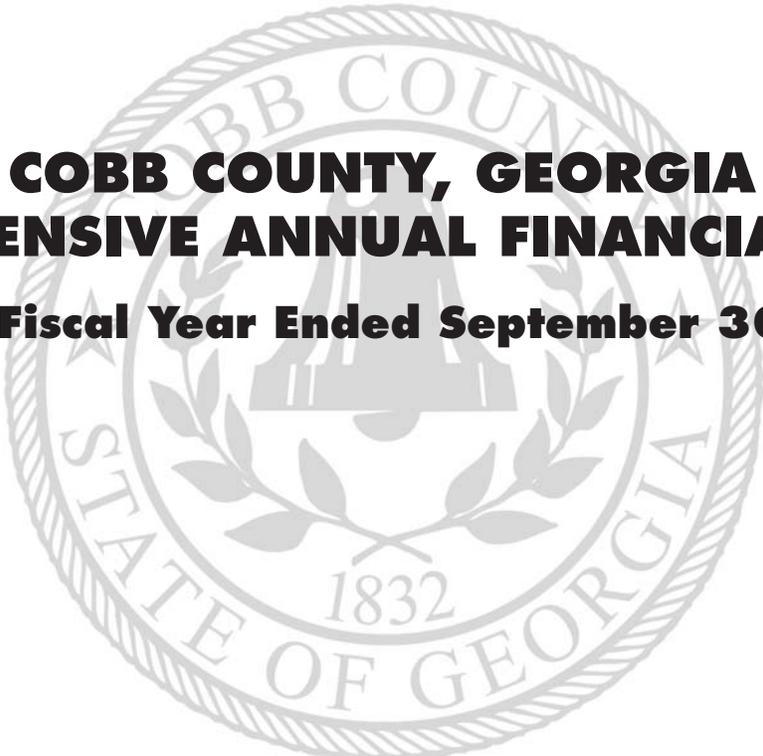


*Comprehensive  
Annual  
Financial  
Report*

*For Fiscal Year Ended September 30, 2006*



*Cobb County, Georgia*

The seal of Cobb County, Georgia, is a circular emblem. It features a central figure of a person standing on a pedestal, flanked by two stars. The figure is surrounded by a wreath of leaves. Below the wreath is the year '1832'. The outer ring of the seal contains the text 'COBB COUNTY' at the top and 'STATE OF GEORGIA' at the bottom, separated by two stars.

