

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FULTON COUNTY, GEORGIA

**FISCAL YEAR ENDED
DECEMBER 31, 2006**

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, 2006

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

7001 Fulton County Government Center

Atlanta, Georgia 30303

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FULTON COUNTY, GEORGIA

Comprehensive Annual Financial Report

Year ended December 31, 2006

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**FULTON COUNTY
GEORGIA
2006**

BOARD OF COMMISSIONERS OF FULTON COUNTY

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

Clerk of Commission

Mark Massey

County Manager

Thomas C. Andrews

County Attorney

Overtis Hicks Brantley

Director of Finance and Budget Officer

Patrick J. O’Connor

Purchasing Agent

Jerome Noble

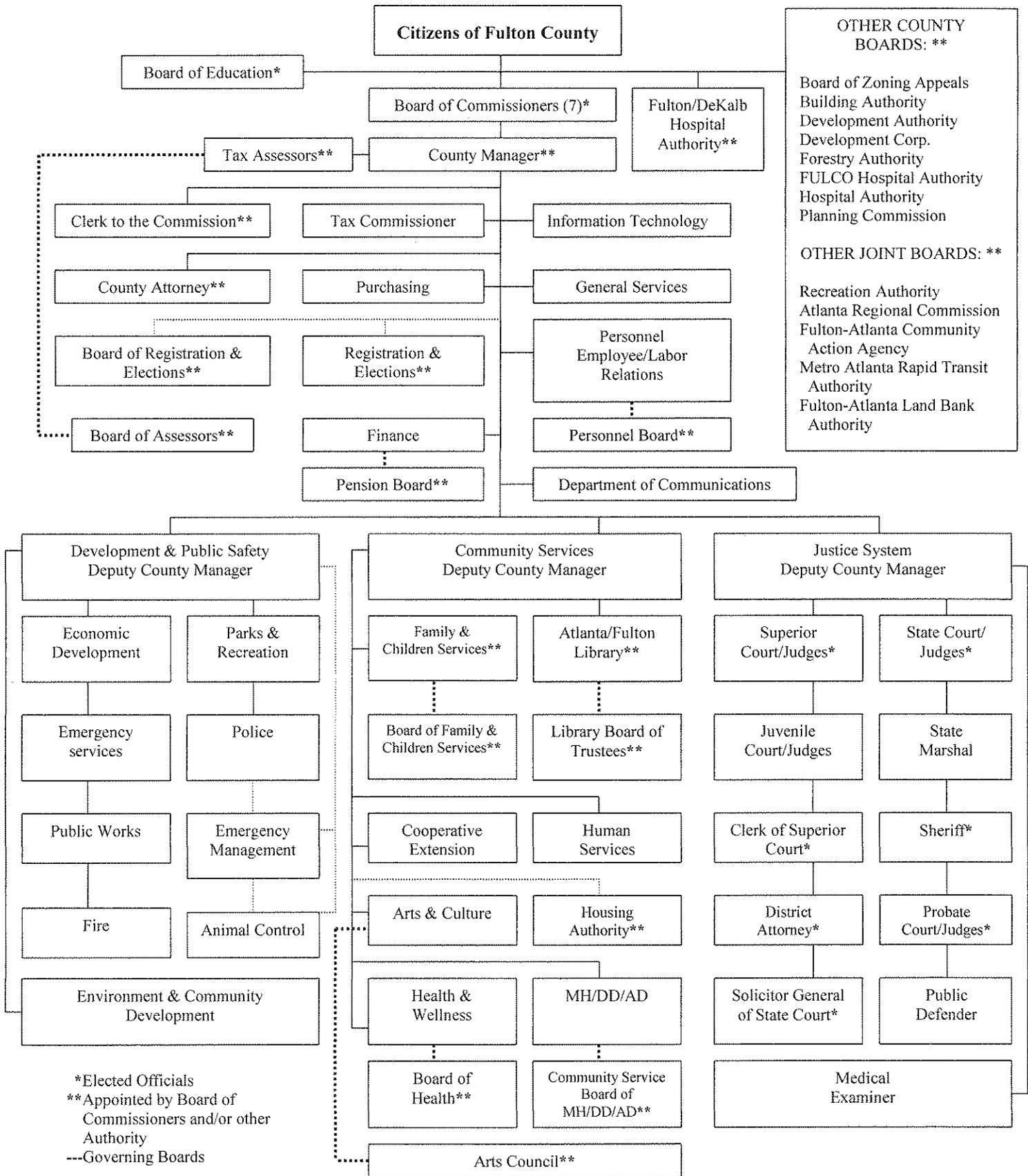
Tax Commissioner

Dr. Arthur Ferdinand

County Auditor

PJC Group, LLC

Organizational Chart of Fulton County Government



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

LETTER OF TRANSMITTAL



DEPARTMENT OF FINANCE

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

September 28, 2007

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, 2006, 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 over 900,000 residents, which is approximately 10% of the entire State's population. As of December 31, 2006, four fifths of our residents live within municipalities, including the City of Atlanta. In 2007, two additional areas incorporated in the northern section of the County, while the southern portion voted to remain unincorporated. 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 sections of Fulton County comprised approximately one-fifth of the county population, and is additionally provided police and fire protection, street and road construction and maintenance, parks and recreational facilities, building inspection and code enforcement services. These separate services are financed through the County's Special Service District Fund, which has an independent millage rate from the County's General Fund, which finances operations for County wide activities.

The financial impact of these incorporations has dramatically affected the County Special Service District, and additional State legislation required the County to begin accounting for revenues and expenditures by “sub-districts” for fiscal 2006. These sub-districts are also required to have separate balanced budgets based on revenues earned in each of these noncontiguous geographic areas, and are separately listed within this report as a combining schedule for the two northeast and northwest sub-districts, and a new separate taxing district for the southern portion of unincorporated Fulton County.

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 data relevant to the Metro Atlanta area, which indicates that the economy in Georgia and the Atlanta metro area is doing well but “is still under watch”. In a summary from the August 2007 publication “Forecast of the Nation”, Dr. Rajeev Dhawan, Director of the Georgia State University’s Economic Forecasting Center indicates the metro Atlanta area, like many areas of the county, is experiencing an adverse impact from the sub-prime lending market. Mr. Dhawan expects a gain of 68,300 jobs statewide in 2007, 40,000 had been added by mid 2007 already, with another 79,700 jobs emerging in 2008. The Economic Forecasting Center’s local report indicates on an annualized basis, Georgia’s employment will increase by 1.5% in 2007, 1.6% in 2008 and 2.2 by 2009. Georgia jobs paying higher wages (over \$45,000) decreased by 500 in 2006 but are expected to increase by 7,900 in 2007, while 2008 would see another 13,300 jobs created. Large corporate sector hiring will be slower while these companies gauge how the housing slowdown will affect consumers.

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 August 2007 publication.

The Georgia Department of Labor reported a statewide unemployment rate for August 2007 of 4.5%, an improvement from the 4.8% unemployment rate for August 2006. Fulton County's unemployment rate of August 2007 has dropped to 4.8% as compared to 5.1% for August 2006.

Accrual basis sales tax collections decreased significantly in 2006 to almost \$60.6 million, down from approximately \$75 million for 2005, due to the incorporation of the City of Sandy Springs. The incorporation of the two cities of John's Creek and Milton in late 2006 will further reduce sales tax revenues accruing to Fulton County government.

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

FINANCIAL INFORMATION

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

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

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

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

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 54% of the cash equivalents and investments held by the County for government wide activities during the year and at December 31, 2006, are rated highest as to quality, while the remaining 46% bankers acceptances and collateralized repurchase agreements are collateralized at 102%. The County's GASB 40 disclosures also show maturities of the County's portfolio. Investments are held in the County's name either by the counterpart financial institution's trust department or by a securities and exchange commission-registered brokerage firm.

RISK MANAGEMENT

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

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

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

OTHER INFORMATION

Independent Audit

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fulton County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. This was the nineteenth consecutive year Fulton County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

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

Sincerely,



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fulton County
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



President

Executive Director

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FINANCIAL SECTION

**INDEPENDENT
AUDITORS' REPORT**

PJC GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Suite 1525
Atlanta, GA 30303
(404) 659-3384 • Fax (404) 659-6863

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Fulton County, Georgia (the "County"), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fulton County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fulton-Dekalb Hospital Authority, which statements reflect total assets (in thousands) of \$481,080, total net assets (deficit) (in thousands) of (\$10,550) and total revenues (in thousands) of \$633,253 of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Fulton-Dekalb Hospital Authority in the component unit column, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Fulton County, Georgia, as of December 31, 2006, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2007 on our consideration of Fulton County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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, budgetary schedules on pages 65 through 67, 74 through 80 and other schedules on pages 91 through 95 are not required parts of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fulton County, Georgia's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules, and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory 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.

RSC Group, LLC

September 28, 2007

**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, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found earlier in this report. All financial information contained in this section is in thousands of dollars.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year by \$2,050,994 (*net assets*). Of this amount, \$634,432 (*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 \$68,785 in 2006 before an extraordinary item reduced net assets by \$54,745 for infrastructure transferred to new municipalities within the County. Business type activities produced \$36,936 of the increase while the governmental activities experienced an increase of \$31,849.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$329,542, a increase of \$37,055 in comparison with the previous year. The County's General Fund and Special Service District Fund, both major funds, generated net assets of \$29,512, while Other Governmental funds increased \$7,543. 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 \$136,195, of which \$39,468 has been designated for future year expenditures based on Board resolution. The remaining \$96,727 is available to meet the government's other ongoing obligations to citizens and creditors. The Special Service District's ending fund balance was \$38,171 which has been designated for future year expenditures based on Board resolution. This includes two new "sub-districts" that were required by a new State of Georgia requiring a separate accounting for geographic areas within the unincorporated section of the County. One of these new funds is the "South Fulton Taxing district" which is shown as a separate special revenue fund with an ending fund balance as of December 31, 2006 of \$5,403.

The County's total long term governmental liabilities increased by \$31,428 in 2006 with a new capital lease for Jail mechanical, electrical and plumbing upgrades of \$54 million, netted against scheduled principal payments on long term debt. Long-term liabilities related business-type activities decreased by \$9,904.

The County's capital assets used for governmental activities were valued at \$936,771, of which \$78,942 are under construction, an increase due to the new Jail project mentioned above. \$57 million of roadway networks net of accumulated depreciation was removed from the government-wide capital assets for roads and roadway networks that reside in a newly formed municipality within the County's unincorporated section. The County no longer owns, serves, or maintains these roadway networks.

Business-type capital assets totaled \$930,805, of which \$67,571 is currently under construction. No interest was required to be capitalized in 2006. Depreciation is based on useful life of the underlying asset using the straight line method.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

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

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

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

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

Proprietary fund statements

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

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

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

Fiduciary fund statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The two funds are the County's defined benefit retirement plan, which is administered by the County with the assistance of professional fund managers, and various agency funds.

These funds are included as a separate column and represent the balance sheet and activities of the Tax Commissioner's office, the Sheriff's office and Criminal courts, District Attorney, and Superior, Probate, Juvenile and State Court.

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-62 of this report.

Other Information

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

Government-wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total		% Change
	2006	2005	2006	2005	2006	2005	
Current and other assets	\$ 512,398	449,044	687,943	688,509	1,200,341	1,137,553	6
Capital assets	936,771	981,915	930,805	900,003	1,867,576	1,881,918	(1)
Total Assets	<u>1,449,169</u>	<u>1,430,959</u>	<u>1,618,748</u>	<u>1,588,512</u>	<u>3,067,917</u>	<u>3,019,471</u>	2
Current liabilities	59,337	49,659	12,445	10,101	71,782	59,760	20
Long-term liabilities	361,757	330,329	583,384	592,428	945,141	922,757	2
Total Liabilities	<u>421,094</u>	<u>379,988</u>	<u>595,829</u>	<u>602,529</u>	<u>1,016,923</u>	<u>982,517</u>	4
Net Assets:							
Invested in capital assets, net of related debt	652,890	733,571	687,192	667,370	1,340,082	1,400,941	(4)
Restricted	33,581	57,364	42,899	40,911	76,480	98,275	(22)
Unrestricted	341,604	260,036	292,828	277,702	634,432	537,738	18
Total Net Assets	<u>\$ 1,028,075</u>	<u>1,050,971</u>	<u>1,022,919</u>	<u>985,983</u>	<u>2,050,994</u>	<u>2,036,954</u>	1

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 \$901 million in cash and investments, of which approximately \$381 million is restricted for enterprise fund debt and capital projects. Governmental activities also have approximately \$34 million of restrictions on the above cash and investments for debt service, construction, state and

federal grants, and other similar type external restrictions. As restricted cash is invested in capital assets, the related net asset restriction shifts from “Restricted net assets” to “Invested in capital assets, net of related debt”.

Government-wide unrestricted net assets totaled \$538 million and are available to be used to meet the County’s ongoing obligations to citizens and creditors.

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

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

	Governmental Activities		Business-type Activities		Total		Percent Change	
	2006	2005	2006	2005	2006	2005		
Revenues:								
Program revenues:								
Charges for services	\$ 74,523	81,792	138,491	134,464	213,014	216,256	(1)	%
Operating grants and contributions	55,454	61,850	-	-	55,454	61,850	(10)	
Capital grants and contributions	21,056	50,871	6,211	60,455	27,267	111,326	(76)	
General revenues:								
Taxes	597,388	582,017	-	-	597,388	582,017	3	
Intergovernmental	15,105	15,917	-	-	15,105	15,917	(5)	
Other charges for services	14,471	12,928	-	-	14,471	12,928	12	
Use of money and property	27,488	22,585	26,223	13,000	53,711	35,585	51	
Miscellaneous	4,228	5,603	(1,546)	(678)	2,682	4,925	(46)	
Total revenues	<u>809,713</u>	<u>833,563</u>	<u>169,379</u>	<u>207,241</u>	<u>979,092</u>	<u>1,040,804</u>	(6)	
Expenses:								
Administration	102,619	97,780	-	-	102,619	97,780	5	
Public Safety	183,189	194,271	-	-	183,189	194,271	(6)	
Legal	126,433	115,217	-	-	126,433	115,217	10	
Infrastructure & facilities	73,431	81,466	-	-	73,431	81,466	(10)	
Social services	113,521	106,794	-	-	113,521	106,794	6	
Health services	160,904	160,770	-	-	160,904	160,770	0	
Interest and debt costs	17,767	17,053	-	-	17,767	17,053	4	
Water & Sewerage	-	-	116,826	116,583	116,826	116,583	0	
Contractual	-	-	14,430	-	14,430	-	-	
Airport services	-	-	1,187	875	1,187	875	36	
Total expenses	<u>777,864</u>	<u>773,351</u>	<u>132,443</u>	<u>117,458</u>	<u>910,307</u>	<u>890,809</u>	2	
Change in net assets	31,849	60,212	36,936	89,783	68,785	149,995	(54)	
Extraordinary item	(54,745)	(253,427)	-	-	(54,745)	-		
Beginning net assets	<u>1,050,971</u>	<u>1,244,186</u>	<u>985,983</u>	<u>896,200</u>	<u>2,036,954</u>	<u>2,140,386</u>	(5)	
Ending net assets	<u>\$ 1,028,075</u>	<u>1,050,971</u>	<u>1,022,919</u>	<u>985,983</u>	<u>2,050,994</u>	<u>2,290,381</u>	(10)	

Analysis of governmental activities

Net assets of the governmental activities of the County increased by \$31,849 in 2006, as compared to \$60,212 in 2005. 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 decreased significantly as new roadway infrastructure in the north section of the County is now property of new municipalities.

Overall, the expenditures for governmental activities saw little overall change from 2005, experiencing a total overall increase of only \$4.5 million. 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 increases with court programs. Health services are the County's second largest expenditure. This includes the County's health centers and mental health services that are available to all County residents. This includes the County's \$80 million payment to Grady Hospital, also known as the Fulton DeKalb Hospital Authority, which provides health services to the entire region, regardless of ability to pay. Also significant in purpose and effort is social services. This includes costs to render assistance to the elderly and poor, cultural enrichment, provide libraries and parks to citizens, and community support where necessary. Administration includes executive and legislative functions, along with supporting services of assessing, billing and collecting property taxes, human resources, legal, finance, and information technology. Infrastructure and facilities is the County's public works and public building management, including roadway and transportation networks, drainage, landfill maintenance and a host of other related efforts, as well as the depreciation on these infrastructure networks. This category decreased with smaller depreciation, as more assets were transferred to new municipalities.

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

Analysis of business-type activities

Charges for water and sewerage services are the primary component of the County's business-type activities. Sewerage expenses are greater than water as more resources and efforts are required to treat wastewater than produce potable water. The Fulton County Airport-Brown field fund accounted for a minimal amount of business-type activity.

Governmental Funds Financial Analysis

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term flows, outflows, and balances of resources available to spend. Revenues from overall taxes increased by \$18 million from 2005, mainly due to assessment growth for property taxes. Other categories experienced increases, while license and permitting revenues dropped sharply in 2006 due to slower economic activity with housing. General fund expenditures increased with a 4% compensation adjustment and less costs allocated to other funds for indirect costs. The general fund reported an ending fund balance of \$136,195, of which approximately \$18 million received as proceeds from sale of capital assets. The County's 2005 Special Service District fund split into three separate geographic funds by state law beginning in 2006. Two of these funds, known as the "Northeast" and the "Northwest" sub-district are shown in a combining schedule with the original Special Service District on pages 63-67. The "sub-

district” for the southern part of the unincorporated section of Fulton County raised its tax rate and became a separate “taxing” district, and is shown separately as a special revenue fund. No data from 2005 is available for these separate funds. Other non-major governmental funds include debt service, grants-in-aid, capital projects and other activities that yielded an increase of \$7,543 as compared to the prior year fund balances, largely due to capital project expenditures. Total non-major governmental fund balances were \$155,176 at year end. Of this amount, \$76,818 is designated for capital projects, \$21,045 is reserved for debt service, \$26,153 is reserved for encumbrances, and \$31,160 is designated for various other activities and grants.

Budgetary Highlights and Control

The objective of the County's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Under Fulton County Budget Law, all expenditures are subject to an annual appropriation. Strict controls are in place to ensure that expenditures do not exceed these appropriations at either the departmental or the fund level. The 2006 General Fund budget was adopted at approximately \$616 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 postponed activity in facility maintenance and public works efforts.

