected the population growth of Fulton County up to 2035 using census data and, estimates based on a building permit driven model by the Department of Environment and Community Development (D.E.C.D.). Forecasts by D.E.C.D. are based on current trends and likely future development. These numbers were combined to obtain an average growth rate of 1.87% per year from 2011 – 2040.

Fiscal Impact Analysis of Tax Allocation Districts

The actual population within the Westside TAD was determined using actual numbers from Census tracts inside the district for 2000 and 2009 (the only years for which data was available). The total change between this nine year periods was averaged and found to be 0.26%. This number was then applied as the typical growth rate per year from 1998 through 2040.

Some may argue that this growth rate seems low when compared to Fulton County as a whole, especially since this should be a high growth-rate area. However, most of the development occurring and planned inside the district focused on commercial and not residential development.

Revenues and Millage Rates

There are two revenues that were of interest in this study, General Fund: Ad Valorem revenues within the TAD, and other revenues. Other revenues include revenues such as intergovernmental, charges for services, and fines and fees.

There are two variables when determining Ad Valorem taxes: the first is property value, and the second is millage rate. Determining revenue for a Tax Allocation District is unique because the value used in determining revenues does not change for the life of the TAD. In this case, the initial assessed taxable value of \$271 million does not change from 1998 – 2038.

Actual Ad Valorem revenues earned from the Westside TAD were determined by multiplying the actual General Fund millage rate by the base year value of the TAD. This was done for 1998 – 2010. The result of this calculation is a decrease in revenue. This is because Fulton County's millage rate has decreased over the 12 year period (from 13.69 in 1998 to 10.28 in 2010). This resulted in initial Ad Valorem revenue of \$3.7 million in 1998 to lower revenue of \$2.8 million in 2010 (estimated actual).

It bears mentioning that the County still has the right to increase or decrease millage rates. Therefore the forecasted revenue in this study may be changed by decisions made by the Board of Commissioners each year when millage rates are set. And, since taxable values are set at \$271 million, lowering millage rates has two effects: (1) it decreases the amount of Ad Valorem revenue available for operating money; (2) it decreases the amount of money available for development within the TAD. Obviously, increasing the millage rate has the opposite effect. In fact, if all bond issuances are paid early, jurisdictions can agree to terminate the TAD before 2038, thereby quickening the timeframe in which increased revenues are realized.

Projecting Ad Valorem revenues for the remainder of the TAD followed the same trend. This projection used historical millage rate changes for Fulton County to determine future change. From 1959 – 2010 Fulton County's millage rate has decreased at an average rate of about 1% per year (from 20.75 in 1959 to 10.28 in 2010). This resulted in projected Ad Valorem revenue of about \$2.1 million in 2038 (the last year of the TAD).

Fiscal Impact Analysis of Tax Allocation Districts

After the TAD dissolves however, the full (net) value is again available to be used for revenue generation within the General Fund. The development of this variable is explained in detail in the Real Property Growth Rate section below. However, because of the ability to use the actual value, the projected Ad Valorem revenue jumps from \$2.1 million in 2038 to \$109.5 million on 2039.

Actual other” revenues were used in the calculation of total revenues received by the Westside TAD and were calculated on a per capita basis. This was done by dividing the actual “Other” revenue for the entire General Fund by the entire population of Fulton County from 1998 – 2010 (2010 based on budgeted amounts). This produced a per capita revenue number that ranged from \$162 in 1998 to \$118 in 2010. This significant downward trend was mostly due to recent incorporations within Fulton County and was not used as a predictor of future change in per capita revenue.

In fact, using actual data for other revenue from 1992 – 2010, it was determined that the average normal rate of change for other revenue was a 3.57% increase annually.

The projected per capita other revenue numbers associated with the TAD were determined by multiplying the annual per capita rate by the annual estimated population within the TAD. This produced projected other revenue associated with the TAD of \$2.1 million in 1998 to \$2.7 million in 2038.

Real Property Growth Rate

The real property value was used in determining the value of property within the Westside TAD. For this study, the actual (net taxable) value was used to obtain revenues from 1998 – 2008. The average increase in property within the TAD during these years was 13.86% resulting in an increase of value from \$271 million in 1998 to \$807 million in 2008. This value however was not used to determine predicted growth during the life of the TAD. Instead, a combination of percentages was used for years 2009 – 2040. This is due to a number of varying factors described below:

- Due to House Resolution 1, increases in assessments must not increase except in certain cases from 2009 – 2011. However, since some new construction may come online during those years, and since values of existing buildings will likely continue to decrease slightly for the next few years, a percentage growth of only 1% was used for years 2009 – 2011.
- The rate of growth is expected to increase again from 2012 – 2016 and average 13.86% as assessments are allowed to rise. This accelerated rate of growth is also due to an anticipated bond issuance by the Atlanta Development Authority for the Westside TAD in 2013 which will increase construction projects through 2016.
- After 2016, the rate of growth will slowly decline to match that of the rest of the City of Atlanta. It is expected to fall gradually due to anticipated residual growth within the TAD even after official projects have been completed.
- The average real property growth rate of the City of Atlanta is projected to be 6.73%. This number is based on the actual value of all property within the City of Atlanta from 1994 – 2009.

Fiscal Impact Analysis of Tax Allocation Districts

The combination of all of the predicted growth rates yields significant increase in value. In 1998, the taxable value of all properties in the TAD is \$271 million. However, in 2038, 2039, and 2040, the value of the TAD is predicted to be \$13.2 billion, \$14.1 billion, and \$15 billion respectively.

While the change in value from \$271 million in 1998 to \$13.2 billion in 2038 seems large, it is logical when put into context. The Westside TAD made up 3% of the value of the entire city of Atlanta in 1998; however it is expected to be 4% of the value of Atlanta in 2038.

Expenses

Expenses associated with the Westside TAD were derived from a per capita cost of the General Fund. Police services however have been eliminated from the calculations because those services (while located in the General Fund) are provided by the City of Atlanta in the area of the Westside TAD. In addition, activities funded through enterprise funds are not included because their revenues and expenses are derived solely from user fees, offset one another, and are not part of the General Fund.