**COBB COUNTY, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

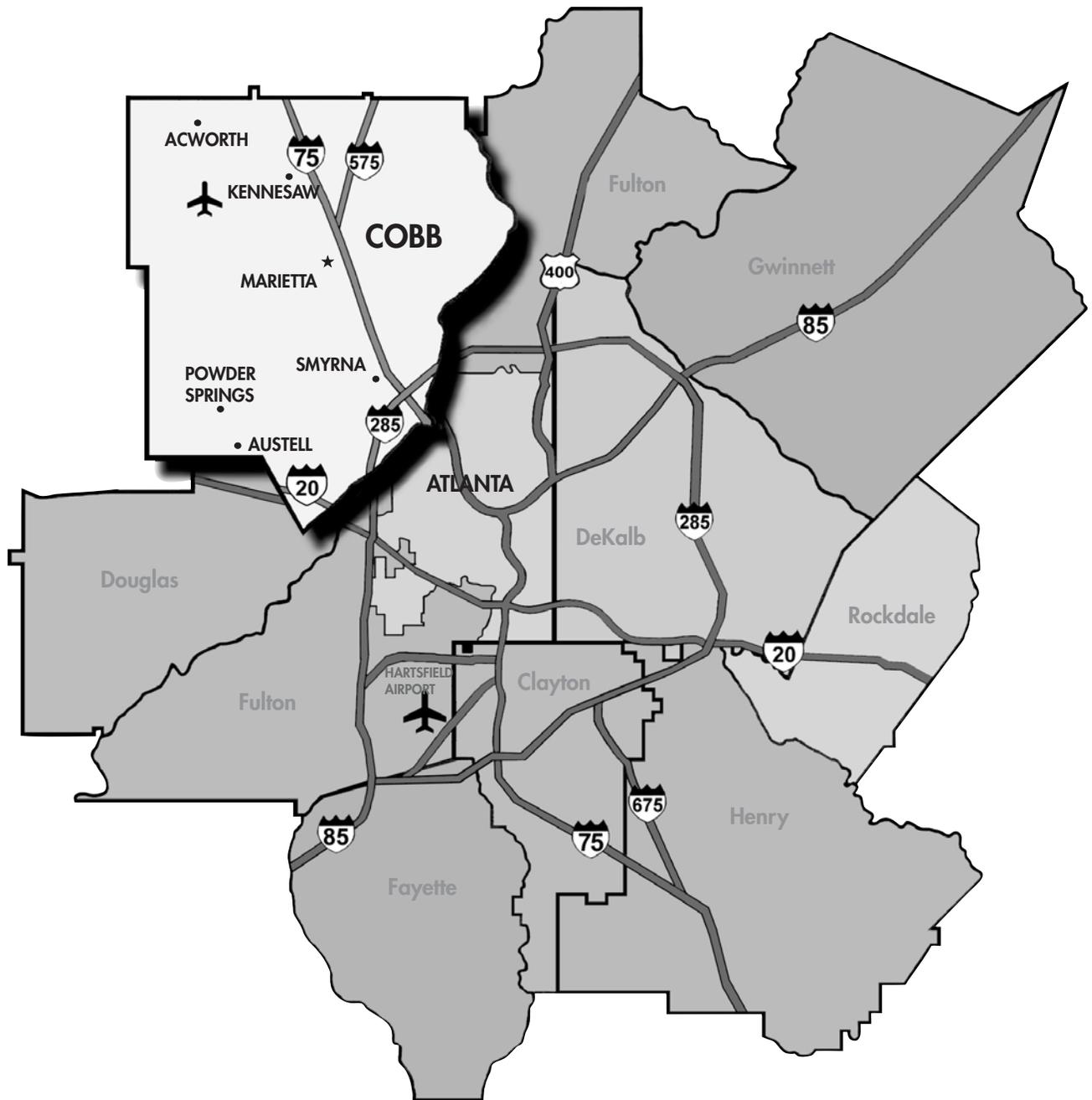
**For The Fiscal Year Ended September 30, 2006**

**Brad Bowers, CPA  
Finance Director - Comptroller**

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**Cobb County Finance Department  
100 Cherokee Street - Marietta, Georgia 30090**

# *Metro Atlanta*



**COBB COUNTY, GEORGIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SEPTEMBER 30, 2006**

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**COBB COUNTY, GEORGIA**  
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**SEPTEMBER 30, 2006**

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**COBB COUNTY, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**SEPTEMBER 30, 2006**

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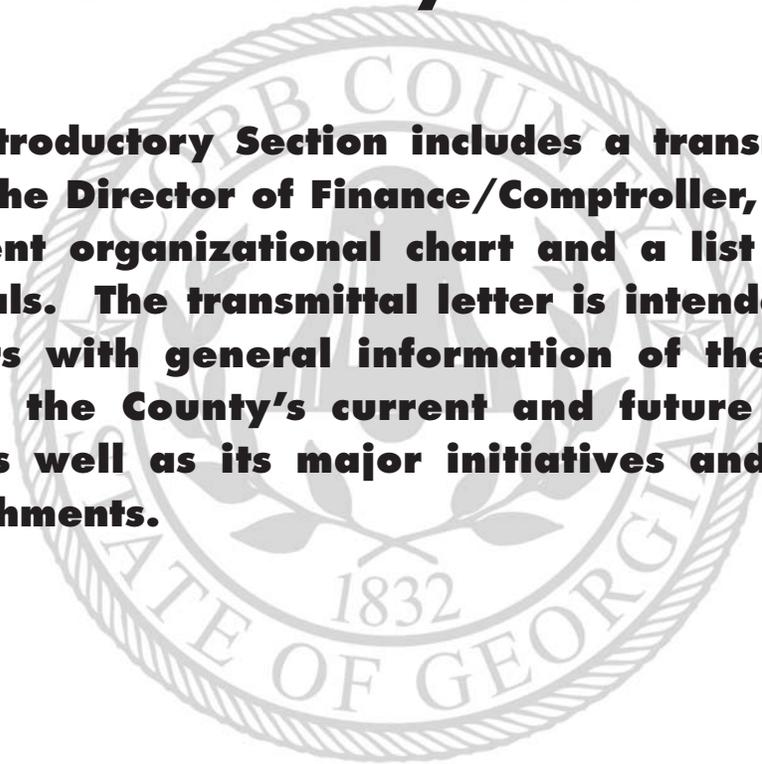
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## **Introductory Section**