The legally adopted budget for governmental services for the County's major governmental funds is by department and can be reviewed on pages 17-19 of this report. No 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 \$1,881,918 (net of accumulated depreciation). The net investment in capital assets includes land, equipment, buildings, roadway networks, improvements to these assets and construction in progress less any related debt outstanding to finance acquisition of these assets. Business type activities added substantial projects for water and sewer system improvements in 2006 primarily consisting of the Camp Creek Wastewater treatment facility as well as donated infrastructure gained through development.

	Governmental Activities		Business-type Activities		Total		Percent Change	%
	2006	2005	2006	2005	2006	2005		
Capital assets not being depreciated:								
Land & land improvements	\$ 51,627	68,189	34,573	34,573	86,200	102,762	-	
Construction in progress	78,942	52,346	67,571	56,462	146,513	108,808	35	
Capital assets, shown net of depreciation:								
Equipment	22,566	27,046	2,180	2,919	24,746	29,965	(17)	
Buildings and improvements	358,727	371,682	1,433	1,569	360,160	373,251	(4)	
Roadway network	424,909	462,652	-	-	424,909	462,652	(8)	
Water System	-	-	153,646	154,370	153,646	154,370	-	
Sewerage system	-	-	671,462	650,110	671,462	650,110	3	
Total net capital assets	\$ 936,771	981,915	930,865	900,003	1,867,636	1,881,918	(1)	

Additional information relating to capital assets and infrastructure is presented in Note 7 of the financial statements beginning on page 45.

Debt Administration

At December 31, 2006, the County had a number of debt issues outstanding. These issues, in thousands, included \$9,428 of General Obligation Bonds including accreted interest; \$581,003 of Water and Sewerage Revenue Bonds (net of unaccreted discounts); and \$72,545 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, 2006, the County's general obligation bonded debt reserves exceeded the outstanding principal balance of \$9,428, and was below the legal limit of \$4,659,040.

At December 31, 2006, total other capital leases totals \$80,895, with the new capital lease of approximately \$54 million attributable to new jail improvements, along with an increase in the estimated liability for post-closure landfill care of \$22,065.

The Fulton County Facilities Corporation Certificates of Participation had an outstanding balance of \$121,597 as of December 31, 2006, which decreased by principal paid in 2006 of \$5,145.

The 1997 General Obligation bond was called and retired during 2006, and the 1998 General Obligation bond of \$2,025 is anticipated to be called and retired during 2007.

Additional information relating to long-term debt and other obligations is presented in Note 8 to the financial statements beginning on page 48.

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, 2006

(in thousands of dollars)

	Primary Government			Component Unit
	Governmental	Business-type	Total	Fulton-DeKalb
	Activities	Activities		Hospital Authority
Assets:				
Cash and cash equivalents	\$ 261,840	33,639	295,479	6,896
Investments	136,235	88,391	224,626	5,001
Receivables (net of allowances):				
Taxes	45,475	—	45,475	—
Interest	37	267	304	—
Accounts	1,418	10,495	11,913	90,268
Due from other governments, net	4,186	32,876	37,062	84,085
Other current assets	11,490	—	11,490	21,236
Restricted assets:				
Cash and cash equivalents	—	87,755	87,755	9,091
Investments	—	293,305	293,305	38,036
Interest receivable	—	939	939	—
Investment in joint venture	—	82,858	82,858	—
Capital assets (non-depreciable)	130,569	102,144	232,713	7,230
Capital assets (net of accumulated depreciation)	806,202	828,661	1,634,863	215,733
Other non-current assets	51,717	57,418	109,135	3,504
Total assets	1,449,169	1,618,748	3,067,917	481,080
Liabilities:				
Accounts payable and accrued expenses	46,103	6,006	52,109	199,068
Accrued interest	1,137	—	1,137	—
Due to others	3,671	—	3,671	—
Claims payable	6,665	—	6,665	38,896
Unearned revenue	1,761	—	1,761	—
Liabilities (payable from restricted assets):				
Contracts and other payables	—	5,972	5,972	—
Unearned revenue	—	467	467	1,234
Non-current liabilities:				
Due within one year	45,415	9,902	55,317	16,562
Due in more than one year	316,342	573,482	889,824	235,870
Total liabilities	421,094	595,829	1,016,923	491,630
Net Assets:				
Invested in capital assets, net of related debt	652,890	687,192	1,340,082	(29,470)
Restricted for debt retirement	21,045	42,899	63,944	—
Restricted for construction	11,507	—	11,507	—
Restricted for other purposes	1,029	—	1,029	25,689
Unrestricted	341,604	292,828	634,432	(6,769)
Total net assets	\$ 1,028,075	1,022,919	2,050,994	(10,550)

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Activities

For the year ended December 31, 2006
(In thousands of dollars)

	Program revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Fulton-DeKalb Hospital Authority
					Governmental activities	Business-type activities		
Functions/Programs								
Primary Government								
Governmental activities:								
Administration	\$ 102,619	28,918	—	—	(73,701)	(73,701)	—	
Public safety	183,189	6,978	—	—	(176,211)	(176,211)	—	
Legal	126,433	24,707	—	—	(101,726)	(101,726)	—	
Infrastructure and facilities	73,431	636	171	21,056	(51,568)	(51,568)	—	
Social services	113,521	5,190	14,882	—	(93,449)	(93,449)	—	
Health services	160,904	8,094	40,401	—	(112,409)	(112,409)	—	
Interest and other debt related costs	17,767	—	—	—	(17,767)	(17,767)	—	
Total governmental activities	777,864	74,523	55,454	21,056	(626,831)	(626,831)	—	
Business-type activities:								
Water and sewerage services	116,826	123,202	—	6,211	—	12,587	—	
Contractual services	14,430	14,430	—	—	—	—	—	
Airport	1,187	859	—	—	—	(328)	—	
Total business-type activities	132,443	138,491	—	6,211	—	12,259	—	
Total primary government	910,307	213,014	55,454	27,267	(626,831)	(614,572)	—	
Component unit								
Fulton-DeKalb Hospital Authority (Grady)	672,984	433,976	90,865	—	—	—	(148,143)	
Total component unit	672,984	433,976	90,865	—	—	—	(148,143)	
General revenues:								
Property taxes					523,418	523,418	—	
Sales taxes					60,671	60,671	—	
Other taxes					13,299	13,299	—	
Intergovernmental not restricted for specific programs					15,105	15,105	104,636	
Commission on tax collections					14,471	14,471	—	
Use of money and property					27,488	26,223	3,433	
Miscellaneous					2,810	(1,546)	343	
Special item-Gain on sale of fixed assets					1,418	1,418	—	
Total general revenues					658,680	24,677	108,412	
Changes in net assets					31,849	36,936	(39,731)	
Extraordinary item - (Note 7)					(54,745)	—	—	
Net assets - beginning					1,050,971	985,983	29,181	
Net assets - ending					\$ 1,028,075	1,022,919	(10,550)	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Balance Sheet
 Governmental Funds
 December 31, 2006

(in thousands of dollars)

	General	Special Service District	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 98,699	15,471	110,720	224,890
Investments	49,685	26,480	60,070	136,235
Receivables (net of allowances):				
Taxes	36,471	1,653	7,351	45,475
Interest	37	—	—	37
Accounts	—	—	1,418	1,418
Due from other governments	2,609	—	1,577	4,186
Due from other funds	—	244	—	244
Total assets	\$ 187,501	43,848	181,136	412,485
Liabilities:				
Accounts payable	\$ 25,271	4,179	14,977	44,427
Due to other funds	—	—	244	244
Due to others	—	—	3,671	3,671
Deferred revenue	26,035	1,498	7,068	34,601
Total liabilities	51,306	5,677	25,960	82,943
Fund Balances:				
Reserved for encumbrances	—	—	26,153	26,153
Reserved for debt service	—	—	21,045	21,045
Unreserved, reported in:				
General fund:				
Designated for subsequent year expenditures	39,468	—	—	39,468
Undesignated	96,727	—	—	96,727
Special Revenue funds:				
Designated for subsequent year expenditures	—	38,171	33,242	71,413
Undesignated	—	—	(2,082)	(2,082)
Capital Projects funds:				
Designated for capital projects	—	—	77,040	77,040
Undesignated	—	—	(222)	(222)
Total fund balances	136,195	38,171	155,176	329,542
Total liabilities and fund balances	\$ 187,501	43,848	181,136	412,485

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, 2006

(in thousands of dollars)

Fund Balances - total governmental funds	\$	329,542
<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		51,627
Buildings		644,100
Equipment		99,403
Roadway network		569,325
Construction in progress		78,942
Less Accumulated Depreciation		<u>(506,626)</u>
Total capital assets, net of accumulated depreciation		936,771
<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>		
		50,038
<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		(122,055)
Building Authority bonds payable		(72,147)
Less unamortized deferred charges on bonds, net		60
Less deferred charges for issuance costs		1,679
General obligation bonds payable		(9,428)
Compensated absences		(46,089)
Other long term capital leases		(80,895)
Claims and judgments		(9,138)
Landfill closure and postclosure costs		(22,065)
Accrued interest		(1,137)
<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>		
		40,099
<p>Some deferred revenues reported in the governmental funds are recognized as revenues in the governmental activities.</p>		
		<u>32,840</u>
Net assets - total governmental activities	\$	<u><u>1,028,075</u></u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>General</u>	<u>Special Service District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 530,952	35,238	25,985	592,175
Intergovernmental	16,767	960	53,012	70,739
Charges for services	27,847	1,819	18,335	48,001
Courts and law enforcement	20,427	42	4,238	24,707
Use of money and property	15,448	3,387	8,595	27,430
Licenses and permits	—	6,366	9,920	16,286
Miscellaneous	1,449	275	1,086	2,810
Net (depreciation) appreciation in investments	40	(7)	25	58
Total revenues	<u>612,930</u>	<u>48,080</u>	<u>121,196</u>	<u>782,206</u>
Expenditures:				
Current:				
Administration	84,813	4,604	2,199	91,616
Public safety	94,987	26,775	40,628	162,390
Legal	107,920	—	—	107,920
Infrastructure and facilities	36,653	8,581	3,179	48,413
Social services	62,206	799	34,946	97,951
Health services	81,912	—	73,439	155,351
Other nonagency	46,289	615	1,383	48,287
Capital outlay	—	—	61,583	61,583
Debt service:				
Principal retirement	2,482	—	26,975	29,457
Interest	3,351	—	12,353	15,704
Total expenditures	<u>520,613</u>	<u>41,374</u>	<u>256,685</u>	<u>818,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,317</u>	<u>6,706</u>	<u>(135,489)</u>	<u>(36,466)</u>
Other financing sources (uses):				
Capital lease obligations	—	—	54,712	54,712
Transfers in	811	6,321	95,591	102,723
Transfers out	(74,526)	(19,502)	(8,696)	(102,724)
Total other financing sources (uses)	<u>(73,715)</u>	<u>(13,181)</u>	<u>141,607</u>	<u>54,711</u>
Special item: Proceeds from sale of fixed assets	<u>17,385</u>	<u>—</u>	<u>1,425</u>	<u>18,810</u>
Net change in fund balances	35,987	(6,475)	7,543	37,055
Fund balance at beginning of year	<u>100,208</u>	<u>44,646</u>	<u>147,633</u>	<u>292,487</u>
Fund balance at end of year	\$ <u>136,195</u>	<u>38,171</u>	<u>155,176</u>	<u>329,542</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, 2006

(in thousands of dollars)

Net change in fund balances - governmental funds \$ 37,055

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	49,382
Depreciation expense	(43,265)
Donations of capital assets recorded as capital contributions in the government-wide statements, but not recorded within governmental funds	20,876

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

Issuance of capital lease obligations	(54,712)
Tax Anticipation Note proceeds	(80,000)
Tax Anticipation Note payments	80,000
Principal repayments	29,457
Amortization of bond issue costs	(256)
Amortization of bond discount	34
Change in accrued interest	42
Accreted interest on capital appreciation bonds	(1,883)

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	1,876
Claims and judgments	1,146
Landfill closure costs	(7,346)
Net pension asset	(315)

Some revenues for governmental activities do not provide current financial resources and are not reported as revenues for governmental funds. 5,213

Only the gain on sale of fixed assets is reported on the statement of activities, while governmental funds report the proceeds from the sale as an increase to financial resources. The change in net assets differs from the change in fund balance by the cost of the land sold (17,392)

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. 11,937

Change in net assets - governmental activities \$ 31,849

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue Per Budget Law, less Rollback	\$ 538,796	538,796	584,348	45,552
Sales Tax	51,750	51,750	65,967	14,217
Appropriated Fund Balance	25,446	25,446	(42,339)	(67,785)
Total revenues and other sources, non-GAAP budget basis	\$ 615,992	615,992	607,976	(8,016)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenue			(4,314)	
To record net change in interest receivable and depreciation of investments			502	
Indirect cost reimbursements recorded as revenues for budgetary purposes			(15,377)	
Appropriated Fund Balance			42,339	
Total adjustment to GAAP basis			23,150	
Total revenues and other sources, GAAP basis			631,126	
Expenditures:				
Board of Commissioners	\$ 3,019	3,019	2,625	394
Clerk to the Commission	1,066	1,066	1,061	5
County Manager	9,004	7,494	7,320	174
Economic Development	1,600	2,135	1,975	160
Finance	6,300	6,300	6,141	159
Information Technology	24,000	24,000	23,854	146
Personnel	4,204	4,204	4,159	45
Purchasing	2,806	3,422	3,335	87
County Attorney	3,843	3,843	3,754	89
Tax Assessor	12,000	12,230	12,169	61
Tax Commissioner	12,419	12,278	11,457	821
Department of Communications	7,100	7,100	7,046	54
Environment and Community Development	3,092	3,099	3,082	17
Registration and Elections	8,566	8,566	6,813	1,753
Police	4,286	4,051	3,940	111
Sheriff	86,433	87,563	87,563	—
Medical Examiner	3,319	3,272	3,180	92
Superior Court Judges	4,225	4,225	4,160	65
Superior Court-General	17,936	17,842	17,399	443
Superior Court Clerk	13,771	13,936	13,766	170
State Court Judges	3,516	3,586	3,516	70
State Court-General	12,409	12,434	12,288	146
State Court Solicitor	5,713	5,572	5,323	249

See accompanying notes to the financial statements.

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	Non-GAAP budgetary basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Juvenile Court	14,592	14,062	13,953	109
Probate Court	2,466	2,466	2,383	83
County Marshal	4,958	4,864	4,762	102
District Attorney	19,339	19,700	19,598	102
Public Defender	10,496	10,994	10,723	271
General Services	30,938	30,938	30,695	243
Public Works	13,216	13,216	12,968	248
Human Services	26,645	26,411	26,380	31
Arts Council	4,948	4,948	4,880	68
Family and Children Services	14,045	13,810	13,634	176
Cooperative Extension	479	479	468	11
Library	30,300	30,065	29,783	282
Health fund transfer	27,414	27,414	27,414	—
Fulton-DeKalb Hospital Authority (Grady Hospital)	82,345	82,345	81,912	433
Non-agency	83,184	83,043	82,497	546
Total expenditures and other uses, non-GAAP budget basis	\$ 615,992	615,992	607,976	8,016
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			2,540	
Expenditures incurred on behalf of reimbursing funds for indirect costs			(15,377)	
Total expenditures and other uses, GAAP basis			\$ 595,139	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Non-GAAP budgetary basis</u>			<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue per Budget Law	\$ 36,007	36,007	47,859	11,852
Insurance Premium Tax	4,172	4,172	6,725	2,553
Appropriated Fund Balance	28,689	28,689	4,844	(23,845)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 68,868</u>	<u>68,868</u>	59,428	<u>(9,440)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(438)	
To record net change in interest receivable and depreciation of investments			255	
Appropriated fund balance			<u>(4,844)</u>	
Total adjustment to GAAP basis			<u>(5,027)</u>	
Total revenues and other sources, GAAP basis			<u>\$ 54,401</u>	
Expenditures and other uses:				
Fire	\$ 13,196	13,196	11,430	1,766
Police	10,245	10,245	8,854	1,391
Parks and Recreation	1,253	1,253	734	519
Environment and Community Development	4,738	4,738	4,075	663
Public Works	351	351	255	96
Tax Commissioner	404	26	22	
Finance	96	474	136	338
Non agency	38,585	38,585	33,922	4,663
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 68,868</u>	<u>68,868</u>	59,428	<u>9,440</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>1,448</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 60,876</u>	

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets
Proprietary Funds

December 31, 2006

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	\$ 32,806	833	33,639	36,950
Investments	88,391	—	88,391	—
Interest receivable	267	—	267	—
Accounts receivable, net	10,495	—	10,495	—
Due from other governments, net	30,691	2,185	32,876	—
Other current assets	—	—	—	11,490
Restricted assets:				
Cash and cash equivalents	87,755	—	87,755	—
Investments	293,305	—	293,305	—
Interest receivable	939	—	939	—
Total current assets	<u>544,649</u>	<u>3,018</u>	<u>547,667</u>	<u>48,440</u>
Noncurrent assets:				
Investment in joint venture	82,858	—	82,858	—
Nondepreciable capital assets	74,235	27,909	102,144	—
Depreciable capital assets (net of accumulated depreciation)	827,112	1,549	828,661	—
Other assets	57,418	—	57,418	—
Total noncurrent assets	<u>1,041,623</u>	<u>29,458</u>	<u>1,071,081</u>	<u>—</u>
Total assets	<u>1,586,272</u>	<u>32,476</u>	<u>1,618,748</u>	<u>48,440</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Net Assets (continued)
Proprietary Funds

December 31, 2006

(In thousands of dollars)