This per capita cost was multiplied by the actual population of the TAD annually from 1998 – 2010 (2010 estimated based on budgeted numbers). After 2010 the per capita cost was estimated based on past growth of General Fund expenditures and expected growth in population (both in Fulton County and inside the TAD) are discussed below.

In order to project the average percent change in General Fund expenditures in the future, the actual average percent change in General Fund expenditures from 1992 – 2010 (2010 based on budgeted numbers) were used. The average annual change during this period was 3.48% and ranged from \$322 million in 1998 to \$584 million in 2010. Using this rate, General Fund expenditures (less Police) are expected to reach \$1.38 billion in 2038.

The numbers were compared to population and yield a General Fund expense rate of \$551 per capita in 1998 and \$766 in 2038. The projected population is increasing at a slower rate than the expenses of the General Fund. These annual per capita rates were multiplied by the annual population within the TAD in order to obtain General Fund expenditures related to the TAD. In 1998 the associated General Fund expenditures related to the Westside TAD were \$7.2 million and in 2038 are expected to grow to \$11.1 million.

Conclusion

Based on the information above, our analysis indicates that the County would see a net gain from the Westside TAD in the second year following its dissolution. This assessment is obtained by subtracting all of the associated costs related to the population in the TAD from all of the revenue related to the TAD from 1998 – 2040.

Fiscal Impact Analysis of Tax Allocation Districts

Total per capita general fund operating expenses related to the TAD from 1998 – 2038 equal \$351.6 million. The revenue associated with the TAD from the same period is \$198.9 million. Therefore, from 1998 - 2038, operating expenses associated with the TAD exceed revenues associated with the TAD by \$152.7 million.

However, due to the fact that the County is able to collect revenue on the entire taxable amount after the TAD has dissolved; there is an immediate influx of revenue in 2039. In 2038, for example, the expected Ad Valorem revenue from the TAD is expected to be \$2.1 million, but in 2039, the expected revenue should be approximately \$109.5 million.

With this sudden and large increase in revenue, it should only take two years (until 2040) to overcome the loss incurred during the life of the TAD (1998-2038). The expected net revenue in 2039 and 2040 should be \$100.9 million and \$108 million respectively. Therefore, in 2040 the County will have realized an overall net gain of over \$56 million. These numbers do not include any associated gains surrounding neighborhoods might see as a result of development within the Westside TAD.

Westside TAD Economic Impact Calculations

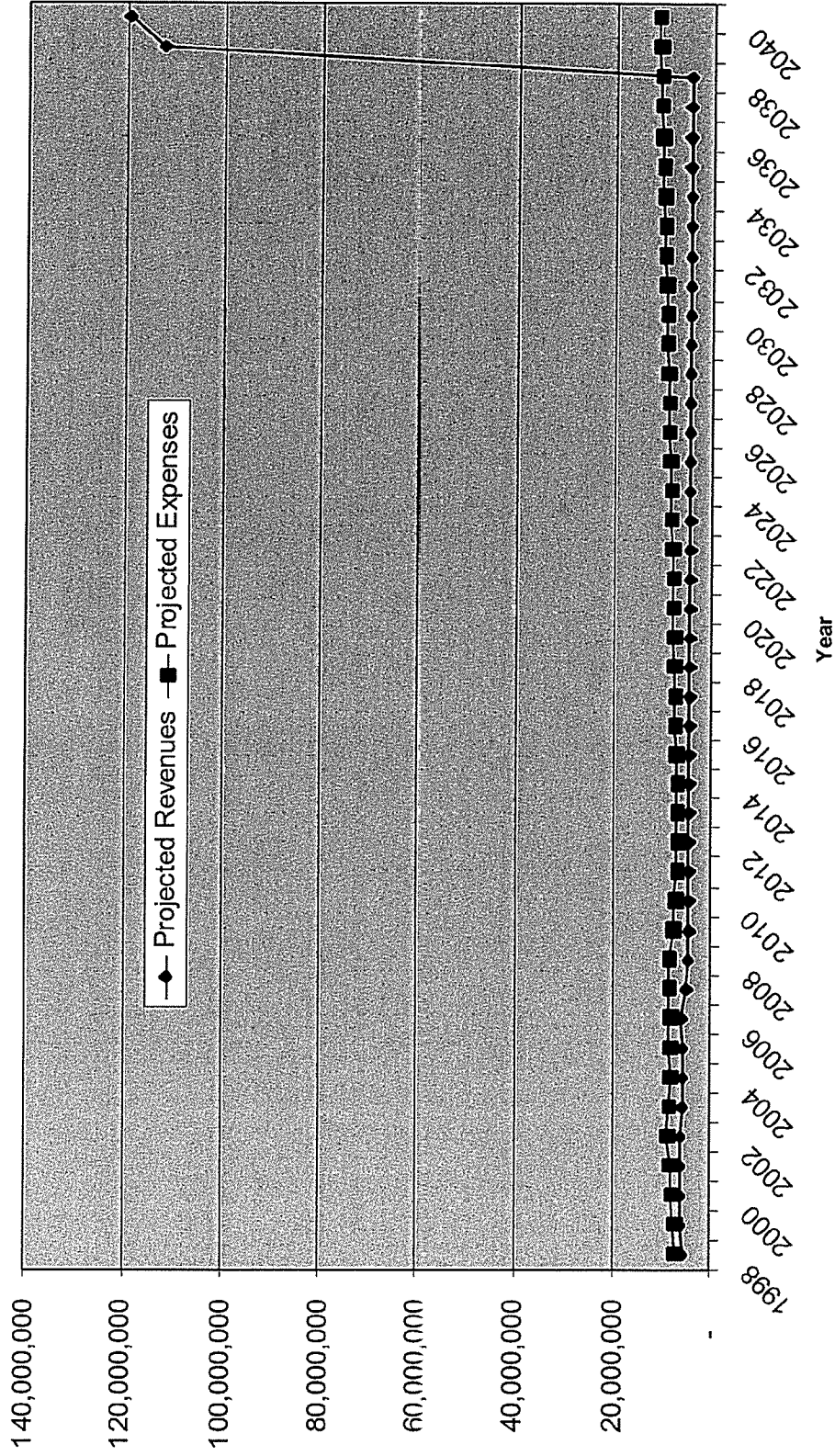
(5 Year Increments 1998-2023)