**The Introductory Section includes a transmittal letter from the Director of Finance/Comptroller, a general government organizational chart and a list of principal officials. The transmittal letter is intended to provide users with general information of the County's structure, the County's current and future economic picture as well as its major initiatives and financial accomplishments.**





## COBB COUNTY FINANCE DEPARTMENT

100 Cherokee Street, Suite 400  
Marietta, Georgia 30090-9610  
Phone: (770) 528-1503 Fax: (770) 528-1501 TDD/TTY: (678) 581-5429

Brad Bowers, CPA  
Director/Comptroller

March 3, 2007

The Honorable Samuel S. Olens, Chairman  
Members of the Cobb County Board of Commissioners  
And Citizens of Cobb County

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) of Cobb County, Georgia for the fiscal year ended September 30, 2006, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including disclosures, rests with the County. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the County's financial activities have been included.

Moore & Cubbage, LLP Certified Public Accountants, have issued an unqualified opinion on the Cobb County financial statements for the fiscal year ended September 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Cobb County receives financial assistance through various federal grant programs. As required by the Single Audit Act of 1984, P.L. 98-502 and amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, audits of programs receiving federal grants have been performed for the fiscal year ended September 30, 2006. The required reports on supplementary information, compliance, internal controls, and various supplementary schedules are included under the Compliance Section.

### *Profile of the Government*

Cobb County, Georgia, is a healthy, vibrant community located twenty miles northwest of Atlanta along the scenic Chattahoochee River. Cobb and neighboring Cherokee County were part of the Creek and Cherokee Indian Territories when the first settlers arrived in the early 1800's. The North Georgia Gold Rush brought English and Scotch-Irish settlers in search of riches and farmland. As trade began, enough homesteaders were attracted to the area for the City of Smyrna, one of Cobb's six municipalities, to be settled in 1831. Cobb County was officially organized in 1832 and named for Thomas Willis Cobb, a United States Senator, Congressman and Superior Court judge. The County seat, Marietta, was officially recognized in 1834. The two cities and the county grew substantially following Reconstruction, especially after World War II with the building of Rickenbacker Field and the Bell Bomber Aircraft Plant - now Dobbins Air Force Base and the Lockheed Martin Aeronautical Systems Company.

Cobb's population has grown 9.2% since 2000 when approximately 607,751 people resided in the County. Based on the U.S. Census as of July 2005 and adding a 1.5% growth factor, Cobb's population is estimated at 673,775. According to the U.S. Census Bureau and the Atlanta Regional Commission, the U.S. population increase from July 1, 1970 to July 1, 2005 was 44.60%, compared with Georgia's 99.06% increase for the same period. In contrast, Cobb County's population increase for the same period was 237.32%. This makes Cobb County one of the fastest growing counties in the nation since 1970.

A five-member Board of Commissioners governs Cobb County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four year staggered terms. A County Manager, who is appointed by and responsible to the Board of Commissioners, directs the daily operation of the County. Services provided to approximately 673,775 residents living in the 340.2 square mile area include: public safety (fire, EMS, police, 911 emergency, animal control, and corrections), community development, community services, transportation, and other general governmental services. The County also provides water, sewer, and solid waste disposal services to the public.