Liabilities and Net Assets	Business Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable & accrued expenses	\$ 2,898	2,238	5,136	1,676
Accrued liabilities	870	—	870	—
Claims payable	—	—	—	6,665
	<u>3,768</u>	<u>2,238</u>	<u>6,006</u>	<u>8,341</u>
Current liabilities (payable from restricted assets):				
Contracts and other payables	5,972	—	5,972	—
Revenue bonds payable - current	9,740	—	9,740	—
Deferred revenue	467	—	467	—
Note payable - current	162	—	162	—
	<u>16,341</u>	<u>—</u>	<u>16,341</u>	<u>—</u>
Total current liabilities	<u>20,109</u>	<u>2,238</u>	<u>22,347</u>	<u>8,341</u>
Non-current liabilities:				
Revenue bonds payable - noncurrent	571,263	—	571,263	—
Note payable	609	—	609	—
Other long-term liabilities	1,610	—	1,610	—
Total non-current liabilities	<u>573,482</u>	<u>—</u>	<u>573,482</u>	<u>—</u>
Total liabilities	<u>593,591</u>	<u>2,238</u>	<u>595,829</u>	<u>8,341</u>
Net Assets:				
Invested in capital assets, net of related debt	657,734	29,458	687,192	—
Restricted for debt retirement	42,899	—	42,899	—
Unrestricted	292,048	780	292,828	40,099
Total net assets	<u>\$ 992,681</u>	<u>30,238</u>	<u>1,022,919</u>	<u>40,099</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Business Type Activities - Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Water and sewerage system fund</u>	<u>Other Enterprise funds</u>	<u>Total Enterprise Funds</u>	
Operating revenues:				
Charges for services	\$	15,289	15,289	95,959
Water and sewerage charges	123,202	—	123,202	—
Total operating revenues	123,202	15,289	138,491	95,959
Operating expenses:				
Administrative and general	6,442	118	6,560	19,725
Depreciation and amortization	21,554	159	21,713	—
Personal services	17,904	711	18,615	—
Contractual services	20,775	14,629	35,404	64,297
Operating services	20,456	—	20,456	—
Total operating expenses	87,131	15,617	102,748	84,022
Operating income (loss)	36,071	(328)	35,743	11,937
Non-operating revenues (expenses):				
Loss on investment in joint venture	(1,546)	—	(1,546)	—
Interest income	26,223	—	26,223	—
Interest expense	(29,695)	—	(29,695)	—
Total non-operating revenues (expenses)	(5,018)	—	(5,018)	—
Income (loss) before contributions	31,053	(328)	30,725	11,937
Capital contributions	6,211	—	6,211	—
Change in net assets	37,264	(328)	36,936	11,937
Net assets at beginning of year	955,417	30,566	985,983	28,162
Net assets at end of year	\$ 992,681	30,238	1,022,919	40,099

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Cash Flows
Proprietary Funds

For the year ended December 31, 2006

(In thousands of dollars)

	Business Type Activities - Enterprise Funds			Governmental
	Water and sewerage system fund	Other Enterprise funds	Total Enterprise Funds	Activities- Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 111,468	14,650	126,118	92,565
Payments to suppliers	(46,596)	(2,471)	(49,067)	(81,608)
Payments to employees	(17,162)	(12,351)	(29,513)	—
Net cash provided by (used in) operating activities	<u>47,710</u>	<u>(172)</u>	<u>47,538</u>	<u>10,957</u>
Cash flows from capital and related financing activities:				
Principal and interest payments on revenue bonds	(38,580)	—	(38,580)	—
Principal and interest payments on notes payable	(210)	—	(210)	—
Additions to property, plant, and equipment	(44,029)	(41)	(44,070)	—
Net cash provided by capital and related financing activities	<u>(82,819)</u>	<u>(41)</u>	<u>(82,860)</u>	<u>—</u>
Cash flows from investing activities:				
Purchase of investments	(381,696)	—	(381,696)	—
Purchase of investment in joint venture	(5,528)	—	(5,528)	—
Proceeds from sale of investments	362,501	—	362,501	—
Interest received on investments	22,251	—	22,251	—
Net cash used in investing activities	<u>(2,472)</u>	<u>—</u>	<u>(2,472)</u>	<u>—</u>
(Decrease) increase in cash and cash equivalents	(37,581)	(213)	(37,794)	10,957
Cash and cash equivalents at beginning of year	<u>158,142</u>	<u>1,046</u>	<u>159,188</u>	<u>25,993</u>
Cash and cash equivalents at end of year	<u>\$ 120,561</u>	<u>833</u>	<u>121,394</u>	<u>36,950</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 36,071	(328)	35,743	11,937
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:				
Depreciation and amortization	21,554	159	21,713	—
Changes in assets and liabilities:				
Changes in customer receivables - net	(1,570)	—	(1,570)	—
Other assets	1,458	—	1,458	(3,395)
Change in due from other governments - net	(10,018)	—	(10,018)	—
Accounts and claims payable	(325)	(3)	(328)	2,415
Accrued liabilities	1,054	—	1,054	—
Deferred revenue	(146)	—	(146)	—
Contractual and other liabilities	(368)	—	(368)	—
Net cash provided by (used in) operating activities	<u>\$ 47,710</u>	<u>(172)</u>	<u>47,538</u>	<u>10,957</u>
Non-cash transactions:				
Unrealized gain on investments	\$ 2,620	—	—	—
Donated capital assets contributed by outside sources	6,210	—	—	—

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Fiduciary Net Assets
Fiduciary Funds

December 31, 2006

(In thousands of dollars)

	Pension trust fund	Agency funds
Assets:		
Cash and cash equivalents	\$ 21,792	71,977
Investments, at fair value:		
U.S. Treasury Obligations	20,148	—
US Agency Obligations	45,136	—
Other US Government securities	139,363	4,113
Corporate debt	156,788	—
Corporate equities	520,362	—
Mutual funds	236,886	—
Foreign government bonds	698	—
Taxes receivable (net of allowance)	—	65,125
Interest receivable	4,195	—
Accounts receivable	786	—
	<u>1,146,154</u>	<u>141,215</u>
Liabilities:		
Due to other taxing districts	—	72,094
Due to others	9	69,121
	<u>9</u>	<u>141,215</u>
Net Assets:		
Net Assets held in trust for pension benefits, (A schedule of funding progress is presented on page 57)	<u>1,146,145</u>	<u>—</u>
Total net assets	<u>\$ 1,146,145</u>	<u>—</u>

See accompanying notes to the financial statements.

FULTON COUNTY, GEORGIA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Pension Trust Fund</u>
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 90,132
Interest and dividends	27,117
Less: investment expenses	<u>(2,617)</u>
Net investment income	114,632
Employee contributions	6,372
Employer contributions	35,453
Contributions from other participating governments	658
Other income	<u>237</u>
Total additions	<u>157,352</u>
Deductions:	
Benefit payments	64,458
Transfer of plan assets to 401(A) plan or other plans	1,572
Refunds of contributions to terminated employees	1,545
Administrative fees and other expenses	<u>399</u>
Total deductions	<u>67,974</u>
Net increase in net assets held in trust for pension benefits	89,378
Net assets held in trust for pension benefits:	
Beginning of year	<u>1,056,767</u>
End of year	<u>\$ 1,146,145</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, 2006

(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, 2006

(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 \$82 million in funding to the Hospital Authority during 2006. The County also expended approximately \$3 million for ambulatory care to the Hospital Authority during 2006.

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, 2006

(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 \$630 to the ARC for the year ended December 31, 2006. 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 almost complete and funded equally by the County and the City. Total incurred expenses for this project totaled approximately \$4.9 million during 2006. The County incurred charges of approximately \$4.2 million in 2006 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, 2006, 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, 2006

(1) Summary of Significant Accounting Policies (continued)

Cost-Sharing Arrangements

In February 2003, the County entered into a cost-sharing arrangement with neighboring Cobb County, Georgia. The County paid \$58 million for the purchase of capacity for 50 years plus any unallocated reserve capacity at actual cost from the R.L Sutton wastewater treatment plant and the new underground conveyance system that delivers sewerage to this facility. The County will share in the cost of annual capital improvements at these facilities on a pro rata basis. This cost is shown within other assets on the financial statements of the Water and Sewerage System fund, and is being amortized over 40 years using the straight-line method. Amortization of this intangible asset, approximately \$1.4 million annually, is classified as an operating cost on the Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary funds. The amount remaining as of December 31, 2006 is approximately \$52.5 million.

(b) Accounting Pronouncements

The County 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.45 for periods beginning after December 15, 2006 and Statement No. 43 should the County opt to create a trust fund to accumulate resources to pay postemployment benefits.

The Governmental Accounting Standards Board (GASB) has also issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as a sale or a collateralized borrowing. Such transactions are likely to comprise the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2006. The County believes this statement will have no impact on the fiscal 2007 financial statements.

The County is also evaluating GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. Statement 49 also will require governments to disclose information about their pollution obligations associated with clean up efforts in the notes to the financial statements. Statement 49 will be effective for financial statements for periods beginning after December 15, 2007, but liabilities should be measured at the beginning of that period so that beginning net assets can be restated.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies (continued)

The County also anticipates adoption of GASB Statement No. 50, *Pension Disclosures*, which more closely aligns current pension disclosure requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits. Specifically, Statement 50 amends GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*. These provisions provide additional disclosures in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan. The provisions of Statement 50 generally are effective for periods beginning after June 15, 2007.

Governmental Accounting Standard No. 51, *Accounting and Financial Reporting for Intangible Assets*, provides guidance regarding how to identify, account for, and report intangible assets such as easements, computer software, water rights, timber rights, patents, and trademarks, and will provide specific guidance on amortization of these type assets. The requirements Statement 51 are effective for financial statements for periods beginning after June 15, 2009.

(c) Government-Wide and Fund Financial Statements

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies (continued)

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

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies (continued)

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

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

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

The County reports the following major governmental funds:

General Fund

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

Special Service District Fund

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(1) Summary of Significant Accounting Policies (continued)

The County reports the following major proprietary fund:

Water and Sewerage System Fund

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

The County reports two non-major proprietary funds:

Fulton County Airport-Brown field

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

Sandy Springs Contractual fund

This fund accounts for the services provided for Police and Fire rescue services to a newly formed municipality within Fulton County, including expenditures as well as the reimbursements from the City to the County.

The County reports the following fiduciary funds:

Fulton County Employees' Retirement System

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

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, 2006

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

The cost of normal maintenance and repairs that do not add to the value of the asset or that materially extend assets lives are not capitalized. Net interest cost incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities. No such capitalized interest was incurred in 2006.

Significant roadway networks were transferred to two newly formed municipalities within the geographic borders of Fulton County as of December 31, 2006. Approximately \$55 million has been estimated, net of accumulated depreciation, to be the value of these roadway networks that now part of the municipality's infrastructure and maintained by the newly created entity.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(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. Starting in 2007, the policy was amended so that exempt employees are no longer eligible to accrue compensatory time.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(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 to employees generally from the fund that incurred their payroll cost at time of departure. These accumulated leave costs are not charged to a single County-wide fund, but are charged to the fund incurring the costs for the departing employee.

(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, 2006

(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, 2007 are recorded as expenditures in 2006 (budget) as opposed to 2007 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	\$ 35,987	(6,475)
Adjustments to accruals:		
Tax revenues and interest receivable	3,812	183
Liabilities	2,540	1,448
Fund balance utilized	(42,339)	4,844
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.
- (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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(2) Budgetary Accounting and Compliance (continued)

- (6) The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is at the department level with the following provisions:
 - (i) Departments, with the approval of the Director of Finance, are authorized, with certain exceptions, to transfer amounts within departmental budgets.
 - (ii) Amounts which would increase total department appropriations, salary appropriations, or travel appropriations require Board of Commissioner approval.
- (7) Budgets are legally adopted for the two major funds, the General Fund and Special Services District Fund (a Special Revenue Fund). Formal budgetary integration is employed as a management control device during the year for the General and Special Services District Funds. Budgets were also legally adopted for debt service fund and other special revenue funds for the fiscal year ending December 31, 2006. Project-length budgets are adopted upon approval for the capital project. Generally, annual adopted appropriations, both encumbered and unencumbered, lapse at December 31.
- (8) Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the County in excess of original anticipations, and these amounts are anticipated by the Budget Commission and subsequently appropriated by the Board of Commissioners. No supplemental appropriations were made during 2006.

The Public and Mental Health Services fund (Special Revenue Funds) and the Fulton County Facilities fund (Capital Projects fund) had accumulated fund deficits at December 31, 2006 of \$2,082 and \$65, respectively. These deficits will be alleviated through future charges for services and other revenues.

The Fulton-DeKalb Hospital Authority, a discretely presented component unit, also had a total deficit in net assets of \$10,550 as of December 31, 2006.

(3) Cash and Investments – Primary Government

Custodial Credit Risk

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As of December 31, 2006, the County's primary governmental and business type funds had the following investments:

	<u>Fair value</u>	December 31, 2006		
		<u>to 3 months</u>	<u>4-12 months</u>	<u>1-5 years</u>
Fixed Income:				
US Treasury Obligations	\$ 25,587		4,785	20,802
US Agency Obligations	449,118	63,149	153,734	232,235
Fixed Income subtotal	474,705	63,149	158,519	253,037
Collateralized Repurchase Agreement	83,759			
Bankers' acceptances	322,613			
Insured Money Market funds	2,298			
Total cash equivalents and investments	<u>\$ 883,375</u>			

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

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the County's exposure to credit quality risk for the fixed income investments held as of December 31, 2006. The US Agency and Treasury obligations totaling \$474,705 are rated AAA, while the repurchase agreement and bankers' acceptances are not rated but are collateralized at 102%. The following is a summary of the carrying amounts of the cash, cash equivalents, and investments of the County's governmental and business-type activities at December 31, 2006 (in thousands of dollars):

Balances by category:		2006
Cash and deposits	\$	<u>17,790</u>
Cash equivalents		347,944
Investments		535,431
	\$	<u>901,165</u>
Balances as presented in the Statement of Net Assets:		
Unrestricted activities:		
Cash and cash equivalents	\$	297,979
Investments		222,126
Restricted activities:		
Cash and cash equivalents		87,755
Investments		293,305
	\$	<u>901,165</u>

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(3) Cash and Investments – Fiduciary Funds

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

Custodial Credit Risk

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

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

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

Credit Quality Risk

Credit Quality Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The table below shows the Pension Trust fund’s exposure to credit quality risk for the fixed income investments held as of December 31, 2005.

Fixed Income:	Fair Value	December 31, 2006 ratings				
		AAA	AA	A	BBB	BB
US Treasury Obligations	\$ 20,148	20,148	-	-	-	-
US Agency Obligations	45,136	45,136	-	-	-	-
Mortgage Pass throughs	132,841	132,841	-	-	-	-
Asset back US Obligations	6,522	6,522	-	-	-	-
Corporate Debt	125,384	34,411	14,724	44,399	31,086	764
CMBS	24,982	24,982	-	-	-	-
CMO	6,422	6,422	-	-	-	-
Foreign bonds	698	-	-	698	-	-
Fixed Income totals	\$ 362,133	270,462	14,724	45,097	31,086	764

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The following table provides information about Pension Trust fund's exposure to interest rate risk as of December 31, 2006.

	December 31, 2006				
	Fair Value	3-12mos	1-5yrs	6-10yrs	>10yrs
Fixed Income:					
US Treasury Obligations	\$ 20,148	-	7,724	2,659	9,765
US Agency Obligations	45,136	721	5,816	3,305	35,294
Mortgage Pass throughs	132,841	265	6,220	8,717	117,639
Asset back US Obligations	6,522	-	187	3,803	2,532
Corporate Debt	125,384	4,773	46,018	37,304	37,289
CMBS	24,982	-	-	-	24,982
CMO	6,422	-	-	-	6,422
Foreign bonds	698	-	698	-	-
Fixed Income subtotal	362,133	5,759	66,663	55,788	233,923
Equity securities	473,099				
Commingled equity funds	47,263				
Mutual funds:					
Domestic	86,574				
International	150,312				
Cash Equivalents	21,792				
Total cash equivalents and investments	\$ 1,141,173				

The following is a summary of the carrying amounts of the cash, cash equivalents and investments of the Fiduciary funds at December 31, 2006 (in thousands of dollars):

	2006	
	Pension Trust Fund	Agency funds
Balances by category:		
Cash and cash equivalents	\$ 21,792	71,977
Investments	1,119,381	4,113
	\$ 1,141,173	76,090

The Agency funds' cash is collateralized with securities held by the pledging financial institutions' trust department or in the County's name. The agency funds contains six bankers acceptances, one stated at fair market value of \$4,113 that matures on January 29, 2007 and is classified as an investment, while the others have a fair market values of \$8,878 and are classified as cash equivalents. An additional certificate of deposit of \$500 and \$2,797 in money market funds are held by the Sheriff's department and classified as cash equivalents.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(3) Cash and Investments (continued)

Hospital Authority

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2006, all the Authority's deposits were either recovered by federal depository insurance or collateralized through securities held by the pledging financial institution's trust department in the Authority's name. The Authority has no custodial credit risk policies requiring additional collateral beyond what is required under State of Georgia law.

Investment Type	Average rating	Fair Value	Maturities (in years)			
			<1	1-5	6-10	>10
Georgia Fund 1	Aaa	\$ 13,483	13,431	-	52	-
Money Market	N/A	12,457	12,457	-	-	-
U.S Government Agencies	Aaa	15,038	14,141	798	99	-
Marketable Equity Securities	N/A	2,059	2,059	-	-	-
Total investments		\$ 43,037	42,088	798	151	-

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

Interest Rate Risk

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

Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy seeks to minimize credit risk through diversification of investment with the choices allowed under state statutes. At December 31, 2006, the Authority's deposits for Hughes Spalding of \$5,090 were not covered by federal depository insurance or collateralized through securities held by the pledging financial institution's trust department in the Authority's name.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(3) Cash and Investments (continued)

Hospital Authority

Basic combined discretely presented component unit financial statements:

Unrestricted:		2006
Cash and cash equivalents	\$	6,896
Investments		5,001
Restricted		
Cash and cash equivalents (deposits and trusts)		9,091
Investments		38,036
Total	\$	59,024
Total cash and cash equivalents	\$	15,987
Total investments		43,037
Total cash, cash equivalents and investments	\$	59,024

(4) Taxes

(a) *Property Taxes*

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

Beginning in 2006, the South Fulton Taxing District was established which levies taxes to provide resources for municipal type services such as police, fire, parks, and economic development. This fund is shown as a special revenue fund for 2006. Also, state legislation required the existing special service district to be divided for financial reporting into "sub-districts" and categorized revenue and expenditures by geographic areas. A new combining schedule of these sub-districts and the existing special service district are shown on pages 63 and 64, while schedules of budgetary comparisons are on pages 65 through 67.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(4) Taxes (continued)

(b) Local Option Sales Tax

The County received 28% in 2006 of a 1% local option sales tax levied on all retail sales made within the County. The proceeds of such tax collected each year are used to reduce, on a dollar-for-dollar basis, the millage equivalent amount of property taxes, which would otherwise be required to be levied in the subsequent year. The incorporation of the City of Sandy Springs changed the allocation of sales taxes received by Fulton County, as will other incorporations throughout unincorporated Fulton County.