	1998	2003	2008	2013	2018	2023
Residents in Fulton County	790,853	881,928	1,014,932	1,134,253	1,244,305	1,365,036
General Fund Expenditures	\$ 436,148,126	\$ 574,735,680	\$ 633,788,367	\$ 586,686,578	\$ 696,282,043	\$ 826,350,390
Cost per Capita	\$ 551	\$ 652	\$ 624	\$ 517	\$ 560	\$ 605
Residents in TAD	13094	13264	13435	13608	13784	13962
Value of TAD (In Thousands)	\$ 271,000	\$ 570,000	\$ 807,000	\$ 1,077,904	\$ 2,045,119	\$ 3,642,755
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	13.69	12.32	10.28	10.07	9.56	9.07
Potential TAD Revenue	\$ 3,709,990	\$ 7,022,400	\$ 8,296,767	10,852,826.95	19,543,402.82	33,039,261.75
Projected Other Revenue	\$ 2,127,675	\$ 2,478,676	\$ 1,720,451	\$ 1,683,855	\$ 1,852,903	\$ 2,038,922
Projected Ad Valorem Revenue	3,709,990	3,338,720	2,786,151	2,728,551	2,589,709	2,457,931
Projected Total Revenue	5,837,665	5,817,395	4,506,602	4,412,406	4,442,612	4,496,853
Projected Costs	7,221,192	8,644,047	8,389,368	7,038,723	7,713,143	8,452,182
Net Revenue	(1,383,527)	(2,826,652)	(3,882,766)	(2,626,317)	(3,270,531)	(3,955,329)
Accumulated Net Revenue	(1,383,527)	(12,317,027)	(27,700,241)	(41,762,496)	(56,811,412)	(75,201,286)
Projected Other Revenue (1998 - 2038)	\$ 88,778,521					
Projected Ad Valorem Revenue (1998 - 2038)	\$ 110,116,217					
Projected Costs (1998 - 2038)	\$ 351,613,751					
Projected Net Revenue (1998 - 2038)	\$ (152,719,013)					
Future Net Revenue (2039-2040)	\$ 208,969,188					
Projected Surplus (1998-2040)	\$ 56,250,175					

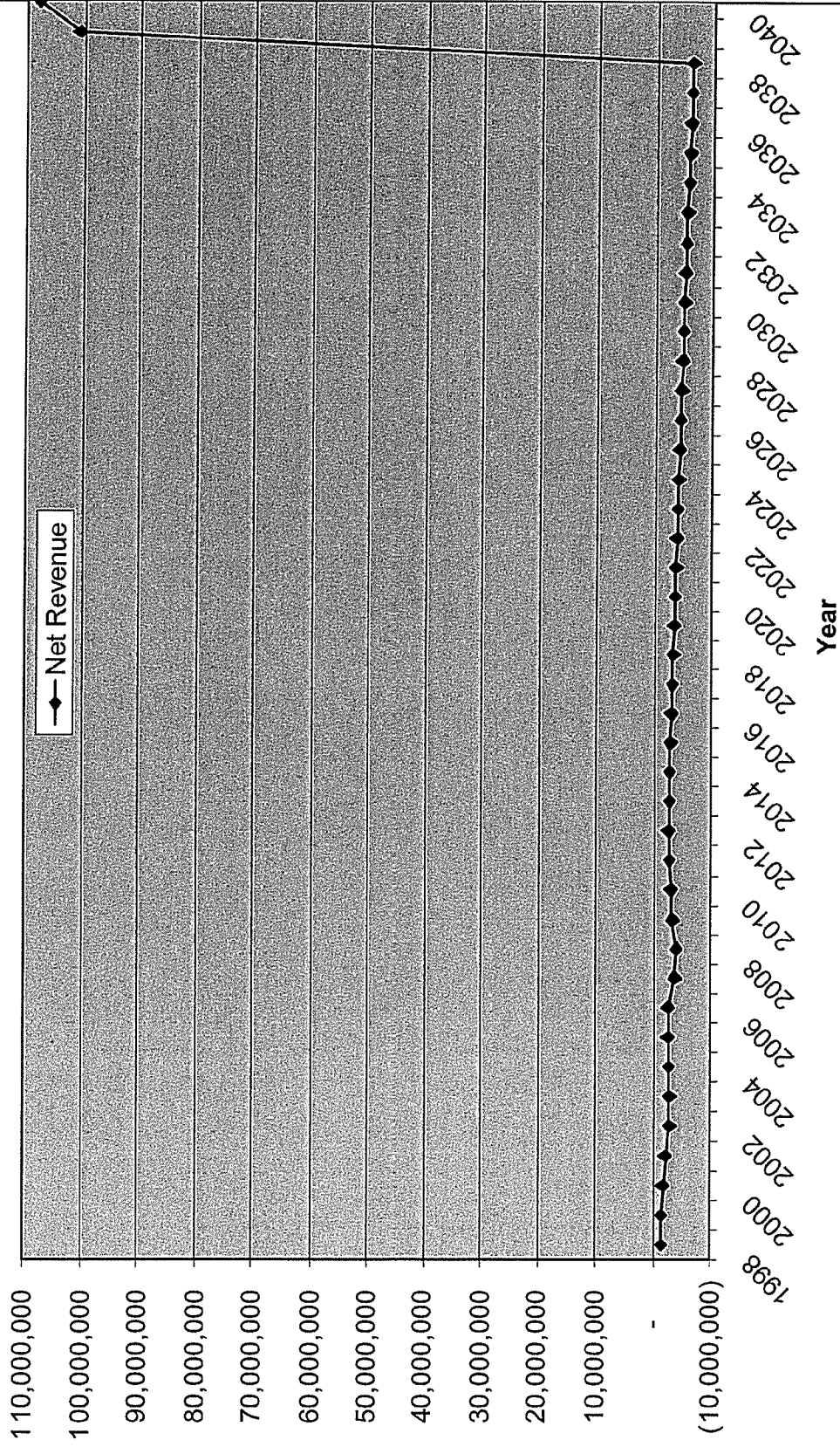
Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)