(5) Allowances for Uncollectible Receivables

Allowances for uncollectible receivables at December 31, 2006 are as follows (in thousands of dollars):

	<u>2006</u>
Taxes Receivable:	
General Fund	\$ 4,200
Special Service District Fund	700
Other Governmental funds - Debt Service Fund	100
Agency Funds	<u>9,200</u>
	<u>\$ 14,200</u>
Accounts Receivable – Water and Sewerage System Fund	<u>\$ 409</u>

(6) Due from Other Governments

Due from other governments includes \$30,692, net of an \$8,414 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, 2006. Additionally, due from other governments in the Other Governmental Funds include a receivable of \$1,103 for federal financial assistance related to various grantor receivables and \$474 is due for reimbursement of capital costs in our emergency communication system. The General fund also has \$2,609 due from other local government entities related to financing the activities of the Atlanta-Fulton County Water Resource Commission, and \$2,185 relating to providing contractual services to municipalities within Fulton County.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(7) Capital Assets and Infrastructure

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

	January 1, 2006	Increases	Decreases	December 31, 2006
Capital assets not being depreciated:				
Land and land improvements	\$ 68,189	64	(16,626)	51,627
Construction in progress	52,346	37,352	(10,756)	78,942
Total capital assets not being depreciated	120,535	37,416	(27,382)	130,569
Capital assets being depreciated:				
Equipment	93,960	5,444	—	99,404
Buildings and other improvements	646,045	1,141	(3,086)	644,100
Roadway network	649,714	26,322	(106,712)	569,324
Total capital assets being depreciated	1,389,719	32,907	(109,798)	1,312,828
Less accumulated depreciation for:				
Equipment	(66,914)	(9,924)	—	(76,838)
Buildings and other improvements	(274,363)	(13,329)	2,319	(285,373)
Roadway network	(187,062)	(20,012)	62,659	(144,415)
Total accumulated depreciation	(528,339)	(43,265)	64,978	(506,626)
Net capital assets being depreciated	861,380	(10,358)	(44,820)	806,202
Net capital assets- governmental activities	\$ 981,915	27,058	(72,202)	936,771

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

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

Ownership of \$54,744 of additional roadway networks net of accumulated depreciation was transferred to newly formed municipalities within the County. This is shown as an extraordinary item on the Statement of Activities on page 12. These new governments are now responsible for roadways within its jurisdiction, and these assets are no longer owned nor reported as the County's capital assets.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(7) Capital Assets and Infrastructure (continued)

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

	January 1, 2006	Increases	Decreases	December 31, 2006
Airport fund:				
Capital assets not being depreciated:				
Land and land improvements	\$ 27,909	—	—	27,909
Total capital assets not being depreciated	27,909	—	—	27,909
Capital assets being depreciated:				
Equipment	1,160	41	—	1,201
Buildings and other improvements	5,457	—	—	5,457
Total capital assets being depreciated	6,617	41	—	6,658
Less accumulated depreciation for:				
Equipment	(1,062)	(23)	—	(1,085)
Buildings and other improvements	(3,888)	(136)	—	(4,024)
Total accumulated depreciation	(4,950)	(159)	—	(5,109)
Net capital assets being depreciated	1,667	(118)	—	1,549
Net capital assets-Airport fund	\$ 29,576	(118)	—	29,458
Water and Sewerage System fund:				
Capital assets not being depreciated:				
Land improvements	\$ 6,664	—	—	6,664
Construction in progress	56,462	45,331	(34,222)	67,571
Total capital assets not being depreciated	63,126	45,331	(34,222)	74,235
Capital assets being depreciated:				
Equipment	12,129	341	—	12,470
Water system	196,232	3,166	—	199,398
Sewerage system	811,077	37,266	—	848,343
Total capital assets being depreciated	1,019,438	40,773	—	1,060,211
Less accumulated depreciation for:				
Equipment	(9,308)	(1,158)	—	(10,466)
Water system	(41,862)	(3,890)	—	(45,752)
Sewerage system	(160,967)	(15,914)	—	(176,881)
Total accumulated depreciation	(212,137)	(20,962)	—	(233,099)
Net capital assets being depreciated	807,301	19,811	—	827,112
Net capital assets-Water and Sewerage System fund	\$ 870,427	65,142	(34,222)	901,347

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(7) Capital Assets and Infrastructure (continued)

No interest was capitalized from borrowings related to construction projects during 2006.

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

Governmental activities:	
Administration	\$ 2,325
Public Safety	4,883
Legal	5,116
Infrastructure and facilities	25,825
Social services	4,651
Health services	<u>465</u>
Total depreciation expense, governmental activities	<u>\$ 43,265</u>
Business-type activities:	
Water and Sewerage	\$ 20,962
Airport	<u>159</u>
Total depreciation expense, business-type activities	<u>\$ 21,121</u>

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

	January 1, 2006	Increases	Decreases	December 31, 2006
Capital assets not being depreciated:				
Land	\$ 1,654	—	—	1,654
Construction in progress	2,921	6,883	(4,228)	5,576
Total capital assets not being depreciated	4,575	6,883	(4,228)	7,230
Capital assets being depreciated:				
Equipment	99,036	9,567	(12,777)	95,826
Buildings	455,166	4,181	—	459,347
Total capital assets being depreciated	554,202	13,748	(12,777)	555,173
Less accumulated depreciation for:				
Equipment	(49,555)	(13,121)	12,777	(49,899)
Buildings and other improvements	(270,084)	(19,457)	—	(289,541)
Total accumulated depreciation	(319,639)	(32,578)	12,777	(339,440)
Net capital assets being depreciated	234,563	(18,830)	—	215,733
Net capital assets- governmental activities	\$ 239,138	(11,947)	(4,228)	222,963

Total depreciation expense for the Hospital Authority was \$32,578. All depreciation was incurred on assets acquired to provide health services.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(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, 2006 (in thousands of dollars):

	January 1, 2006	Additions	Retirements	Other*	December 31, 2006	Due within one year
Governmental activities:						
Certificates of participation	\$ 127,200	-	(5,145)	-	122,055	5,395
Less deferred charges, net	(512)	-	-	54	(458)	
Total Certificates of Participation	126,688	-	(5,145)	54	121,597	
Building Authority Revenue Bonds	84,158	-	(13,775)	1,764	72,147	12,780
Less deferred charges, net	486	-	-	(88)	398	
Total Building Authority Revenue Bonds	84,644	-	(13,775)	1,676	72,545	
General Obligation Bonds	14,381	-	(5,072)	119	9,428	3,008
Compensated absences	47,965	15,719	(17,595)	-	46,089	15,719
Other long term capital lease obligations	31,648	54,712	(5,465)	-	80,895	6,760
Claims and judgments	10,284	-	(1,146)	-	9,138	1,146
Post-closure care	14,719	-	(607)	7,953	22,065	607
Total Governmental activities	\$ 330,329	70,431	(48,805)	9,802	361,757	45,415
Business-type activities:						
Water & Sewerage Revenue Bonds	\$ 589,035	-	(9,180)	-	579,855	9,740
Less deferred charges, net	914	-	-	234	1,148	
Total Water & Sewerage Revenue Bonds	589,949	-	(9,180)	234	581,003	
Note Payable	923	-	(152)	-	771	162
Other long-term liabilities	1,556	828	(774)	-	1,610	
Total business-type activities	\$ 592,428	828	(10,106)	234	583,384	9,902

*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, 2006

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

Bonds Payable

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

<u>Issue year</u>	<u>Interest rate range</u>	<u>Final maturity date</u>	<u>Outstanding Balance</u>	<u>Annual principal installments</u>	<u>Purpose</u>
1992	6.20-6.60	2009	1,298	224-483	Capital facilities
1993	5.30-5.375	2010	6,105	215-1,975	Capital facilities
1998	4.10-4.65	2018	2,025	140-230	Capital facilities
			<u>\$ 9,428</u>		

*The County intends to call the 1998 General Obligation bonds for early retirement and budgeted resources to early retire these bonds in fiscal 2007. Remaining general obligation bonds are non-callable.

(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>	<u>Purpose</u>
General governmental activities:					
1991 Building Authority	6.70-6.75%	2011	\$ 16,072	\$ 5,965-6,015	Capital facilities
1995 Building Authority	6.00	2007	595	595	Capital facilities
2002-A Building Authority	3.00-5.25	2014	3,935	420-580	Capital facilities
2002-B Building Authority	3.25-5.00	2014	26,670	205-6,975	Capital facilities
2002-C Building Authority	4.00-5.00	2010	24,875	5,835-6,645	Capital facilities
			<u>\$ 72,147</u>		
Business-type activities:					
1992 Water and Sewerage	6.25%	2010	\$ 20,533	\$ 1,840-9,710	Water/Sewer facilities
1998 Water and Sewerage	4.40-5.25	2027	267,818	445-20,320	Water/Sewer facilities
2004 Water and Sewerage	2.00-5.25	2034	292,652	135-36,935	Water/Sewer facilities
			<u>\$ 581,003</u>		

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

The annual requirements to amortize bonds payable as of December 31, 2006, 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
2007	\$ 3,008	455	12,780	2,599	9,740	29,077	25,528	32,131
2008	2,930	371	10,898	3,630	10,335	28,482	24,163	32,483
2009	1,920	171	11,278	3,514	10,965	27,851	24,163	31,536
2010	165	70	11,160	3,649	11,555	27,258	22,880	30,977
2011	175	63	4,137	3,718	12,160	26,654	16,472	30,435
2012-2016	1,000	194	21,894	1,829	70,830	123,246	93,724	125,269
2017-2021	230	11	-	-	90,160	103,920	90,390	103,931
2022-2026	-	-	-	-	114,040	80,034	114,040	80,034
2027-2031	-	-	-	-	144,555	49,515	144,555	49,515
2032-2034	-	-	-	-	105,515	10,930	105,515	10,930
Total	9,428	1,335	72,147	18,939	579,855	506,967	661,430	527,241
Deferred charges/ premiums	-	-	389	(389)	1,148	(1,148)	1,537	(1,537)
Total	\$ 9,428	1,335	72,536	18,550	581,003	505,819	662,967	525,704

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, 2006, the outstanding amount of bonds considered defeased totaled \$74,255.

- (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, 2006.
- (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, 2006, amounts available in the Debt Service Fund exceeded the amount of General Obligation Bonds of \$9,428. The statutory limit and debt margin at that date was \$4,659,040.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

Certificates of Participation

The County entered into a capital lease obligation with the Fulton County Facilities Corporation, an entity that finances the costs of acquiring, constructing, renovating and equipping various public purpose projects in Fulton County. The County entered into a Public-Purpose Master Lease agreement in which the County agreed to make twenty annual lease payments, subject to annual appropriation, sufficient to pay principal and interest to the Corporation. The total lease obligation as of December 31, 2006 is \$122,055 with interest rates ranging from 4.875% to 6.00%.

The annual requirements to amortize this capital lease obligation as of December 31, 2006, including interest payments of \$60,076 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Lease Payments</u>
2007	\$ 12,218
2008	12,218
2009	12,220
2010	11,973
2011	11,665
2012-2016	64,281
2017-2019	57,556
	<u>\$ 182,131</u>

(d) *Other Long-term Obligations - Capital Leases*

The County has entered into other various capital lease obligations totaling \$80,895 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, 2006, of which \$6,239 is equipment and \$38,910 is recorded as buildings. A new lease for mechanical, electrical and plumbing improvements to the County's jail facility was obtained for \$54,712, and \$21,800 has been expended as of December 31, 2006 and capitalized as construction in progress.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

The annual requirements to amortize these other capital lease obligations as of December 31, 2006, including interest payments of \$35,424 and executory costs of \$1,063 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Capital lease obligation</u>
2007	\$ 11,104
2008	9,853
2009	10,584
2010	7,692
2011	6,675
2012-2016	30,602
2017-2021	21,616
2022-2026	19,256
	<u>117,382</u>

(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 \$771 at December 31, 2006 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, 2006 are as follows (in thousands of dollars):

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total payments</u>
2007	\$ 163	47	210
2008	174	36	210
2009	185	25	210
2010	197	13	210
2011	52	-	52
	<u>\$ 771</u>	<u>121</u>	<u>892</u>

(f) Tax Anticipation Notes

The County issued \$80 million of Tax Anticipation Notes in May 2006 to provide short term liquidity until property tax collections are due. These Notes were repaid on December 30, 2006 with a stated interest rate of 4.00%.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

(g) Hospital Authority Revenue Bonds

Changes in the Authority's non-current liabilities for the year ended December 31, 2006 are noted below: (in thousands)

	January 1, 2006	Additions	Retirements	December 31, 2006	Due within one year
Long-term debt:					
Revenue Certificates	\$ 252,002	1,056	(13,128)	239,930	12,245
Capital lease obligations	13,572	4,233	(5,303)	12,502	4,317
total long-term debt	265,574	5,289	(18,431)	252,432	16,562
Other long-term liabilities:					
Deferred revenue	1,018	1,042	(826)	1,234	-
Total	\$ 266,592	6,331	(19,257)	253,666	16,562

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

Year Ending December 31	Authority Long Term Debt		Authority Capital Lease Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 12,245	11,920	4,317	429	16,562	12,349
2008	12,790	11,368	2,767	264	15,557	11,632
2009	13,365	10,792	1,872	174	15,237	10,966
2010	13,985	10,177	1,925	100	15,910	10,277
2011	14,630	9,530	1,501	26	16,131	9,556
2012-2016	84,880	35,945	120	1	85,000	35,946
2017-2020	85,220	11,439	-	-	85,220	11,439
Total	237,115	101,171	12,502	994	249,617	102,165
Deferred charges/ premiums	2,815	-	-	-	2,815	-
Total	\$ 239,930	101,171	12,502	994	252,432	102,165

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, 2006, 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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

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

(h) *Hospital Authority Capital Lease Obligations*

The Hospital Authority has entered into various capital lease agreements for equipment, which expire at various dates through 2011. At December 31, 2006, the gross amount of property, plant, and equipment recorded under capital leases is \$39,980 and the related accumulated depreciation is \$21,056.

(9) Other Long-Term Obligations

(a) *Fulton County*

The County owns two closed landfill sites within the County geographic boundaries. State and Federal laws and regulations require the County to monitor and maintain these closed landfills for approximately another 20 years. As of December 31, 2006, the County has increased the estimated liability for postclosure care costs to approximately \$22,065, subject to changes attributable to the effects of inflation, revision of laws, and other variables. The County payments specific to landfill postclosure care approximated \$607 in 2006, which are paid by the Solid Waste fund, a special revenue fund. In 1997, the County received a postclosure care financial assurance certification.

(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 2006 was \$9,396 consisting of \$5,461 of additional accruals and \$3,935 of excess insurance premiums that were charged to operating expenses in 2006. The cumulative unfunded portion of the actuarially recommended reserve is \$41,730 as of December 31, 2006. The Authority also estimated the reserve for workers' compensation liability by calculating a future reserve for compensated absences and related medical expenses for all open claims outstanding as of that date plus estimating an amount for claims incurred by not reported, which totaled \$6,612 as of December 31, 2006.

The Authority has a \$100,000 letter of credit to provide interim working capital prior to receiving the fourth quarter Indigent Care Trust Fund payment and to provide the funds for the intergovernmental transfer to the State of Georgia. The line of credit expires in December 2007. \$29,085 was owed as of December 31, 2006. The balance under the line of credit bore interest at a variable rate equal to the sum of the LIBOR market index rate plus 85 basis points, (6.17% at December 31, 2006).

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(10) Interfund Assets/Liabilities and Transfers

Interfund receivable and payable balances as of December 31, 2006 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, 2006. No other balances exist as of December 31, 2006. Interfund transfers are attributable to the budgeted allocation of resources from one fund to another for capital outlay projects, matching resources for federal and state grants, and other transfers adopted within the County's budget. These transfers are reported below (in thousands of dollars):

Transferred From	Transferred To			Total
	General fund	Special Service District funds	Non-Major Govern- mental funds	
General fund	\$ —	—	74,526	74,526
Special Service District funds	811	6,321	12,370	19,502
Non-major governmental funds	—	—	8,695	8,695
	\$ 811	6,321	95,591	102,723

(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, 2006, which is expected to be paid after one year, is \$9,138. 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 2006. Settled claims have not exceeded commercial coverage in each of the past three fiscal years.

Additionally, the County is partially self-insured for employee medical claims. The County accounts for its liability for such medical claims and estimated incurred and unreported claims, together with the accumulation of resources for their payment through employee charges and County contributions, in the Insurance Stabilization Fund (Internal Service Fund). At December 31, 2005, the present value of the estimated future liability for outstanding claims, including estimated incurred, but not reported claims, is \$4,665. At December 31, 2006, the County held \$24,671 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, 2006, the County held \$12,279 in cash and cash equivalents available for payment of these claims.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(11) Risk Management (continued)

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, 2006 was as follows (in thousands of dollars):

		<u>Beginning of fiscal year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Balance at fiscal year-end</u>
2006	\$	15,714	64,032	(63,943)	15,803
2005		22,737	55,713	(62,736)	15,714

(12) Deferred Compensation Plan

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

(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.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(13) Retirement Plans (continued)

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.

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 2006 are as follows (in thousands of dollars):

	<u>2006</u>
Total required employer contributions:	
Dollar amount	\$ 37,081
Percent of covered payroll	37.50%
Actual employer contributions:	
Dollar amount	\$ 36,111
Percent of covered payroll	36.52%

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(13) Retirement Plans (continued)

Employee contribution rates are established in accordance with pension law. During 2006 actual countywide employee contributions were \$6,372 which represented 6.44% of covered payroll. The annual required contribution for the current year was determined as part of the January 1, 2006 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 2006 are as follows:

Members:	
Retired and receiving benefits	\$ 2,382
Terminated with vested benefits	27
Active employees:	
Vested	1,636
Nonvested	284
Total members	<u>4,329</u>
Total current year payroll (in thousands)	\$ <u>99,499</u>
Total current year payroll for employees covered by the Plan (in thousands)	\$ <u>98,882</u>

The Plan's annual pension cost and net pension obligation for 2006 were as follows:

	<u>(In thousands of dollars)</u>
Annual required contribution	\$ 38,895
Interest on net pension obligation	(4,103)
Adjustment to annual required contribution	3,114
Annual pension cost	<u>37,906</u>
Contributions made, including interest	37,592
Increase in net pension obligation	314
Net pension obligation (asset) beginning of year	<u>(50,352)</u>
Net pension obligation (asset) end of year	<u>\$ (50,038)</u>

No actuarial assumption changes were made for the actuarial evaluation dated January 1, 2006 or 2007. Effective December 20, 2006, the plan was amended to provide a base pension amount of \$300 per month and decrease the early retirement penalty for each year between the date payments start and the age at which the participant is eligible for an unreduced retirement benefit by one-half of 1% for each month up to 60 months and one quarter of 1% for each additional month. The effect of this plan amendment increased the January 1, 2007 unfunded actuarial liability by \$2,669,000.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(13) Retirement Plans (continued)

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

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

On January 1, 2000, The Fulton County Employee's Retirement System Supplemental Plan was established to comply with federal tax laws and has an approximate unfunded actuarial liability of approximately \$1 million as of January 1, 2005 that is not reflected in the data below. The participant information, actuarial funding methods, and assumption used in this valuation are similar to those of the Fulton County Defined Benefit plan and obtained its biannual actuarial review as of January 1, 2007.

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.

**Schedule of Employer Contributions
Six-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, 2001	\$ 17,572	96.8%	\$ (49,673)
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)
December 31, 2005	33,680	99.6	(50,352)
December 31, 2006	37,906	99.2	(50,038)

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(13) Retirement Plans (continued)

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 (UAAL) (b - a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b - a)/c)
December 31, 2001	\$ 954,545	984,425	29,880	97.0%	140,787	21.2%
December 31, 2002	1,004,253(1)	1,085,354(1)	81,101(1)	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(2)	194,290(2)	84.2	115,284	168.5
December 31, 2005	1,064,825	1,277,972	213,147	83.3	104,909	203.2
December 31, 2006	1,116,451	1,331,658(3)	215,207(3)	83.8	98,882	217.6

- (1) Includes effect of January 1, 2003 actuarial assumption and plan modifications.
- (2) Includes effect of January 1, 2005 actuarial assumption modifications.
- (3) Includes effect of January 1, 2007 plan 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, 2006, the plan has approximately 3,850 active participants who contributed 6% of their pensionable earnings, approximately \$10,655 during 2006. The County also contributed \$14,207 which was 8% of their pensionable earnings throughout the year. Participants fully vest the matched contributions over a five-year period. Plan provisions and contribution requirements are established by and may be amended by the County Board of Commissioners within the scope of all applicable laws.

(c) *Hospital Authority Pension Plan*

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

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(14) Other Post-Employment Benefits (continued)

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 \$18,237 in 2006.

(15) Commitments and Contingencies

(a) *Fulton County*

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

The County is also a defendant in a number of other legal actions in the nature of claims for damages to persons and property, civil rights violations, condemnation, and other similar types of actions arising in the course of normal County operations. In the opinion of County management, after consultation with legal counsel, an aggregate liability ranging from \$7 million to \$11 million is 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.
- (3) *Commitments* - Commitments for water and sewerage system improvements at December 31, 2006 total approximately \$167,346.

(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 2011. Rental costs for the year ended December 31, 2006 were approximately \$971.

FULTON COUNTY, GEORGIA

Notes to the Financial Statements

December 31, 2006

(15) Commitments and Contingencies (continued)

(3) The future minimum lease payments under noncancelable operating leases as of December 31, 2006 are as follows (in thousands):

	<u>Operating leases</u>
2007	\$ 960
2008	962
2009	996
2010	982
2011	701
	<u>\$ 4,601</u>

(16) Subsequent Events

In September of 2007, the southern section of unincorporated section of Fulton County will vote in a referendum to allow incorporation. A small area within this southern portion, known as Chattahoochee Hills, did opt to incorporate in June 2007. This will affect the allocation of sales tax revenues for the general operations of Fulton County's general fund (a major fund) and have a financial and operational effect on the County's Special Service fund (a major fund). This change is being addressed by County management as well as the Board of Commissioners.

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**COMBINING
STATEMENTS
AND
SCHEDULES**

DESCRIPTION OF MAJOR SPECIAL SERVICE DISTRICT AND SUB-DISTRICT FUNDS

(a Special Revenue fund)

New State of Georgia legislation requires the County in fiscal 2006 to separately report revenues and expenditures for its unincorporated section by separate geographic areas. The two new “sub-districts” are combined with the original special service district as a Major fund for financial reporting purposes, but presentation of separate revenue and expenditures, including budgetary comparisons for these separate areas are provided within this section. The original Special Service District, which accounted for operations for the entire unincorporated area of Fulton County, is shown as well. The southern unincorporated section of Fulton County adopted a differing millage rate, and we have classified that fund as a separate special revenue fund and listed as the South Fulton Taxing District.

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

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

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

FULTON COUNTY, GEORGIA
Combining Balance Sheet
Special Service District-Major Special Revenue fund
For the year ended December 31, 2006

(In thousands of dollars)

	<u>Special Service District</u>	<u>Northwest Fulton Sub-District</u>	<u>Northeast Fulton Sub-District</u>	<u>Total Special Service District</u>
Assets:				
Cash and cash equivalents	\$ 6,799	4,979	3,693	15,471
Investments	26,480	—	—	26,480
Receivables (net of allowances):				
Taxes	750	306	597	1,653
Due from other funds	244	—	—	244
Total assets	<u>\$ 34,273</u>	<u>5,285</u>	<u>4,290</u>	<u>43,848</u>
Liabilities:				
Accounts payable	\$ 1,889	684	1,606	4,179
Deferred revenue	738	276	484	1,498
Total liabilities	<u>2,627</u>	<u>960</u>	<u>2,090</u>	<u>5,677</u>
Fund balances (deficit):				
Unreserved:				
Designated for subsequent years expenditures	31,646	4,325	2,200	38,171
Total fund balances (deficit)	<u>31,646</u>	<u>4,325</u>	<u>2,200</u>	<u>38,171</u>
Total liabilities and fund balances	<u>\$ 34,273</u>	<u>5,285</u>	<u>4,290</u>	<u>43,848</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Special Service District</u>	<u>Northwest Fulton Sub-District</u>	<u>Northeast Fulton Sub-District</u>	<u>Total Special Service District</u>
Revenues:				
Taxes	\$ 5,213	9,051	20,974	35,238
Intergovernmental	2	257	701	960
Charges for services	181	1,030	608	1,819
Courts and law enforcement	28	3	11	42
Use of money and property	2,206	437	744	3,387
Licenses and permits	863	2,133	3,370	6,366
Miscellaneous	—	62	213	275
Net (depreciation) appreciation in investments	(9)	2	—	(7)
Total revenues	<u>8,484</u>	<u>12,975</u>	<u>26,621</u>	<u>48,080</u>
Expenditures:				
Current:				
Administration	—	1,206	3,398	4,604
Public safety	3,163	10,047	13,565	26,775
Infrastructure and facilities	—	137	8,444	8,581
Social services	—	229	570	799
Other nonagency	—	230	385	615
Total expenditures	<u>3,163</u>	<u>11,849</u>	<u>26,362</u>	<u>41,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,321</u>	<u>1,126</u>	<u>259</u>	<u>6,706</u>
Other financing sources (uses):				
Transfers in	—	3,821	2,500	6,321
Transfers out	(18,321)	(622)	(559)	(19,502)
Total other financing sources (uses)	<u>(18,321)</u>	<u>3,199</u>	<u>1,941</u>	<u>(13,181)</u>
Net change in fund balances	(13,000)	4,325	2,200	(6,475)
Fund balance at beginning of year	<u>44,646</u>	<u>—</u>	<u>—</u>	<u>44,646</u>
Fund balance at end of year	<u>\$ 31,646</u>	<u>4,325</u>	<u>2,200</u>	<u>38,171</u>

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

For the year ended December 31, 2006
(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue per Budget Law	\$ —	—	8,725	8,725
Appropriated Fund Balance	25,473	25,473	13,299	(12,174)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 25,473</u>	<u>25,473</u>	22,024	<u>(3,449)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(489)	
To record net change in interest receivable and depreciation of investments			248	
Appropriated fund balance			(13,299)	
Total adjustment to GAAP basis			<u>(13,540)</u>	
Total revenues and other sources, GAAP basis			<u>\$ 8,484</u>	
Expenditures and other uses:				
Non agency	\$ 25,473	25,473	22,024	3,449
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 25,473</u>	<u>25,473</u>	22,024	<u>3,449</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			(540)	
Total expenditures and other uses, GAAP basis			<u>\$ 21,484</u>	

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

For the year ended December 31, 2006
(In thousands of dollars)

	Non-GAAP budget basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue per Budget Law	\$ 9,444	9,444	15,223	5,779
Insurance Premium Tax	885	885	1,480	595
Appropriated Fund Balance	3,483	3,483	(4,887)	(8,370)
Total revenues and other sources, non-GAAP budget basis	\$ 13,812	13,812	11,816	(1,996)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			88	
To record net change in interest receivable and depreciation of investments			5	
Appropriated fund balance			4,887	
Total adjustment to GAAP basis			4,980	
Total revenues and other sources, GAAP basis			\$ 16,796	
 Expenditures and other uses:				
Fire	\$ 5,500	5,500	4,814	686
Police	4,380	4,380	3,779	601
Parks and Recreation	250	250	208	42
Environment and Community Development	1,300	1,300	1,064	236
Tax Commissioner	4	4	—	4
Public Works	100	100	100	—
Finance	96	96	32	64
Non agency	2,182	2,182	1,819	363
Total expenditures and other uses, non-GAAP budget basis	\$ 13,812	13,812	11,816	1,996
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			655	
Total expenditures and other uses, GAAP basis			\$ 12,471	

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

For the year ended December 31, 2006
(In thousands of dollars)

	<u>Non-GAAP budget basis</u>			Variance Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Revenue per Budget Law	\$ 26,563	26,563	23,911	(2,652)
Insurance Premium Tax	3,287	3,287	5,245	1,958
Appropriated Fund Balance	(267)	(267)	(3,568)	(3,301)
Total revenues and other sources, non-GAAP budget basis	<u>\$ 29,583</u>	<u>29,583</u>	25,588	<u>(3,995)</u>
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			(37)	
To record net change in interest receivable and depreciation of investments			2	
Appropriated fund balance			<u>3,568</u>	
Total adjustment to GAAP basis			<u>3,533</u>	
Total revenues and other sources, GAAP basis			<u>\$ 29,121</u>	
Expenditures and other uses:				
Fire	\$ 7,696	7,696	6,616	1,080
Police	5,865	5,865	5,075	790
Parks and Recreation	1,003	1,003	526	477
Environment and Community Development	3,438	3,438	3,011	427
Tax Commissioner	400	22	22	—
Public Works	251	251	155	96
Finance	—	378	104	274
Non agency	10,930	10,930	10,079	851
Total expenditures and other uses, non-GAAP budget basis	<u>\$ 29,583</u>	<u>29,583</u>	25,588	<u>3,995</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>1,333</u>	
Total expenditures and other uses, GAAP basis			<u>\$ 26,921</u>	

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DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

South Fulton Taxing District - accounts revenues and expenditures for the southern portion of unincorporated Fulton County. This fund originated in 2006 based upon new State legislation to account for specific geographic areas of unincorporated Fulton County. This particular geographic area adopted a differing millage rate from the other unincorporated areas and became a separate taxing district.

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

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

Solid Waste fund - accounts for the provision of services for the annual postclosure costs for 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 reimbursements or charges.

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue funds – (continued)

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

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

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

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

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

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

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

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS (continued)

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

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

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

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

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

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2006

(in thousands of dollars)

	Special Revenue Funds						
	Debt Service fund	South Fulton Taxing District	Grants in Aid	Emergency Telephone	Solid Waste	Stormwater Management	General Government Services
Assets:							
Cash and cash equivalents	\$ 21,020	7,584	2,348	5,249	959	5,655	1,984
Investments	—	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	177	7,174	—	—	—	—	—
Accounts	—	—	—	—	—	—	—
Due from other governments	—	—	1,103	474	—	—	—
Total assets	<u>\$ 21,197</u>	<u>14,758</u>	<u>3,451</u>	<u>5,723</u>	<u>959</u>	<u>5,655</u>	<u>1,984</u>
Liabilities:							
Accounts payable	\$ —	2,439	2,422	324	1	—	—
Due to other funds	—	—	—	—	244	—	—
Due to others	—	—	—	1,251	—	—	301
Deferred revenue	152	6,916	—	—	—	—	—
Total liabilities	<u>152</u>	<u>9,355</u>	<u>2,422</u>	<u>1,575</u>	<u>245</u>	<u>—</u>	<u>301</u>
Fund balances (deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	21,045	—	—	—	—	—	—
Unreserved:							
Designated	—	5,403	1,029	4,148	714	5,655	1,683
Designated for							
Property and Infrastructure	—	—	—	—	—	—	—
Undesignated	—	—	—	—	—	—	—
Total fund balances (deficit)	<u>21,045</u>	<u>5,403</u>	<u>1,029</u>	<u>4,148</u>	<u>714</u>	<u>5,655</u>	<u>1,683</u>
Total liabilities and fund balances	<u>\$ 21,197</u>	<u>14,758</u>	<u>3,451</u>	<u>5,723</u>	<u>959</u>	<u>5,655</u>	<u>1,984</u>

(continued)

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2006

(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	\$ —	834	7,965	310	5,435	2,166	3
Investments	—	—	—	—	—	—	—
Receivables (net of allowances):							
Taxes	—	—	—	—	—	—	—
Accounts	1,402	—	16	—	—	—	—
Due from other governments	—	—	—	—	—	—	—
Total assets	\$ 1,402	834	7,981	310	5,435	2,166	3
Liabilities:							
Accounts payable	\$ 3,484	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Due to others	—	—	1,286	34	799	—	—
Deferred revenue	—	—	—	—	—	—	—
Total liabilities	3,484	—	1,286	34	799	—	—
Fund balances (deficit):							
Reserved for encumbrances	—	—	—	—	—	—	—
Reserved for debt service	—	—	—	—	—	—	—
Unreserved:							
Designated	—	834	6,695	276	4,636	2,166	3
Designated for Property & Infrastructure	—	—	—	—	—	—	—
Undesignated	(2,082)	—	—	—	—	—	—
Total fund balances (deficit)	(2,082)	834	6,695	276	4,636	2,166	3
Total liabilities and fund balances	\$ 1,402	834	7,981	310	5,435	2,166	3

FULTON COUNTY, GEORGIA

Combining Balance Sheet
Non-Major Governmental Funds

December 31, 2006

(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
113	1	16,264	7	463	5,108	9,014	18,238	110,720
1,804	105	26,708	—	—	31,453	—	—	60,070
—	—	—	—	—	—	—	—	7,351
—	—	—	—	—	—	—	—	1,418
—	—	—	—	—	—	—	—	1,577
<u>1,917</u>	<u>106</u>	<u>42,972</u>	<u>7</u>	<u>463</u>	<u>36,561</u>	<u>9,014</u>	<u>18,238</u>	<u>181,136</u>
—	—	2,681	72	—	—	2,688	866	14,977
—	—	—	—	—	—	—	—	244
—	—	—	—	—	—	—	—	3,671
—	—	—	—	—	—	—	—	7,068
<u>—</u>	<u>—</u>	<u>2,681</u>	<u>72</u>	<u>—</u>	<u>—</u>	<u>2,688</u>	<u>866</u>	<u>25,960</u>
—	—	15,841	157	23	—	5,143	4,989	26,153
—	—	—	—	—	—	—	—	21,045
—	—	—	—	—	—	—	—	33,242
1,917	106	24,450	—	440	36,561	1,183	12,383	77,040
—	—	—	(222)	—	—	—	—	(2,304)
<u>1,917</u>	<u>106</u>	<u>40,291</u>	<u>(65)</u>	<u>463</u>	<u>36,561</u>	<u>6,326</u>	<u>17,372</u>	<u>155,176</u>
<u>1,917</u>	<u>106</u>	<u>42,972</u>	<u>7</u>	<u>463</u>	<u>36,561</u>	<u>9,014</u>	<u>18,238</u>	<u>181,136</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(in thousands of dollars)

	Special Revenue Funds						
	Debt Service fund	South Fulton Taxing District	Grants in Aid	Emergency Telephone	Solid Waste	Stormwater Management	General Government Services
Revenues:							
Taxes	\$ 2,999	22,615	—	—	—	—	—
Intergovernmental	—	685	33,560	—	—	—	—
Charges for services	—	1,663	964	6,978	636	—	—
Courts and law enforcement	—	54	—	—	—	—	—
Use of money and property	772	632	25	—	—	—	—
License and permits	—	9,920	—	—	—	—	—
Miscellaneous	—	179	—	—	—	—	163
Net appreciation (depreciation) in investments	10	3	—	—	—	—	—
Total revenues	3,781	35,751	34,549	6,978	636	—	163
Expenditures:							
Current:							
Administration	—	—	335	—	—	—	145
Public safety	—	30,855	—	7,080	—	—	—
Infrastructure and facilities	—	—	—	—	2,081	607	—
Social services	—	10,100	15,027	—	—	—	—
Health services	—	—	21,542	—	—	—	—
Other nonagency	43	992	—	—	—	—	—
Capital outlay	—	—	—	—	—	—	—
Debt service:							
Principal retirement	26,975	—	—	—	—	—	—
Interest	12,353	—	—	—	—	—	—
Total expenditures	39,371	41,947	36,904	7,080	2,081	607	145
Excess (deficiency) of revenues over (under) expenditures	(35,590)	(6,196)	(2,355)	(102)	(1,445)	(607)	18
Other financing sources (uses):							
Capital lease obligations	—	—	—	—	—	—	—
Transfers in	33,576	12,000	1,758	610	771	—	—
Transfers out	—	(401)	—	(265)	—	—	—
Total other financing sources (uses)	33,576	11,599	1,758	345	771	—	—
Special item: Proceeds -sale of fixed assets	—	—	—	—	—	—	—
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(2,014)	5,403	(597)	243	(674)	(607)	18
Fund balance at beginning of year	23,059	—	1,626	3,905	1,388	6,262	1,665
Fund balance (deficit) at end of year	\$ 21,045	5,403	1,029	4,148	714	5,655	1,683