	2028	2033	2038	2039	2040
Residents in Fulton County	1,497,481	1,642,777	1,802,170	1,835,859	1,870,177
General Fund Expenditures	\$ 980,716,039	\$ 1,163,917,826	\$ 1,381,342,460	\$ 1,429,476,993	\$ 1,479,288,831
Cost per Capita	\$ 655	\$ 709	\$ 766	\$ 779	\$ 791
Residents in TAD	14142	14325	14510	14548	14585
Value of TAD (In Thousands)	\$ 6,033,395	\$ 9,282,135	\$ 13,249,769	\$ 14,141,479	\$ 15,093,200
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 14,141,479	\$ 15,093,200
General Fund Millage Rate	8.61	8.17	7.75	7.74	7.73
Potential TAD Revenue	51,937,480.76	75,837,806.98	\$ 102,746,012	\$ 109,513,878	\$ 116,727,333
Projected Other Revenue	\$ 2,243,617	\$ 2,468,862	\$ 2,716,719	\$ 2,769,200	\$ 2,822,695
Projected Ad Valorem Revenue	2,332,859	2,214,151	2,101,483	109,513,878	116,727,333
Projected Total Revenue	4,576,476	4,683,012	4,818,203	112,283,078	119,550,028
Projected Costs	9,262,033	10,149,480	11,121,958	11,327,361	11,536,558
Net Revenue	(4,685,557)	(5,466,467)	(6,303,755)	100,955,717	108,013,470
Accumulated Net Revenue	(97,149,420)	(122,090,582)	(152,719,013)	(51,763,296)	56,250,175
Projected Other Revenue (1998 - 2038)	\$ 88,778,521				
Projected Ad Valorem Revenue (1998 - 2038)	\$ 110,116,217				
Projected Costs (1998 - 2038)	\$ 351,613,751				
Projected Net Revenue (1998 - 2038)	\$ (152,719,013)				
Future Net Revenue (2039-2040)	\$ 208,969,188				
Projected Surplus (1998-2040)	\$ 56,250,175				

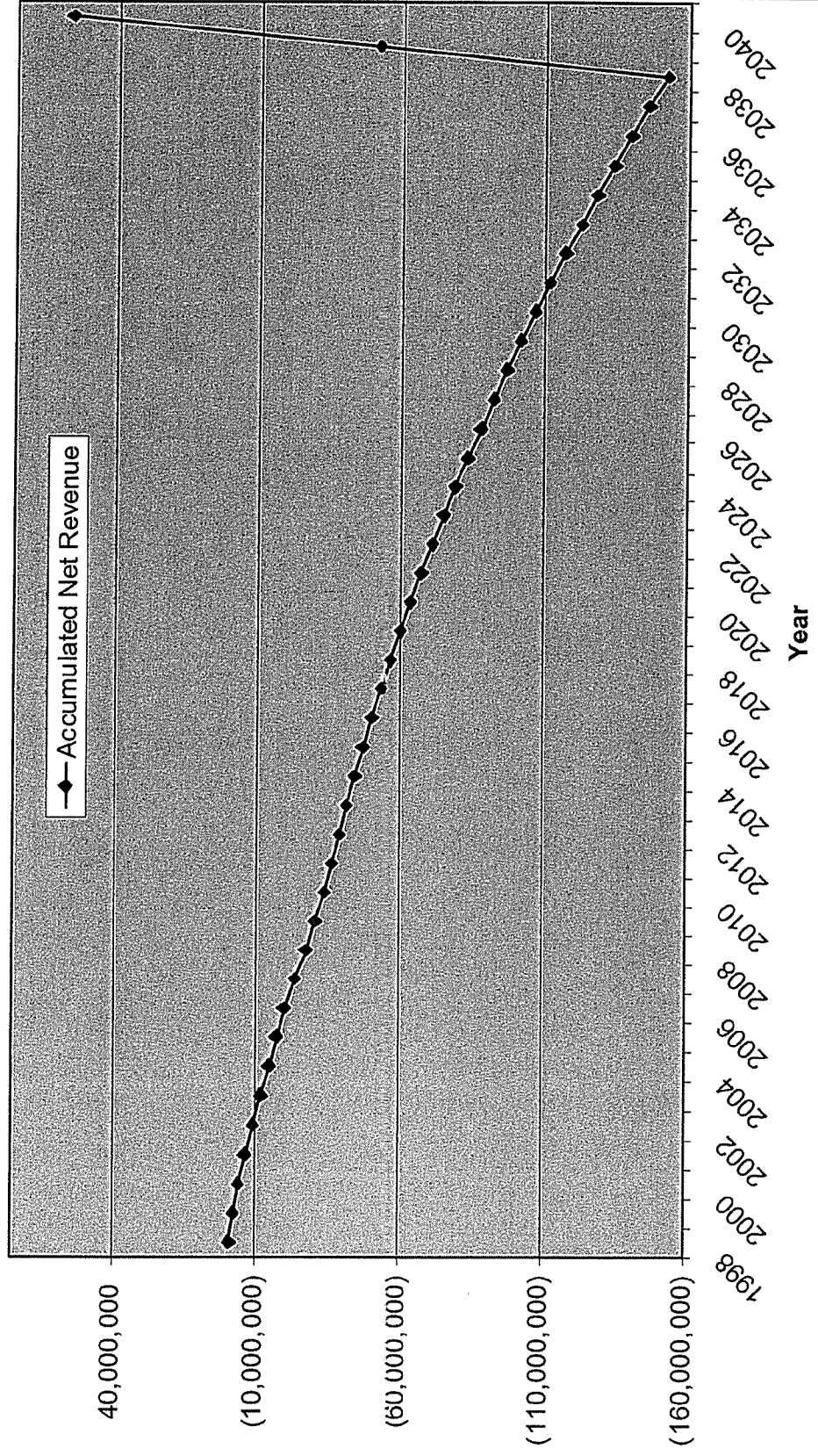
Projected Revenues Vs. Expenses Associated with the Westside TAD