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(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
\$	—	—	371	—	—	—
18,587	—	—	—	—	—	—
8,094	—	—	—	—	—	—
—	—	4,184	—	—	—	—
—	—	2,372	—	37	108	—
—	120	—	—	70	117	—
—	—	—	—	—	—	—
<u>26,681</u>	<u>120</u>	<u>6,556</u>	<u>371</u>	<u>107</u>	<u>225</u>	<u>—</u>
—	—	—	—	—	1,719	—
—	—	2,693	—	—	—	—
—	249	—	—	—	242	—
51,897	—	1,729	—	8,090	—	—
—	—	—	348	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>51,897</u>	<u>249</u>	<u>4,422</u>	<u>348</u>	<u>8,090</u>	<u>1,961</u>	<u>—</u>
(25,216)	(129)	2,134	23	(7,983)	(1,736)	—
—	—	—	—	—	—	—
27,414	—	—	—	7,710	—	—
—	—	(34)	—	—	—	—
<u>27,414</u>	<u>—</u>	<u>(34)</u>	<u>—</u>	<u>7,710</u>	<u>—</u>	<u>—</u>
—	—	—	—	—	—	—
2,198	(129)	2,100	23	(273)	(1,736)	—
<u>(4,280)</u>	<u>963</u>	<u>4,595</u>	<u>253</u>	<u>4,909</u>	<u>3,902</u>	<u>3</u>
\$ <u>(2,082)</u>	<u>834</u>	<u>6,695</u>	<u>276</u>	<u>4,636</u>	<u>2,166</u>	<u>3</u>

(continued)

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(in thousands of dollars)

	Capital Projects Funds							Total Nonmajor Governmental Funds
	Serial Bond	Library Bond	Capital Improvements	Fulton County Facilities Corporation	Fulton County Building Authority	Other Capital Projects	Special Service District Projects	
Revenues:								
Taxes	—	—	—	—	—	—	—	25,985
Intergovernmental	—	—	—	—	—	—	89	53,012
Charges for services	—	—	—	—	—	—	—	18,335
Courts and law enforcement	—	—	—	—	—	—	—	4,238
Use of money and property	87	6	1,756	354	—	916	795	8,595
License and permits	—	—	—	—	—	—	—	9,920
Miscellaneous	—	—	350	—	—	87	—	1,086
Net appreciation (depreciation) in investments	—	—	—	—	—	—	(5)	25
Total revenues	87	6	2,106	354	—	1,003	879	121,196
Expenditures:								
Current:								
Administration	—	—	—	—	—	—	—	2,199
Public safety	—	—	—	—	—	—	—	40,628
Infrastructure and facilities	—	—	—	—	—	—	—	3,179
Social services	—	—	—	—	—	—	—	34,946
Health services	—	—	—	—	—	—	—	73,439
Other nonagency	—	—	—	—	—	—	—	1,383
Capital outlay	9	—	18,275	615	133	23,022	15,763	61,583
Debt service:								
Principal retirement	—	—	—	—	—	—	—	26,975
Interest	—	—	—	—	—	—	—	12,353
Total expenditures	9	—	18,275	615	133	23,022	15,763	256,685
Excess (deficiency) of revenues over (under) expenditures	78	6	(16,169)	(261)	(133)	(22,019)	(14,884)	(135,489)
Other financing sources (uses):								
Capital lease obligations	—	—	—	—	—	54,712	—	54,712
Transfers in	—	—	11,483	—	—	269	—	95,591
Transfers out	—	—	—	(7,996)	—	—	—	(8,696)
Total other financing sources (uses)	—	—	11,483	(7,996)	—	54,981	—	141,607
Special item: Proceeds -sale of fixed assets	—	—	1,425	—	—	—	—	1,425
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	78	6	(3,261)	(8,257)	(133)	32,962	(14,884)	7,543
Fund balance at beginning of year	1,839	100	43,552	8,192	596	3,599	21,210	147,633
Fund balance at end of year	1,917	106	40,291	(65)	463	36,561	6,326	155,176

FULTON COUNTY, GEORGIA
Special Revenue funds
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Budget Basis)
For the year ended December 31, 2006

(In thousands of dollars)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Debt Service funds:				
Revenues				
Taxes	\$ 2,780	2,780	2,998	218
Use of Money and Property	360	360	767	407
Transfers	36,294	36,294	33,576	(2,718)
Appropriated Fund Balance	—	—	2,030	2,030
Total revenues	\$ 39,434	39,434	39,371	(63)
Reconciliation to GAAP basis:				
To record net change in taxes receivable and deferred revenues			1	
To record net change in interest receivable and depreciation of investments			15	
Appropriated Fund Balance			(2,030)	
Total adjustment to GAAP basis			(2,014)	
Total revenues and other sources, GAAP basis			37,357	
 Expenditures				
Principal	\$ 26,975	26,975	26,975	—
Interest	12,379	12,379	12,353	26
Other	80	80	43	37
Transfers	—	—	—	—
Total expenditures	\$ 39,434	39,434	39,371	63
Total expenditures and other uses, GAAP basis			39,371	

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

For the year ended December 31, 2006
(In thousands of dollars)

South Fulton Taxing District:	Non-GAAP budget basis			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Revenue per Budget Law	\$ 29,307	29,307	43,524	14,217
Insurance Premium Tax	2,325	2,325	3,886	1,561
Appropriated Fund Balance	11,888	11,888	(6,542)	(18,430)
Total revenues and other sources, non-GAAP budget basis	\$ 43,520	43,520	40,868	(2,652)
Reconciliation to GAAP basis:				
To record net tax receivable and deferred revenue			333	
To record net change in interest receivable and depreciation of investments			8	
Appropriated fund balance			6,542	
Total adjustment to GAAP basis			6,883	
Total revenues and other sources, GAAP basis			\$ 47,751	
 Expenditures and other uses:				
Fire	\$ 15,410	15,410	14,900	510
Police	11,780	11,780	10,809	971
Parks and Recreation	3,000	3,000	2,773	227
Environment and Community Development	6,036	6,036	5,481	555
Tax Commissioner	—	35	—	35
Finance	400	365	352	13
Non agency	6,894	6,894	6,553	341
Total expenditures and other uses, non-GAAP budget basis	\$ 43,520	43,520	40,868	2,652
 Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			1,480	
			\$ 42,348	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Grants in Aid				
Revenues				
Intergovernmental revenue-State	15,843	15,843	43,039	27,196
Other general revenues	\$ 11,650	11,650	988	(10,662)
Transfers	27,414	27,414	1,758	(25,656)
Appropriated Fund Balance	<u>10,665</u>	<u>10,665</u>	<u>(8,073)</u>	<u>(18,738)</u>
Total revenues	<u>\$ 65,572</u>	<u>65,572</u>	37,713	<u>(27,859)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			(9,479)	
Appropriated Fund Balance			<u>8,073</u>	
Total revenues and other sources, GAAP basis			<u>36,307</u>	
Expenditures				
Administration	—	335	—	—
Social and Health services	20,072	20,072	14,602	5,470
Health services	45,501	45,501	23,112	22,389
Total expenditures and other uses	<u>\$ 65,572</u>	<u>65,572</u>	<u>37,713</u>	<u>27,859</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(809)</u>	
			<u>36,904</u>	
 Emergency Telephone				
Revenues				
Charges for Services	\$ 8,400	8,400	6,978	(1,422)
Transfers	—	—	610	610
Appropriated fund balance	<u>223</u>	<u>223</u>	<u>(211)</u>	<u>434</u>
Total revenues	<u>8,623</u>	<u>8,623</u>	<u>7,377</u>	<u>(988)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>211</u>	
Total revenues and other sources, GAAP basis			<u>7,588</u>	
Expenditures				
Total public safety expenditures	<u>\$ 8,623</u>	<u>8,623</u>	7,377	<u>1,246</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(32)</u>	
			<u>7,345</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Solid Waste:				
Revenues				
Charges for Services	\$ 550	550	636	(86)
Transfers	778	778	771	7
Total revenues	<u>1,328</u>	<u>1,328</u>	1,407	<u>(79)</u>
Total revenues and other sources, GAAP basis			<u>1,407</u>	
Expenditures				
Total facility expenditures	\$ <u>2,500</u>	<u>2,500</u>	2,138	<u>362</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities			<u>(56)</u>	
Total expenditures and other uses, GAAP basis			<u>2,081</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Stormwater Management:				
Revenues				
Transfers	\$ <u>1,513</u>	<u>1,513</u>	1,513	<u>—</u>
Total revenues and other sources, GAAP basis			<u>1,513</u>	
Expenditures				
Total infrastructure expenditures	\$ <u>1,513</u>	<u>1,513</u>	607	<u>906</u>
Total expenditures and other uses, GAAP basis			<u>607</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government services:				
Revenues				
Miscellaneous	\$ 224	224	163	(61)
Appropriated Fund Balance	334	334	(19)	(353)
Total revenues	\$ <u>558</u>	<u>558</u>	145	<u>(413)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			19	
Total revenues and other sources, GAAP basis			<u>163</u>	
Expenditures				
Total administrative expenditures	\$ <u>558</u>	<u>558</u>	145	<u>413</u>
Total expenditures and other uses, GAAP basis			<u>145</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public and Mental Health Services				
Revenues				
Intergovernmental revenue-State	15,843	15,843	17,185	1,342
Other general revenues	\$ 11,650	11,650	8,095	(3,555)
Transfers	27,414	27,414	27,414	—
Appropriated Fund Balance	3,137	3,137	760	(2,377)
Total revenues	<u>\$ 58,044</u>	<u>58,044</u>	53,454	<u>(4,590)</u>
Reconciliation to GAAP basis:				
To record effect of receivables			1,401	
Appropriated Fund Balance			<u>(760)</u>	
Total revenues and other sources, GAAP basis			<u>54,095</u>	
Expenditures				
Total health services expenditures	\$ <u>58,044</u>	<u>58,044</u>	53,454	<u>4,590</u>
Reconciliation to GAAP basis - to record net effect of unrecorded liabilities				
Total expenditures and other uses, GAAP basis			<u>(1,557)</u>	
			<u>51,897</u>	

Public Education Government Television

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Miscellaneous	\$ 254	254	119	(135)
Appropriated Fund Balance	1,022	1,022	130	(892)
Total revenues	<u>\$ 1,276</u>	<u>1,276</u>	249	<u>(1,027)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(130)</u>	
Total revenues and other sources, GAAP basis			<u>119</u>	
Expenditures				
Total facility expenditures	\$ <u>1,276</u>	<u>1,276</u>	249	<u>1,027</u>
Total expenditures and other uses, GAAP basis			<u>249</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Law Enforcement and Justice services:				
Revenues				
Anticipated revenues	\$ 8,043	8,043	(321)	(8,364)
Appropriated Fund Balance	6,944	6,944	—	(6,944)
Total revenues	<u>\$ 14,987</u>	<u>14,987</u>	<u>(321)</u>	<u>(15,308)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			—	
Total revenues and other sources, GAAP basis			<u>(321)</u>	
Expenditures				
Total social service expenditures	<u>\$ 14,987</u>	<u>14,987</u>	1,729	<u>13,258</u>
Total expenditures and other uses, GAAP basis			<u>1,729</u>	
Hotel Motel:				
Revenues				
Total revenues	<u>\$ 780</u>	<u>780</u>	371	<u>(409)</u>
Total revenues and other sources, GAAP basis			<u>371</u>	
Expenditures				
Total Non-agency expenditures	<u>\$ 780</u>	<u>780</u>	348	<u>432</u>
Total expenditures and other uses, GAAP basis			<u>348</u>	

FULTON COUNTY, GEORGIA

Special Revenue funds

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Social and Cultural services:				
Revenues				
Anticipated revenues	\$ 7,155	7,155	7,817	662
Appropriated Fund Balance	<u>4,281</u>	<u>4,281</u>	<u>273</u>	<u>(4,008)</u>
Total revenues	<u>\$ 11,436</u>	<u>11,436</u>	<u>8,090</u>	<u>(3,346)</u>
Reconciliation to GAAP basis:				
Appropriated Fund Balance			<u>(273)</u>	
Total revenues and other sources, GAAP basis			<u>7,817</u>	
Expenditures				
Total social services expenditures	<u>\$ 11,436</u>	<u>11,436</u>	<u>8,088</u>	<u>3,348</u>
Total expenditures and other uses, GAAP basis			<u>8,088</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Special revenue funds:				
Revenues				
Anticipated revenues	\$ 250	250	225	(25)
Appropriated Fund Balance	<u>132</u>	<u>132</u>	<u>1,737</u>	<u>1,605</u>
Total revenues	<u>\$ 382</u>	<u>382</u>	<u>1,962</u>	<u>1,580</u>
Reconciliation to GAAP basis:				
Change in interest receivable			<u>(10)</u>	
Appropriated Fund Balance			<u>(1,737)</u>	
Total revenues and other sources, GAAP basis			<u>215</u>	
Expenditures				
Anticipated Expenditures	382	382	1,962	(1,580)
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>\$ 382</u>	<u>382</u>	<u>1,962</u>	<u>(1,580)</u>
Total expenditures and other uses, GAAP basis			<u>1,962</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sandy Springs Tax Allocation District:				
Revenues				
Total anticipated revenues	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues and other sources, GAAP basis			<u>—</u>	
Expenditures				
Total social service expenditures	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures and other uses, GAAP basis			<u>—</u>	

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DESCRIPTION OF NON-MAJOR ENTERPRISE FUNDS

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Non-major Enterprise Funds

December 31, 2006

(In thousands of dollars)

Assets	Business Type Activities - Enterprise Funds		
	Sandy Springs Contractual services fund	Airport fund	Total Non-major Enterprise Funds
Current assets:			
Cash and cash equivalents	\$ —	833	833
Due from other governments, net	2,185	—	2,185
Total current assets	<u>2,185</u>	<u>833</u>	<u>3,018</u>
Noncurrent assets:			
Nondepreciable capital assets	—	27,909	27,909
Depreciable capital assets (net of accumulated depreciation)	—	1,549	1,549
Total noncurrent assets	<u>—</u>	<u>29,458</u>	<u>29,458</u>
Total assets	<u>2,185</u>	<u>30,291</u>	<u>32,476</u>
Liabilities:			
Current liabilities (payable from current assets):			
Accounts payable & accrued expenses	\$ 2,185	53	2,238
Total current liabilities	<u>2,185</u>	<u>53</u>	<u>2,238</u>
Total liabilities	<u>2,185</u>	<u>53</u>	<u>2,238</u>
Net Assets:			
Invested in capital assets, net of related debt	—	29,458	29,458
Unrestricted	—	780	780
Total net assets	<u>\$ —</u>	<u>30,238</u>	<u>30,238</u>

FULTON COUNTY, GEORGIA

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

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Business Type Activities - Enterprise Funds</u>		
	<u>Sandy Springs Contractual services fund</u>	<u>Airport fund</u>	<u>Total Non-major Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 14,430	859	15,289
Total operating revenues	<u>14,430</u>	<u>859</u>	<u>15,289</u>
Operating expenses:			
Administrative and general	—	118	118
Depreciation and amortization	—	159	159
Personal services	—	711	711
Contractual services	<u>14,430</u>	<u>199</u>	<u>14,629</u>
Total operating expenses	<u>14,430</u>	<u>1,187</u>	<u>15,617</u>
Operating income (loss)	<u>—</u>	<u>(328)</u>	<u>(328)</u>
Income (loss) before contributions	<u>—</u>	<u>(328)</u>	<u>(328)</u>
Change in net assets	<u>—</u>	<u>(328)</u>	<u>(328)</u>
Net assets at beginning of year	<u>—</u>	<u>30,566</u>	<u>30,566</u>
Net assets at end of year	<u>\$ —</u>	<u>30,238</u>	<u>30,238</u>

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Non-major Enterprise funds

For the year ended December 31, 2006

(In thousands of dollars)

	Business Type Activities - Enterprise Funds		
	Sandy Springs Contractual services fund	Airport fund	Total Non-major Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 13,791	859	14,650
Payments to suppliers	(2,153)	(318)	(2,471)
Payments to employees	(11,638)	(713)	(12,351)
Net cash provided by (used in) operating activities	<u>—</u>	<u>(172)</u>	<u>(172)</u>
Cash flows from capital and related financing activities:			
Additions to property, plant, and equipment	<u>—</u>	<u>(41)</u>	<u>(41)</u>
Net cash provided by capital and related financing activities	<u>—</u>	<u>(41)</u>	<u>(41)</u>
 (Decrease) increase in cash and cash equivalents	 —	 (213)	 (213)
Cash and cash equivalents at beginning of year	<u>—</u>	<u>1,046</u>	<u>1,046</u>
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>833</u>	<u>833</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ —	(328)	(328)
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization	—	159	159
Changes in assets and liabilities:			
Change in due from other governments - net	(2,185)	—	(2,185)
Accounts and claims payable	—	(3)	(3)
Contractual and other liabilities	<u>2,185</u>	<u>—</u>	<u>2,185</u>
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>(172)</u>	<u>(172)</u>

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DESCRIPTION OF INTERNAL SERVICE FUNDS

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

The Internal Service funds include the following:

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

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

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

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

FULTON COUNTY, GEORGIA

Combining Statement of Net Assets
Internal Service Funds

December 31, 2006

(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	\$ —	24,671	12,279	—	36,950
Other current assets	1,337	10,073	—	80	11,490
Total assets	<u>1,337</u>	<u>34,744</u>	<u>12,279</u>	<u>80</u>	<u>48,440</u>
 Liabilities and Net Assets					
Current liabilities:					
Accounts payable	1,337	78	181	80	1,676
Claims payable	—	4,665	2,000	—	6,665
Total liabilities	<u>1,337</u>	<u>4,743</u>	<u>2,181</u>	<u>80</u>	<u>8,341</u>
Net assets:					
Unrestricted	—	30,001	10,098	—	40,099
Total net assets	<u>\$ —</u>	<u>30,001</u>	<u>10,098</u>	<u>—</u>	<u>40,099</u>

FULTON COUNTY, GEORGIA

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

Internal Service Funds

For the year ended December 31, 2006

(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>
Operating revenues - charges for services	\$ 9,516	74,216	12,147	80	95,959
Operating expenses:					
Contractual services	—	63,943	(1)	355	64,297
Administrative and general	9,262	—	10,463	—	19,725
Total operating expenses	<u>9,262</u>	<u>63,943</u>	<u>10,462</u>	<u>355</u>	<u>84,022</u>
Operating income (loss)	254	10,273	1,685	(275)	11,937
Net assets at beginning of year	<u>(254)</u>	<u>19,728</u>	<u>8,413</u>	<u>275</u>	<u>28,162</u>
Net assets at end of year	<u>\$ —</u>	<u>30,001</u>	<u>10,098</u>	<u>—</u>	<u>40,099</u>

FULTON COUNTY, GEORGIA

Combining Statement of Cash Flows
Internal Service Funds

For the year ended December 31, 2006

(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	\$ 8,180	72,238	12,147	—	92,565
Payments to suppliers	<u>(8,180)</u>	<u>(62,630)</u>	<u>(10,523)</u>	<u>(275)</u>	<u>(81,608)</u>
Net cash provided by (used in) operating activities	—	9,608	1,624	(275)	10,957
Increase (decrease) in cash and cash equivalents	—	9,608	1,624	(275)	10,957
Cash and cash equivalents at beginning of year	<u>—</u>	<u>15,063</u>	<u>10,655</u>	<u>275</u>	<u>25,993</u>
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>24,671</u>	<u>12,279</u>	<u>—</u>	<u>36,950</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 254	10,273	1,685	(275)	11,937
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Other current assets	(1,337)	(1,978)	—	(80)	(3,395)
Accounts and claims payable	<u>1,083</u>	<u>1,313</u>	<u>(61)</u>	<u>80</u>	<u>2,415</u>
Net cash provided by (used in) operating activities	<u>\$ —</u>	<u>9,608</u>	<u>1,624</u>	<u>(275)</u>	<u>10,957</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, 2006

(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	\$ 6,969	30,078	11,444	94	93	20,774	2,525	71,977
Investments	—	—	—	—	—	4,113	—	4,113
Taxes receivable	65,125	—	—	—	—	—	—	65,125
Total assets	\$ 72,094	30,078	11,444	94	93	24,887	2,525	141,215
Liabilities								
Due to other taxing districts	\$ 72,094	—	—	—	—	—	—	72,094
Due to others	—	30,078	11,444	94	93	24,887	2,525	69,121
Total liabilities	\$ 72,094	30,078	11,444	94	93	24,887	2,525	141,215

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2006</u>
Tax Commissioner:				
Assets				
Cash and cash equivalents	\$ 3,106	3,706,433	3,702,570	6,969
Taxes receivable	43,952	1,065,026	1,043,853	65,125
	<u>\$ 47,058</u>	<u>4,771,459</u>	<u>4,746,423</u>	<u>72,094</u>
Liabilities				
Due to other taxing districts	\$ <u>47,058</u>	<u>4,771,459</u>	<u>4,746,423</u>	<u>72,094</u>
 Superior Court:				
Assets				
Cash and cash equivalents	\$ <u>10,857</u>	<u>224,217</u>	<u>204,996</u>	<u>30,078</u>
Liabilities				
Due to others	\$ <u>10,857</u>	<u>224,217</u>	<u>204,996</u>	<u>30,078</u>
 State Court:				
Assets				
Cash and cash equivalents	\$ <u>10,264</u>	<u>53,124</u>	<u>51,944</u>	<u>11,444</u>
Liabilities				
Due to others	\$ <u>10,264</u>	<u>53,124</u>	<u>51,944</u>	<u>11,444</u>

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2006</u>
Juvenile Court:				
Assets				
Cash and cash equivalents	\$ 98	106	110	94
Liabilities				
Due to others	\$ 98	106	110	94
Probate Court:				
Assets				
Cash and cash equivalents	\$ 107	14	28	93
Liabilities				
Due to others	\$ 107	14	28	93
Sheriff and Criminal Court:				
Assets				
Cash and cash equivalents	\$ 21,072	73,324	73,622	20,774
Investments	1,484	4,113	1,484	4,113
Cash and cash equivalents	\$ 22,556	77,437	75,106	24,887
Liabilities				
Due to others	\$ 22,556	77,437	75,106	24,887
District Attorney:				
Assets				
Cash and cash equivalents	\$ 23	5,206	2,704	2,525
Liabilities				
Due to others	\$ 23	5,206	2,704	2,525

(Continued)

FULTON COUNTY, GEORGIA

Statement of Changes in Assets and Liabilities

Fiduciary Funds

Agency Funds

For the year ended December 31, 2006

(In thousands of dollars)

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2006</u>
Total - All Agency Funds:				
Assets				
Cash and cash equivalents	\$ 45,527	4,062,424	4,035,974	71,977
Investments	1,484	4,113	1,484	4,113
Taxes receivable	43,952	1,065,026	1,043,853	65,125
	<u>\$ 90,963</u>	<u>5,131,563</u>	<u>5,081,311</u>	<u>141,215</u>
Liabilities				
Due to other taxing districts	\$ 47,058	4,771,459	4,746,423	72,094
Due to others	43,905	360,104	334,888	69,121
	<u>\$ 90,963</u>	<u>5,131,563</u>	<u>5,081,311</u>	<u>141,215</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, 2006

(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	
2007	3,705	15,379	38,817	57,901
2008	3,546	14,528	38,817	56,891
2009	2,333	14,792	38,816	55,941
2010	479	14,809	38,813	54,101
2011	483	7,855	38,814	47,152
2012	481	7,880	38,814	47,175
2013	483	7,909	38,815	47,207
2014	485	7,934	38,817	47,236
2015	490	—	38,816	39,306
2016	488	—	38,814	39,302
2017	241	—	38,815	39,056
2018	—	—	38,813	38,813
2019	—	—	38,818	38,818
2020	—	—	38,818	38,818
2021	—	—	38,816	38,816
2022	—	—	38,816	38,816
2023	—	—	38,815	38,815
2024	—	—	38,817	38,817
2025	—	—	38,813	38,813
2026	—	—	38,813	38,813
2027	—	—	38,812	38,812
2028	—	—	38,814	38,814
2029	—	—	38,813	38,813
2030	—	—	38,814	38,814
2031	—	—	38,817	38,817
2032	—	—	38,812	38,812
2033	—	—	38,817	38,817
2034	—	—	38,816	38,816
	<u>\$ 13,214</u>	<u>91,086</u>	<u>1,086,822</u>	<u>1,191,122</u>

FULTON COUNTY, GEORGIA

Other Schedules
Debt Service Requirements to Maturity
General Obligation Bonds

December 31, 2006

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 3,111	594	3,705
2008	3,046	500	3,546
2009	2,080	253	2,333
2010	335	144	479
2011	355	128	483
2012	370	111	481
2013	390	93	483
2014	410	75	485
2015	435	55	490
2016	455	33	488
2017	230	11	241
	<u>\$ 11,217</u>	<u>1,997</u>	<u>13,214</u>

FULTON COUNTY, GEORGIA

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

December 31, 2006

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$ 12,780	2,599	15,379
2008	10,898	3,630	14,528
2009	10,759	4,033	14,792
2010	10,697	4,112	14,809
2011	3,724	4,131	7,855
2012	6,800	1,080	7,880
2013	7,170	739	7,909
2014	7,555	379	7,934
	<u>70,383</u>	<u>20,703</u>	<u>91,086</u>
Unamortized deferred charges (net) at December 31, 2006	<u>486</u>	<u>(486)</u>	<u>—</u>
	<u>\$ 70,869</u>	<u>20,217</u>	<u>91,086</u>

FULTON COUNTY, GEORGIA

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

December 31, 2006

(In thousands of dollars)

<u>Calendar year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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>579,855</u>	<u>506,967</u>	<u>1,086,822</u>
Unamortized discount at December 31, 2006	<u>914</u>	<u>(914)</u>	<u>—</u>
	<u>\$ 580,769</u>	<u>506,053</u>	<u>1,086,822</u>

FULTON COUNTY, GEORGIA
 Other Schedules
 Hotel/Motel Tax Collections and Expenditures
 Year ended December 31, 2006

Collection Period from January 1st to December 31st					
Collection Rate	Hotel/Motel Tax Collected	<u>Expenditures and Obligations</u>			Expended or Obligated as a Percentage of Collected
		<u>Hotel/Motel Tax Expended</u>	<u>Hotel/Motel Tax Obligated</u>	<u>Hotel/Motel Tax Expended or Obligated</u>	
7%	\$605,019	540,586	64,433	605,019	100.00%

* The Fulton County Tax Commissioner and Fulton County Finance department both received and disbursed hotel/motel taxes throughout 2006.

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STATISTICAL SECTION

(Unaudited)

Statistical Section

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

Contents

Pages

Financial Trends

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

96-99

Revenue Capacity

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

100-105

Debt Capacity

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

106-110

Demographic and Economic Information

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

111-112

Operating Information

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

113-115

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

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Governmental activities					
Invested in capital assets, net of related debt	\$ 652,890	733,571	932,446	896,321	284,509
Restricted	33,581	57,364	78,932	129,112	109,325
Unrestricted	341,604	260,036	232,808	169,295	202,593
Total governmental activities net assets	<u>\$ 1,028,075</u>	<u>1,050,971</u>	<u>1,244,186</u>	<u>1,194,728</u>	<u>596,427</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 687,192	667,370	607,009	622,140	374,181
Restricted	42,899	40,911	41,809	31,795	25,615
Unrestricted	292,828	277,702	247,382	227,944	211,676
Total business-type activities net assets	<u>\$ 1,022,919</u>	<u>985,983</u>	<u>896,200</u>	<u>881,879</u>	<u>611,472</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,340,082	1,400,941	1,539,455	1,518,461	658,690
Restricted	76,480	98,275	120,741	160,907	134,940
Unrestricted	634,432	537,738	480,190	397,239	414,269
Total primary government net assets	<u>\$ 2,050,994</u>	<u>2,036,954</u>	<u>2,140,386</u>	<u>2,076,607</u>	<u>1,207,899</u>

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

FULTON COUNTY, GEORGIA
 Changes in Net Assets
 Last Five Fiscal Years
 (accrual basis of accounting, in thousands)

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental activities					
Administration	\$ 102,619	97,780	100,089	101,552	113,431
Public Safety	183,189	194,271	177,082	174,471	163,333
Legal	126,433	115,217	112,916	107,698	98,941
Infrastructure and facilities	73,431	81,466	67,431	61,116	56,126
Social services	113,521	106,794	111,306	118,008	108,019
Health services	160,904	160,770	158,414	158,087	159,504
Interest and other debt related costs	17,767	17,053	18,277	19,161	20,245
Total governmental activities expenses	<u>777,864</u>	<u>773,351</u>	<u>745,515</u>	<u>740,093</u>	<u>719,599</u>
Business-type activities					
Water and sewerage services	116,826	116,583	99,571	89,262	81,118
Contractual services	14,430	—	—	—	—
Airport services	1,187	875	965	806	755
Total business-type activities expenses	<u>132,443</u>	<u>117,458</u>	<u>100,536</u>	<u>90,068</u>	<u>81,873</u>
Total primary government expenses	<u>\$ 910,307</u>	<u>890,809</u>	<u>846,051</u>	<u>830,161</u>	<u>801,472</u>
Program Revenues					
Governmental activities					
Charges for services	\$ 74,523	81,792	81,468	68,590	71,463
Operating grants and contributions	55,454	61,850	57,732	58,855	63,220
Capital grants and contributions	21,056	50,871	25,205	48,123	—
Total governmental activities program revenues	<u>151,033</u>	<u>194,513</u>	<u>164,405</u>	<u>175,568</u>	<u>134,683</u>
Business-type activities					
Charges for services	138,491	134,464	119,138	97,823	97,820
Capital grants and contributions	6,211	60,455	8,954	12,969	—
Total business-type activities program revenues	<u>144,702</u>	<u>194,919</u>	<u>128,092</u>	<u>110,792</u>	<u>97,820</u>
Total primary government program revenues	<u>\$ 295,735</u>	<u>389,432</u>	<u>292,497</u>	<u>286,360</u>	<u>232,503</u>
Net (Expense) Revenue					
Governmental activities	\$ (626,831)	(578,838)	(581,110)	(564,525)	(584,916)
Business-type activities	12,259	77,461	27,556	20,724	15,947
Total primary government net expense	<u>\$ (614,572)</u>	<u>(501,377)</u>	<u>(553,554)</u>	<u>(543,801)</u>	<u>(568,969)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 523,418	491,448	493,829	502,930	449,104
Sales taxes	60,671	74,930	68,949	62,911	65,520
Other taxes	13,299	15,639	14,897	13,589	52,697
Intergovernmental unrestricted revenues	15,105	15,917	15,475	15,790	15,544
Commissions on tax collections	14,471	12,928	12,204	12,707	9,460
Use of money and property	27,488	22,585	16,439	13,837	16,618
Miscellaneous	2,810	5,603	8,775	4,074	3,111
Special item-gain on sale of fixed assets	1,418	—	—	(2,317)	—
Total governmental activities	<u>658,680</u>	<u>639,050</u>	<u>630,568</u>	<u>623,521</u>	<u>612,054</u>
Business-type activities					
Use of money and property	26,223	13,000	3,826	6,538	16,075
Miscellaneous	(1,546)	(678)	714	—	—
Total business-type activities	<u>24,677</u>	<u>12,322</u>	<u>4,540</u>	<u>6,538</u>	<u>16,075</u>
Total primary government	<u>\$ 683,357</u>	<u>651,372</u>	<u>635,108</u>	<u>630,059</u>	<u>628,129</u>
Change in Net Assets					
Governmental activities	\$ 31,849	60,212	49,458	58,996	27,138
Business-type activities	36,936	89,783	32,096	27,262	32,022
Total primary government	<u>\$ 68,785</u>	<u>149,995</u>	<u>81,554</u>	<u>86,258</u>	<u>59,160</u>

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

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

	Fiscal Year				
	2006	2005	2004	2003	2002
General fund					
Unreserved	136,195	100,208	106,444	89,370	100,414
Total general fund	\$ 136,195	100,208	106,444	89,370	100,414
Special Service District Fund					
Unreserved	38,171	44,646	21,419	13,740	19,401
Total Special District fund	\$ 38,171	44,646	21,419	13,740	19,401
All Other Governmental Funds					
Reserved	\$ 47,198	45,054	49,830	58,384	77,515
Unreserved, reported in:					
Special revenue funds	31,160	25,191	34,655	30,178	31,069
Capital projects funds	76,818	77,388	87,267	92,540	81,572
Total all other governmental funds	\$ 155,176	147,633	171,752	181,102	190,156
Total governmental funds	\$ 329,542	292,487	299,615	284,212	309,971

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

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Revenues					
Taxes	\$ 592,175	574,336	577,885	577,952	569,608
Intergovernmental	70,739	78,208	74,870	76,493	78,764
Charges for services	48,001	44,991	41,165	41,499	39,554
Courts and law enforcement	24,707	20,877	28,580	20,411	18,978
Use of money and property	27,430	22,524	16,476	13,979	17,043
Licenses and permits	16,286	28,852	23,927	19,387	22,391
Miscellaneous	2,810	5,603	8,775	4,074	3,111
Net (depreciation) appreciation in investments	58	61	(37)	(142)	(425)
Total revenues	<u>782,206</u>	<u>775,452</u>	<u>771,641</u>	<u>753,653</u>	<u>749,024</u>
Expenditures					
Current:					
Administration	91,616	90,431	93,091	86,013	87,900
Public safety	162,390	179,396	163,883	163,390	156,387
Legal	107,920	104,157	102,370	97,835	92,061
Infrastructure and facilities	48,413	44,139	41,172	36,336	39,544
Social services	97,951	102,165	107,226	100,588	97,182
Health services	155,351	156,037	154,614	156,810	159,754
Other nonagency	48,287	32,023	28,819	37,251	34,247
Capital outlay	61,583	28,105	30,122	47,970	87,577
Debt service:					
Principal retirement	29,457	31,004	29,462	27,617	27,412
Interest	15,704	15,123	15,932	17,020	17,055
Total expenditures	<u>818,672</u>	<u>782,580</u>	<u>766,691</u>	<u>770,830</u>	<u>799,119</u>
Excess of revenues over (under) expenditures					
Other Financing Sources (Uses)					
Capital lease obligations	54,712	—	—	6,239	—
Proceeds from sale of refunding bonds	—	—	—	—	87,535
Premium received on refunding bonds	—	—	—	—	4,959
Payments to escrow agent	—	—	—	—	(93,120)
Transfers in	102,723	125,163	95,561	111,076	128,667
Transfers out	(102,724)	(125,163)	(95,561)	(112,076)	(128,667)
Total other financing sources (uses)	<u>54,711</u>	<u>0</u>	<u>0</u>	<u>5,239</u>	<u>(626)</u>
Special item: Proceeds from sale of fixed assets	<u>18,810</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net changes in fund balances	<u>\$ 37,055</u>	<u>(7,128)</u>	<u>4,950</u>	<u>(11,938)</u>	<u>(50,721)</u>
Debt service as a percentage of noncapital expenditures	6.0 %	6.1 %	6.2 %	6.2 %	6.2 %

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

Fiscal Year	Real Property	Public Utilities	Personal and Business	Total assessed value	Total direct tax rate	Estimated actual value
1997	\$ 17,059,162	1,042,917	5,598,052	23,700,131	40%	59,250,328
1998	20,813,090	1,110,800	5,780,350	27,704,240	40%	69,260,600
1999	21,473,564	1,110,800	6,084,324	28,668,688	40%	71,671,720
2000	23,175,763	1,443,349	6,383,441	31,002,553	40%	77,506,383
2001	26,741,670	1,474,252	6,912,927	35,128,849	40%	87,822,123
2002	30,279,444	1,088,710	6,748,080	38,116,234	40%	95,290,585
2003	33,087,369	1,006,182	6,584,144	40,677,695	40%	101,694,238
2004	35,294,429	1,105,766	6,356,263	42,756,458	40%	106,891,145
2005	36,850,956	1,216,577	6,418,193	44,485,726	40%	111,214,315
2006	40,777,348	1,091,205	6,716,879	48,585,432	40%	121,463,580

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

- (1) A special full value homestead exemption is allowed on owner-occupied residences of persons who are age 70 or over who meet certain income requirements. This exemption applies only to Fulton County taxes. State and school taxes are not exempt.
- (2) A regular \$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.
- (5) Assessed values are established by the Fulton County Board of Tax Assessors on January 1 of each year.
- (6) An exemption is allowed for property used in or which is a part of any facility for the primary purpose of eliminating or reducing air or water pollution if the facilities have been certified by the Georgia Department of Natural Resources.