Annual Net Revenue Associated with the Westside TAD



Accumulated Net Revenue Associated with the Westside TAD 1998 - 2040



**Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)**

	1998	1999	2000	2001	2002
Residents in Fulton County	790,853	807,365	817,152	846,806	862,907
General Fund Expenditures	\$ 436,148,126	\$ 452,569,751	\$ 492,306,320	\$ 532,704,317	\$ 576,744,398
Cost per Capita	\$ 551	\$ 561	\$ 602	\$ 629	\$ 668
Residents in TAD	13094	13128	13162	13196	13230
Value of TAD (In Thousands)	\$ 271,000	\$ 432,000	\$ 453,000	\$ 480,000	\$ 545,000
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	13.69	13.69	13.69	13.34	12.81
Potential TAD Revenue	\$ 3,709,990	\$ 5,914,080	\$ 6,201,570	\$ 6,403,200	\$ 6,981,450
Projected Other Revenue	\$ 2,127,675	\$ 2,277,676	\$ 2,542,609	\$ 2,485,383	\$ 2,513,522
Projected Ad Valorem Revenue	3,709,990	3,709,990	3,709,990	3,615,140	3,471,510
Projected Total Revenue	5,837,665	5,987,666	6,252,599	6,100,523	5,985,032
Projected Costs	7,221,192	7,358,925	7,929,696	8,301,346	8,842,702
Net Revenue	(1,383,527)	(1,371,259)	(1,677,096)	(2,200,823)	(2,857,670)
Accumulated Net Revenue	(1,383,527)	(2,754,786)	(4,431,882)	(6,632,705)	(9,490,375)

Projected Other Revenue (1998 - 2038)	\$ 88,778,521
Projected Ad Valorem Revenue (1998 - 2038)	\$ 110,116,217
Projected Costs (1998 - 2038)	\$ 351,613,751
Projected Net Revenue (1998 - 2038)	\$ (152,719,013)

Future Net Revenue (2039-2040)	\$ 208,969,188
Projected Surplus (1998-2040)	\$ 56,250,175

**Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)**

	2003	2004	2005	2006	2007	2008
Residents in Fulton County	881,928	905,802	934,242	964,281	992,472	1,014,932
General Fund Expenditures	\$ 574,735,680	\$ 565,658,133	\$ 585,647,312	\$ 604,036,106	\$ 637,630,382	\$ 633,788,367
Cost per Capita	\$ 652	\$ 624	\$ 627	\$ 626	\$ 642	\$ 624
Residents in TAD	13264	13298	13332	13366	13400	13435
Value of TAD (In Thousands)	\$ 570,000	\$ 610,000	\$ 413,000	\$ 519,000	\$ 686,000	\$ 807,000
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	12.32	11.65	11.65	11.47	10.28	10.28
Potential TAD Revenue	\$ 7,022,400	\$ 7,106,500	\$ 4,811,450	\$ 5,952,930	\$ 7,052,766	\$ 8,296,767
Projected Other Revenue	\$ 2,478,675	\$ 2,423,037	\$ 2,589,626	\$ 2,781,437	\$ 2,141,028	\$ 1,720,451
Projected Ad Valorem Revenue	3,338,720	3,157,150	3,157,150	3,108,370	2,786,151	2,786,151
Projected Total Revenue	5,817,395	5,580,187	5,746,776	5,889,807	4,927,179	4,506,602
Projected Costs	8,644,047	8,304,557	8,357,633	8,372,859	8,609,350	8,389,368
Net Revenue	(2,826,652)	(2,724,370)	(2,610,857)	(2,483,051)	(3,682,170)	(3,882,766)
Accumulated Net Revenue	(12,317,027)	(15,041,397)	(17,652,254)	(20,135,305)	(23,817,475)	(27,700,241)

Projected Other Revenue (1998 - 2038)
Projected Ad Valorem Revenue (1998 - 2038)
Projected Costs (1998 - 2038)
Projected Net Revenue (1998 - 2038)

Future Net Revenue (2039-2040)
Projected Surplus (1998-2040)

**Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)**

	2009	2010	2011	2012	2013	2014
Residents in Fulton County	1,045,259	1,072,950	1,093,007	1,113,439	1,134,253	1,155,456
General Fund Expenditures	\$ 598,075,855	\$ 584,344,653	\$ 572,657,760	\$ 566,931,182	\$ 586,686,578	\$ 607,130,375
Cost per Capita	\$ 572	\$ 545	\$ 524	\$ 509	\$ 517	\$ 525
Residents in TAD	13469	13504	13538	13573	13608	13643
Value of TAD (In Thousands)	\$ 815,070	\$ 823,221	\$ 831,453	\$ 946,692	\$ 1,077,904	\$ 1,227,301
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	10.28	10.28	10.28	10.17	10.07	9.96
Potential TAD Revenue	8,379,734.67	8,463,532.02	8,548,167.34	9,631,810.88	10,852,826.95	12,228,630.14
Projected Other Revenue	\$ 1,651,176	\$ 1,589,922	\$ 1,620,636	\$ 1,651,943	\$ 1,683,855	\$ 1,716,383
Projected Ad Valorem Revenue	2,786,151	2,786,151	2,786,151	2,757,201	2,728,551	2,700,200
Projected Total Revenue	4,437,327	4,376,073	4,406,787	4,409,144	4,412,406	4,416,583
Projected Costs	7,706,717	7,354,307	7,093,156	6,911,088	7,038,723	7,168,716
Net Revenue	(3,269,390)	(2,978,234)	(2,686,369)	(2,501,944)	(2,626,317)	(2,752,133)
Accumulated Net Revenue	(30,969,631)	(33,947,865)	(36,634,235)	(39,136,179)	(41,762,496)	(44,514,629)
Projected Other Revenue (1998 - 2038)						
Projected Ad Valorem Revenue (1998 - 2038)						
Projected Costs (1998 - 2038)						
Projected Net Revenue (1998 - 2038)						
Future Net Revenue (2039-2040)						
Projected Surplus (1998-2040)						

**Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)**

	2015	2016	2017	2018	2019	2020
Residents in Fulton County	1,177,055	1,199,058	1,221,472	1,244,305	1,267,566	1,291,261
General Fund Expenditures	\$ 628,286,560	\$ 650,179,958	\$ 672,836,257	\$ 696,282,043	\$ 720,544,824	\$ 745,653,072
Cost per Capita	\$ 534	\$ 542	\$ 551	\$ 560	\$ 568	\$ 577
Residents in TAD	13678	13713	13749	13784	13819	13855
Value of TAD (In Thousands)	\$ 1,397,405	\$ 1,591,086	\$ 1,806,454	\$ 2,045,119	\$ 2,308,688	\$ 2,598,743
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	9.86	9.76	9.66	9.56	9.46	9.36
Potential TAD Revenue	13,778,842.67	15,525,574.25	17,443,943.30	19,543,402.82	21,832,861.78	24,320,501.82
Projected Other Revenue	\$ 1,749,540	\$ 1,783,337	\$ 1,817,787	\$ 1,852,903	\$ 1,888,697	\$ 1,925,182
Projected Ad Valorem Revenue	2,672,143	2,644,377	2,616,900	2,589,709	2,562,800	2,536,170
Projected Total Revenue	4,421,683	4,427,714	4,434,688	4,442,612	4,451,497	4,461,353
Projected Costs	7,301,110	7,435,949	7,573,278	7,713,143	7,855,591	8,000,670
Net Revenue	(2,879,427)	(3,008,234)	(3,138,590)	(3,270,531)	(3,404,094)	(3,539,317)
Accumulated Net Revenue	(47,394,056)	(50,402,291)	(53,540,881)	(56,811,412)	(60,215,506)	(63,754,824)

Projected Other Revenue (1998 - 2038)
Projected Ad Valorem Revenue (1998 - 2038)
Projected Costs (1998 - 2038)
Projected Net Revenue (1998 - 2038)

Future Net Revenue (2039-2040)
Projected Surplus (1998-2040)

Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)

	2021	2022	2023	2024	2025	2026
Residents in Fulton County	1,315,398	1,339,988	1,365,036	1,390,553	1,416,547	1,443,027
General Fund Expenditures	\$ 771,636,246	\$ 798,524,836	\$ 826,350,390	\$ 855,145,559	\$ 884,944,130	\$ 915,781,069
Cost per Capita	\$ 587	\$ 596	\$ 605	\$ 615	\$ 625	\$ 635
Residents in TAD	13891	13926	13962	13998	14034	14070
Value of TAD (In Thousands)	\$ 2,916,818	\$ 3,264,370	\$ 3,642,755	\$ 4,053,194	\$ 4,496,742	\$ 4,974,256
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	9.26	9.17	9.07	8.98	8.88	8.79
Potential TAD Revenue	27,013,582.47	29,918,236.99	33,039,261.75	36,379,902.42	39,941,640.55	43,723,984.93
Projected Other Revenue	\$ 1,962,373	\$ 2,000,281	\$ 2,038,922	\$ 2,078,310	\$ 2,118,458	\$ 2,159,382
Projected Ad Valorem Revenue	2,509,818	2,483,739	2,457,931	2,432,391	2,407,117	2,382,105
Projected Total Revenue	4,472,190	4,484,020	4,496,853	4,510,701	4,525,575	4,541,487
Projected Costs	8,148,428	8,298,916	8,452,182	8,608,279	8,767,259	8,929,175
Net Revenue	(3,676,238)	(3,814,895)	(3,955,329)	(4,097,578)	(4,241,684)	(4,387,687)
Accumulated Net Revenue	(67,431,062)	(71,245,957)	(75,201,286)	(79,298,864)	(83,540,548)	(87,928,235)

Projected Other Revenue (1998 - 2038)
Projected Ad Valorem Revenue (1998 - 2038)
Projected Costs (1998 - 2038)
Projected Net Revenue (1998 - 2038)

Future Net Revenue (2039-2040)
Projected Surplus (1998-2040)

Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)

	2027	2028	2029	2030	2031
Residents in Fulton County	1,470,002	1,497,481	1,525,474	1,553,990	1,583,039
General Fund Expenditures	\$ 947,692,557	\$ 980,716,039	\$ 1,014,890,264	\$ 1,050,255,331	\$ 1,086,852,736
Cost per Capita	\$ 645	\$ 655	\$ 665	\$ 676	\$ 687
Residents in TAD	14106	14142	14179	14215	14252
Value of TAD (In Thousands)	\$ 5,486,355	\$ 6,033,395	\$ 6,615,425	\$ 7,232,163	\$ 7,882,959
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	8.70	8.61	8.52	8.43	8.34
Potential TAD Revenue	47,724,272.08	51,937,480.76	56,356,065.57	60,969,814.72	65,765,737.09

Projected Other Revenue	\$ 2,201,097	\$ 2,243,617	\$ 2,286,959	\$ 2,331,138	\$ 2,376,170
Projected Ad Valorem Revenue	2,357,353	2,332,859	2,308,619	2,284,630	2,260,891
Projected Total Revenue	4,558,450	4,576,476	4,595,577	4,615,768	4,637,061
Projected Costs	9,094,081	9,262,033	9,433,086	9,607,299	9,784,729
Net Revenue	(4,535,631)	(4,685,557)	(4,837,509)	(4,991,531)	(5,147,667)
Accumulated Net Revenue	(92,463,866)	(97,149,423)	(101,986,932)	(106,978,463)	(112,126,131)