Schedule 6

FULTON COUNTY, GEORGIA

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
Operating and Bond Levies
(Rate per \$1,000 Assessed Value)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fulton County direct:										
General & bond	13.69	13.69	13.69	13.69	13.34	12.81	12.32	11.65	11.65	11.47
School	20.76	20.76	20.76	20.15	19.02	18.77	18.06	17.61	18.11	18.11
Special Services district	4.76	4.76	4.76	4.76	4.70	4.47	4.31	4.73	4.73	4.61
South Fulton tax district	—	—	—	—	—	—	—	—	—	5.73
Total direct	<u>39.21</u>	<u>39.21</u>	<u>39.21</u>	<u>38.60</u>	<u>37.06</u>	<u>36.05</u>	<u>34.69</u>	<u>33.99</u>	<u>34.49</u>	<u>39.92</u>
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Municipalities:										
City of Atlanta	8.39	8.39	8.39	8.03	7.37	10.86	10.51	10.02	9.57	9.44
Downtown Development district	2.02	2.02	2.22	2.22	2.22	2.50	3.60	4.20	5.00	5.00
City of Atlanta school district	26.43	26.43	25.93	24.80	22.06	21.78	21.57	20.98	20.52	22.70
Atlanta-DeKalb library	1.87	2.06	2.25	1.97	1.86	1.47	—	—	—	—
City of Alpharetta	7.88	7.88	7.88	7.88	7.48	7.23	7.00	7.00	7.00	6.60
City of College Park	7.50	7.50	7.50	6.93	6.61	9.56	9.56	9.56	9.56	9.56
City of East Point	11.01	15.00	11.00	10.50	9.00	15.00	12.50	12.37	12.37	12.37
City of Fairburn	4.50	4.50	4.50	4.50	4.50	6.00	6.00	5.75	5.45	5.45
City of Hapeville	11.00	11.00	11.00	10.00	9.61	9.61	9.61	12.61	12.61	12.61
City of Mountain Park	7.50	7.50	7.50	7.50	6.80	5.76	7.00	6.95	9.92	9.89
City of Palmetto	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
City of Roswell	6.59	6.59	6.59	5.81	5.43	5.43	5.17	6.09	6.09	6.09
City of Union city	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50
City of Sandy Springs	—	—	—	—	—	—	—	—	—	4.73

FULTON COUNTY, GEORGIA

Principal Taxpayers

Current Year and Nine Years Ago

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 2006:			
BellSouth Telecommunications	\$ 582,877,295	1.20%	\$ 12,619,728
Development Authority of Fulton County	286,118,774	0.59%	5,090,276
Georgia Power	185,880,681	0.38%	5,000,125
Cingular Wireless	149,680,950	0.31%	4,438,274
Coca Cola	208,779,872	0.43%	4,059,213
Cousins Properties	95,724,181	0.20%	3,162,743
Delta Airlines	48,887,628	0.10%	2,674,338
Concourse Associates	84,530,940	0.17%	2,116,128
Ford Motor Company	144,600,870	0.30%	1,980,460
Weeks Realty	53,522,329	0.11%	1,950,525
Total ten major taxpayers	<u>\$ 1,840,603,520</u>	3.79%	<u>\$ 43,091,810</u>
(1) Total County gross assessed value	<u>\$ 48,585,432,000</u>		

	<u>Assessment</u>	<u>Percentage of total assessed value</u>	<u>Taxes</u>
Ten major taxpayers of 1997:			
BellSouth Telecommunications	\$ 96,555,490	0.20%	\$ 7,535,768
Georgia Power	77,161,750	0.16%	5,308,892
Delta Airlines	137,171,530	0.28%	5,136,381
Coca Cola	232,679,870	0.48%	4,146,004
American Telephone & Telegraph	54,398,563	0.11%	3,824,285
Ford Motor Company	92,500,010	0.19%	2,876,160
Concourse Ltd.	65,619,600	0.14%	2,589,349
International Business Machines	73,953,450	0.15%	1,719,047
Georgia Pacific Company	100,021,030	0.21%	1,674,371
Atlanta Gas Light Company	34,133,960	0.07%	1,480,691
Total ten major taxpayers	<u>\$ 964,195,253</u>	1.98%	<u>\$ 36,290,948</u>
(1) Total County gross assessed value	<u>\$ 23,700,131,000</u>		

Source: Fulton County Tax Commissioner.

FULTON COUNTY, GEORGIA

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
1997	\$ 268,928	\$ 256,684	95.4 %	\$ 25,149	\$ 281,833	104.8 %	\$ 25,795	9.6%
1998	282,834	277,844	98.2	15,132	292,976	103.6	4,990	1.8
1999	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	5.1
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	100.7	8,637	2.3
2004	377,362	361,132	95.7	23,045	384,177	101.8	7,375	2.0
2005	384,454	366,850	95.4	18,657	385,507	100.3	8,102	2.1
2006	414,871	391,563	94.4	19,183	410,746	99.0	8,290	2.0

Debt Service Fund Property Tax Levy and Collections

Last Ten Fiscal Years
(in thousands)

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
1997	\$ 14,779	\$ 14,116	95.5 %	\$ 1,340	\$ 15,456	104.6 %	\$ 1,384	9.4%
1998	15,557	15,293	98.3	775	16,068	103.3	647	4.2
1999	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	5.1
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	98.5	221	9,385	100.9	288	3.1
2004	2,402	2,301	95.8	177	2,478	103.2	206	8.6
2005	2,482	2,374	95.6	154	2,528	101.9	169	6.8
2006	2,663	2,497	93.8	155	2,652	99.6	118	4.4

Source: Fulton County Tax Commissioner's office

FULTON COUNTY, GEORGIA

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	Total collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
1997	\$ 35,650	\$ 34,180	95.9 %	\$ 2,891	\$ 37,071	104.0 %	\$ 2,612	7.3%
1998	36,873	36,382	98.7	1,663	38,045	103.2	491	1.3
1999	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	4.6
2001	45,421	43,489	95.7	1,689	45,178	99.5	2,725	6.0
2002	45,744	45,022	98.4	1,797	46,819	102.4	885	1.9
2003	47,425	46,985	99.1	1,116	48,101	101.4	614	1.3
2004	54,974	53,040	96.5	597	53,637	97.6	677	1.2
2005	56,615	54,206	95.7	2,121	56,327	99.5	735	1.3
2006	—	—	—	2,200	2,200	—	1,302	—

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

Source: Fulton County Tax Commissioner's office

FULTON COUNTY, GEORGIA

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 14,198	\$ 13,601	95.8 %	\$ N/A	\$ 13,601	95.8 %	\$ N/A	N/A

FULTON COUNTY, GEORGIA

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 7,077	\$ 6,723	95.0 %	\$ N/A	\$ 6,723	95.0 %	\$ N/A	N/A

FULTON COUNTY, GEORGIA

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

Fiscal Year	Total current year tax levy	Current tax collected	Percent of levy collected	Delinquent tax collected	Total tax collected	collections as percentage of current levy	Outstanding delinquent taxes	Outstanding delinquent taxes as percentage of current levy
2006	\$ 18,141	\$ 16,659	91.8 %	\$ N/A	\$ 16,659	91.8 %	\$ N/A	N/A

Source: Fulton County Tax Commissioner's office

FULTON COUNTY, GEORGIA
 Computation of Direct and Overlapping Debt
 as of December 31, 2006

Name of governmental unit	Amount outstanding	Percentage applicable	Amount applicable
Direct and overlapping direct debt:			
Fulton County	\$ 9,428,153	100	9,428,153
Fulton County School District	215,895,000	100	215,895,000
Municipalities:			
Alpharetta	62,410,000	100	62,410,000
Atlanta (including School District)	268,510,000	97	260,454,700
Hapeville	9,780,000	100	9,780,000
Union City	19,870,000	100	19,870,000
Roswell	47,085,000	100	47,085,000
	<u>\$ 632,978,153</u>		<u>624,922,853</u>
Contractual obligations and overlapping contractual obligations:			
Building Authority of Fulton County	\$ 72,147,341	100 %	72,147,341
College Park Business and Industrial Development Authority	4,660,000	100	4,660,000
The Fulton-DeKalb Hospital Authority*: Revenue Refunding Certificates Series 2003	224,870,000	74.7227	168,028,935
City of Atlanta and Fulton County Recreation Authority:			
Arena Series 1997	132,310,000	98	129,663,800
Zoo Series 2003	1,580,000	98	1,548,400
East Point Building Authority	8,983,000	100	8,983,000
Downtown Development Authority of the City of Atlanta Underground Project	57,305,000	97	55,585,850
	<u>\$ 501,855,341</u>		<u>440,617,326</u>
Total direct and overlapping debt and contractual obligations and overlapping contractual obligations	<u>\$ 1,134,833,494</u>		<u>1,065,540,179</u>

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

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

Fiscal Year	Governmental Activities										Business-type activities				
	General Obligation bonds*	Fulton County Building Authority bonds	Fulton County Facilities Corporation bonds	Other long-term capital leases	Total Governmental activities	% of Personal Income	Per Capita debt (not in thousands)	Water & Sewerage Revenue Bonds	Water & Sewerage Note payable	Total Business-type activities	Estimated Water/Sewer connections	Debt per estimated connection	Total Debt Primary Government		
1997	\$ 83,734	148,304	—	38,237	270,275	0.97%	\$ 350.98	137,496	1,835	139,331	68,582	2,032	409,606		
1998	77,524	145,112	—	32,099	254,735	0.81%	322.10	343,435	1,745	345,180	80,662	4,279	599,915		
1999	68,207	129,898	149,610	28,225	375,940	1.13%	465.64	337,817	1,650	339,467	84,000	4,041	715,407		
2000	58,921	121,699	149,610	47,126	377,356	1.01%	462.07	332,060	1,548	333,608	84,656	3,941	710,964		
2001	49,465	118,990	145,550	44,067	358,072	0.93%	423.41	325,918	1,439	327,357	86,358	3,791	685,429		
2002	41,469	110,439	140,606	37,207	329,721	0.84%	382.21	319,369	1,322	320,691	88,841	3,610	650,412		
2003	35,473	102,370	136,190	39,840	313,873	0.79%	356.47	312,371	1,198	313,569	91,323	3,434	627,442		
2004	24,077	95,132	131,547	35,914	286,670	0.67%	316.48	598,371	1,065	599,436	91,823	6,528	886,106		
2005	14,381	84,644	126,688	31,648	257,361	0.56%	275.48	589,949	923	590,872	101,001	5,850	848,233		
2006	9,428	72,545	121,597	80,895	284,465	0.61%	296.31	581,003	771	581,774	101,840	5,713	866,239		

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements
 *1997-2000 includes County-wide Library system bonds of \$5,700, \$4,400, \$3,080 and \$1,600 respectively.

Sources:
 Personal Income and Population data from Schedule 15 - Demographic statistics

The Fulton County Water and Sewerage System provides services to a substantially different population base than governmental activities debt, therefore per capita and personal income data are calculated only on governmental activity debt, Water and Sewerage debt is allocated to estimated total connections

Schedule 11

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

Fiscal Year	General Obligation bonds*	Less debt service funds	Net bonded debt	Assessed value for bond purposes	Percentage of actual taxable value	Net bonded debt per capita (not in thousands)
1997	\$ 78,034	15,034	63,000	22,396,623	0.28 %	\$81.81
1998	73,084	18,555	54,529	26,355,064	0.21	68.95
1999	65,127	27,394	37,733	29,264,925	0.13	46.74
2000	57,321	29,988	27,333	29,507,674	0.09	33.47
2001	49,465	29,751	19,714	33,580,823	0.06	23.31
2002	41,469	29,927	11,542	36,474,277	0.03	13.38
2003	35,473	30,443	5,030	38,902,270	0.01	5.71
2004	24,077	20,808	3,269	40,910,888	0.01	3.61
2005	14,381	13,086	1,295	42,496,898	—	1.39
2006	9,428	11,045	—	46,570,435	—	—

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

Sources:

Population data from Schedule 15 - Demographic statistics

Schedule 12

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

<u>Fiscal Year</u>	<u>Operating revenues*</u>	<u>Operating expenses*</u>	<u>Net earnings</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
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	24,238	2.92
1999	102,438	43,014	59,424	6,100	18,139	24,239	2.45
2000	108,682	45,317	63,365	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	49,566	8,040	16,198	24,238	2.04
2004	123,676	56,703	66,973	8,655	30,163	38,818	1.73
2005	121,032	60,540	60,492	9,180	29,636	38,816	1.56
2006	122,378	63,288	59,090	9,740	29,077	38,817	1.52

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

Schedule 13

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

Assessed value		\$	48,585,432
Less:			
Applicable property tax exemptions			(2,014,977)
Assessed value for bond purposes			<u>46,570,455</u>
Debt limit 10% of assessed value			4,657,046
Less amounts of debt applicable to the limit:			
General Obligation debt outstanding			9,428
less available debt service funds			<u>(11,045)</u>
Total amount applicable to debt limit			<u>—</u>
Legal Debt Margin		\$	<u>4,657,046</u>

	Debt Limit	Total net bonded debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
1997	2,239,662	63,000	2,176,662	2.81%
1998	2,635,506	54,529	2,580,977	2.07%
1999	2,726,492	37,733	2,688,759	1.38%
2000	2,950,767	27,333	2,923,434	0.93%
2001	3,358,082	19,714	3,338,368	0.59%
2002	3,647,427	11,542	3,635,885	0.32%
2003	3,890,227	5,030	3,885,197	0.13%
2004	4,091,088	3,269	4,087,819	0.08%
2005	4,249,689	1,295	4,248,394	0.03%
2006	4,657,046	—	4,657,046	0.00%

Schedule 14

FULTON COUNTY, GEORGIA

Demographic Information

Last Ten Fiscal Years

Fiscal Year	Fulton County Population	Per capita personal Income	Fulton County Personal Income (in thousands)	Unemployment Rate	%
1997	770,061	\$ 36,182	\$ 27,862,658	4.6	
1998	790,853	39,573	31,296,265	4.1	
1999	807,365	41,382	33,410,653	3.8	
2000	816,662	45,915	37,497,181	3.7	
2001	845,688	45,628	38,587,395	4.3	
2002	862,679	45,733	39,452,835	4.9	
2003	880,514	45,202	39,800,989	5.8	
2004	905,802	47,163	42,720,319	5.5	
2005	934,242	49,291	46,049,314	5.9	
2006	960,009	48,927	(1) 46,970,300 (1)	5.1	

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

Income data from U.S. Bureau of Economic Analysis, table CA04

(1) 2006 was not available at time of print, an estimate for 2006 is based on 2005 with 2.0% growth.

Unemployment rates from the Georgia Department of Labor

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

	Employees*	Percentage of County employment**
Ten major employers of 2006:		
Delta Airlines	19,235	4.28%
Publix Supermarkets	16,855	3.75%
Kroger Company	15,500	3.45%
Bellsouth Corp	15,500	3.45%
United States Postal Service	14,000	3.11%
Fulton County School system	10,892	2.42%
United Parcel Service	10,500	2.33%
Atlanta City Municipal Government	7,934	1.76%
SunTrust Banks Inc.	7,768	1.73%
IBM Corporation	7,500	1.67%

* From the Metro Atlanta Chamber of Commerce publication "Atlanta's Top Employers, 2006" these statistics could include employees working in other areas outside Fulton County.

** August 2006 Fulton County employment was reported as 449,855 per Georgia Dept of Labor.

Ten major employers of 1997: (over 8,000 employees)

AT&T Technologies
Atlanta Board of Education
Atlanta City Municipal Government
Delta Airlines
Fulton County School system
Kroger Company
BellSouth Corporation
State of Georgia
United Parcel Service
United States Postal Service

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

Schedule 16

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Police</u>	<u>Fire</u>	<u>Emergency services (911)</u>	<u>Water & Sewerage</u>	<u>All Other</u>	<u>Total Government</u>
1997	4,036	282	390	107	240	1,261	6,316
1998	4,009	311	420	108	329	1,176	6,353
1999	4,037	311	420	108	347	1,139	6,362
2000	4,192	359	420	108	346	1,180	6,605
2001	4,255	359	447	108	334	1,142	6,645
2002	4,343	359	447	108	333	1,055	6,645
2003	4,370	339	448	111	312	1,049	6,629
2004	4,348	339	448	111	321	1,041	6,608
2005	4,281	367	447	115	315	985	6,510
2006	4,368	298	* 345	* 114	326	931	6,382

Sources: Fulton County Budget Book

* Recent incorporations of new municipalities shifts Police and Fire efforts from a County provided service to a municipal provided service

FULTON COUNTY, GEORGIA

Operating Indicators by Function/Program
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Atlanta/Fulton County Library										
Circulation-checked out	2,446,131	2,534,636	2,726,653	2,830,480	2,994,202	3,054,633	3,115,000	2,844,584	3,117,535	3,234,537
New library cards issued	52,067	52,328	54,560	52,317	64,446	79,559	84,000	183,232	211,621	68,975
Human Services:										
Meals served	*	*	315,878	337,983	495,986	520,330	530,330	553,336	582,184	603,222
Health and Wellness:										
Total Nursing services visits	*	120,096	117,329	123,129	118,603	120,500	121,500	118,231	118,211	105,308
Food service inspections	*	*	*	*	6,611	6,161	6,470	6,885	7,230	6,653
Building Permits Issued	5,479	6,420	6,091	5,482	5,200	4,046	4,908	5,106		
Transportation: Miles of roadway paved	75	75	46	55	12	35	20	30	30	30
911 Emergency Communications calls:	453,516	491,127	485,032	499,583	451,991	457,831	465,411	407,629	440,707	562,338
Water and Sewerage fund:										
Wastewater flow average flows										
in millions of gallons per day:										
Camp Creek	12.18	10.89	9.73	11.73	14.07	13.11	13.50	12.45	14.53	15.25
John's Creek	5.17	7.57	7.47	7.60	6.04	6.08	6.50	5.04	5.05	5.80
Big Creek	19.70	19.70	18.12	20.30	22.13	20.90	21.50	22.11	23.23	23.98
Little River	0.80	0.95	0.98	1.00	0.72	0.78	0.85	0.86	0.84	1.09

*not available

Source: Fulton County Budget book

FULTON COUNTY, GEORGIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Atlanta/Fulton County Library Branches, including main facility	32	32	32	32	33	33	33	34	34	34
Health and Wellness: Health centers	17	17	17	17	17	16	14	12	12	12
Jail and detention centers	3	3	3	3	3	3	3	3	3	3
Fire Stations	19	19	19	19	19	21	21	21	21	19*
Water and Sewerage fund: Wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
Water treatment plant - (joint venture)	1	1	1	1	1	1	1	1	1	1

*Two stations sold to new City of Sandy Springs

**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**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fulton County, Georgia (the County) as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2007. 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 standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Fulton County in a separate letter dated September 28, 2007.

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

RIC Group, LLC

Atlanta, Georgia
September 28, 2007