Projected Other Revenue (1998 - 2038)	\$ 88,778,521
Projected Ad Valorem Revenue (1998 - 2038)	\$ 110,116,217
Projected Costs (1998 - 2038)	\$ 351,613,751
Projected Net Revenue (1998 - 2038)	\$ (152,719,013)

Future Net Revenue (2039-2040)	\$ 208,969,188
Projected Surplus (1998-2040)	\$ 56,250,175

Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)

	2032	2033	2034	2035	2036
Residents in Fulton County	1,612,632	1,642,777	1,673,486	1,704,769	1,736,636
General Fund Expenditures	\$ 1,124,725,422	\$ 1,163,917,826	\$ 1,204,475,937	\$ 1,246,447,344	\$ 1,289,881,295
Cost per Capita	\$ 697	\$ 709	\$ 720	\$ 731	\$ 743
Residents in TAD	14288	14325	14362	14399	14436
Value of TAD (In Thousands)	\$ 8,566,770	\$ 9,282,135	\$ 10,027,152	\$ 10,799,471	\$ 11,596,276
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000	\$ 271,000
General Fund Millage Rate	8.26	8.17	8.09	8.00	7.92
Potential TAD Revenue	70,727,983.52	75,837,806.98	81,073,566	86,410,774	91,822,200
Projected Other Revenue	\$ 2,422,072	\$ 2,468,862	\$ 2,516,554	\$ 2,565,169	\$ 2,614,722
Projected Ad Valorem Revenue	2,237,399	2,214,151	2,191,144	2,168,377	2,145,846
Projected Total Revenue	4,659,471	4,683,012	4,707,699	4,733,545	4,760,568
Projected Costs	9,965,436	10,149,480	10,336,923	10,527,828	10,722,258
Net Revenue	(5,305,964)	(5,466,467)	(5,629,224)	(5,794,282)	(5,961,691)
Accumulated Net Revenue	(117,432,095)	(122,898,562)	(128,527,786)	(134,322,069)	(140,283,759)

Projected Other Revenue (1998 - 2038)
Projected Ad Valorem Revenue (1998 - 2038)
Projected Costs (1998 - 2038)
Projected Net Revenue (1998 - 2038)

Future Net Revenue (2039-2040)
Projected Surplus (1998-2040)

**Westside TAD Economic Impact Calculations
(5 Year Increments and 2 Years Past TAD)**

	2037	2038	2039	2040
Residents in Fulton County	1,769,100	1,802,170	1,835,859	1,870,177
General Fund Expenditures	\$ 1,334,828,753	\$ 1,381,342,460	\$ 1,429,476,993	\$ 1,479,288,831
Cost per Capita	\$ 755	\$ 766	\$ 779	\$ 791
Residents in TAD	14473	14510	14548	14585
Value of TAD (In Thousands)	\$ 12,414,288	\$ 13,249,769	\$ 14,141,479	\$ 15,093,200
Fulton Taxable Value (In Thousands)	\$ 271,000	\$ 271,000	\$ 14,141,479	\$ 15,093,200
General Fund Millage Rate	7.84	7.75	7.74	7.73
Potential TAD Revenue	\$ 97,278,018	\$ 102,746,012	\$ 109,513,878	\$ 116,727,333
Projected Other Revenue	\$ 2,665,233	\$ 2,716,719	\$ 2,769,200	\$ 2,822,695
Projected Ad Valorem Revenue	2,123,549	2,101,483	109,513,878	116,727,333
Projected Total Revenue	4,788,781	4,818,203	112,283,078	119,550,028
Projected Costs	10,920,280	11,121,958	11,327,361	11,536,558
Net Revenue	(6,131,498)	(6,303,755)	100,955,717	108,013,470
Accumulated Net Revenue	(146,415,258)	(152,719,013)	(51,763,296)	56,250,175

Projected Other Revenue (1998 - 2038)
Projected Ad Valorem Revenue (1998 - 2038)
Projected Costs (1998 - 2038)
Projected Net Revenue (1998 - 2038)

Future Net Revenue (2039-2040)
Projected Surplus (1998-2040)

Fiscal Impact Analysis of Tax Allocation Districts

Executive Summary

At the request of the Fulton County Commission, we have performed a fiscal impact analysis on Tax Allocation Districts (TADs). The purpose of this analysis was to project the gains that would be realized by the County upon the completion of a given TAD, as compared to the additional expenses incurred during the life of the TAD due to increased population. We selected the Westside TAD for this analysis as it is currently the oldest in Fulton County and would have the most information available. To perform the analysis we used a modified method of fiscal impact analysis derived from the University of Wisconsin's Land Information and Computer Graphics Facility. The method called for a cost/benefit analysis comparing expenses incurred during the life of the TAD to the revenue that is realized by Fulton County.

During the life of the TAD the County produces a loss for the majority of the years. Year 1998 begins with a profit of \$69,568 and the TAD ends with a loss of 3 million in 2038. The first year following the dissolution of the TAD has been projected to produce a profit of 52 million, assuming the TAD dissolves in 2038. By totaling all figures through 2038, a net loss of 66 million is shown for the project. Meaning that the second year following the TAD's dissolution, the County is projected to turn a profit. Therefore, from a fiscal perspective (assuming TADs follow the model and trend of the Westside TAD) County investment in TADs should produce net loss for the County upon a TAD's dissolution, while quickly turning a profit in the subsequent years.

Calculations

The calculation process was divided into two categories – revenues and expenses.

Revenues

The forecasted Ad Valorem revenue for the Westside TAD in 2038 was calculated using the forecasted millage rates and forecasted value of property. One was then multiplied by the other to obtain a forecasted Ad Valorem revenue amount. Non-Property Tax Revenue was accounted for as revenue rather than being subtracted out of the General Fund expenses. It was calculated on a per capita basis (similar to expense calculations) using the total Fulton County residents as well as TAD residents. A per capita amount was found for the County then multiplied by the number of residents in the TAD.

The forecasted millage rate was determined by finding the average change per year over the last 10 years, (-0.01), and then applying that to the current millage. However, we did not change the millage rate until 2012 due to the current downturn in the economy and the fact that in similar economic times, this downward movement tends to decline more slowly. This put the General Fund Millage rate in 2038 at 7.72.

During the TAD, the County's Ad Valorem revenue is restricted by the original value of the TAD, 271 million. Given that the Millage rates are continuously falling, the Ad Valorem revenue the County receives shrinks throughout the life of the TAD; originally starting at 3.7 million, it reaches 2.1 million in 2038.

Multiplying the forecasted millage rate by the estimated value in 2039 yielded Ad Valorem revenue of 57.6 million. With Non-Property Tax revenue projected at 2.6

million, the County would see 60.2 million in revenue the first year and thus recouping almost all losses on the project during that year, those being a net loss of 66 million.

Expenses

The total expense to the County (of the TAD) was the sum of each year's expense resulting from new and existing residents within the TAD. The method called for finding a per capita expense of each citizen, then multiplying that expense by the base number of residents, the number of residents in the district prior to the TAD, plus the cumulative number of new residents in the TAD.

The increased population estimates were based on current trends within the County and the TAD using Census Tracts, data provided by the Atlanta Regional Commission and the County's official Demographer.

Expenses from 1998-2010 were taken from budget book Actual figures of the County's General Fund. The projected figures, all those past 2008, were estimated using the average change per year from 1998-2010. These figures were then converted to a per capita expense based on population projections. These expenses ranged from \$558 in 1998 to \$537 in 2038.

The annual per capita expenses were multiplied by the residents in the TAD for each year of the projection. The resulting figures account for each year's total expense during the life of the TAD borne by the County's General Fund due to the TAD's population during the entire period of the TAD.

Expenses outside of the General Fund (and some within the General Fund) were not used in this calculation for a few reasons.

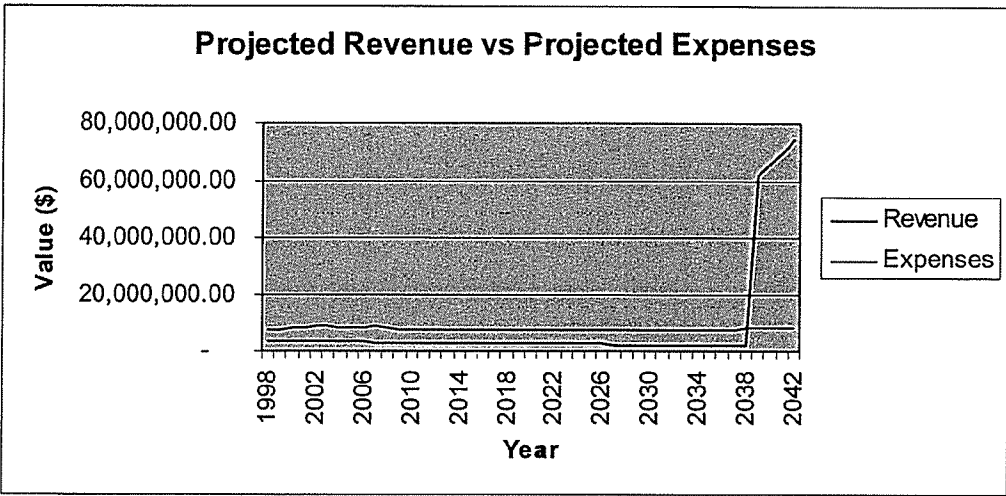
1. Being located within the City of Atlanta, both Police and Fire protection are provided by the City of Atlanta and therefore increase in population will not affect the County's operating expenses in these areas.
2. Even though Water and Sewer are provided by Fulton County, these operating and capital expenses are paid for by user fees and are self-contained within their own fund. Therefore, regardless of population size, these expenses are cancelled out by the user fees that are collected.

However, were Fulton County to embark on a TAD in an unincorporated area, expenses such as Fire and Police should be included in the per capita rates as these costs should increase based on changes in population.

Conclusion

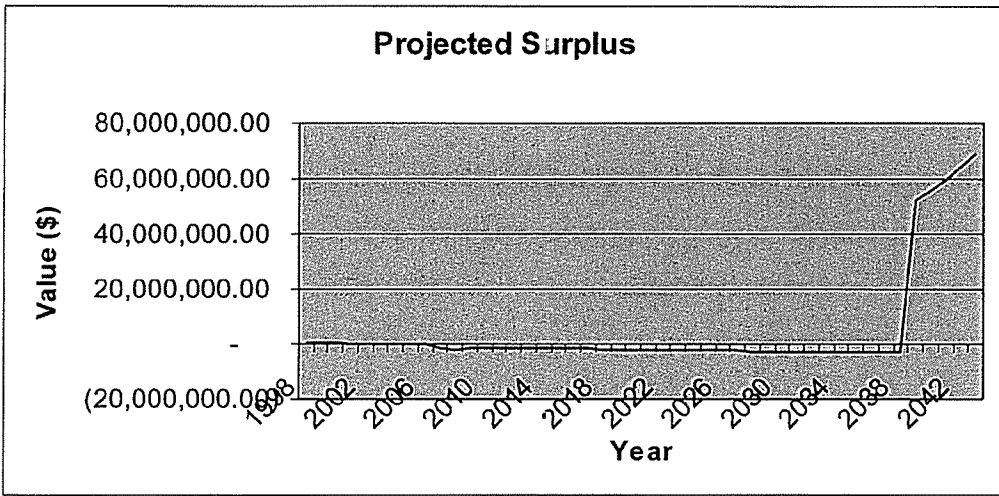
Our analysis indicates that the County would see a profit from the Westside TAD the second year following its dissolution. Using the first year's revenue of 60 million and 6 million out of the projected 64 million in revenue of the second year to pay for the loss of the project would allow for the County to start turning that profit the second year. The subsequent years are projected to see profits reaching the upwards of 90 million through 2048.

Attachment: Calculation Summary



Projected Revenue: The projected revenue that is realized by Fulton County from the Westside TAD area.

Projected Expenses: The projected expenses realized by Fulton County associated with all residents within the Westside TAD.



Projected Profit: Projected Revenue less Projected Expenses.