The incorporated areas of Cobb County consist of six municipalities – the cities of Acworth, Austell, Kennesaw, Marietta, Powder Springs and Smyrna. A mayor and city council govern each municipality.

The financial statements contained herein include all activities and functions of Cobb County that are under the jurisdiction of the Board of Commissioners, as set forth in state and local law. Additionally, two component units are included in these financial statements because of their operational and financial relationships to the County. The Cobb-Marietta Coliseum and Exhibit Hall Authority operates a multi-use exhibit hall and convention facility in the County. The Cobb County Board of Health provides a variety of health related services in the County. Additional information on these two legally separate entities can be found under the Basic Financial Statements section.

#### *Local Economy*

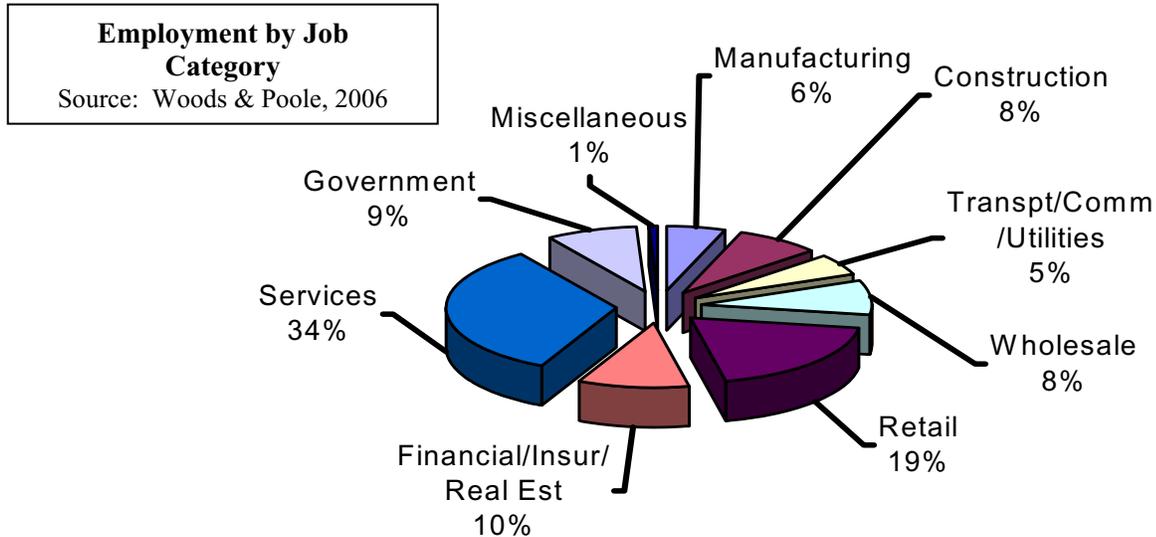
Cobb County is part of a very select group that includes less than 1% of counties nationwide to have achieved a Triple-Triple A credit rating, and this achievement has been accomplished for the tenth year in a row. In 1995, Moody's Investor Services awarded Cobb its first Aaa rating citing strong economic growth and strong fiscal management. Cobb was the first county in Moody's eight-state southeast region to achieve this highly coveted rating. In April of 1996, Fitch Investors also awarded Cobb with their top rating...AAA. Cobb was also the first county in Fitch's southeast region to achieve their AAA rating. Standard and Poor's upgraded Cobb to AAA in June of 1997. The Triple A rating is the most highly acclaimed indicator of the overall financial strength of a community. These coveted independent ratings verify that Cobb's sound fiscal policies and conservative management philosophy will guide Cobb into the future.

Thanks in large part to the foresight and stewardship of County leadership, today Cobb County is the leader in the metro area employing more than 439,260 within its boundaries. Currently, there are more than 29,899 businesses licensed in Cobb County. The top industries currently providing employment are professional, scientific, management, and administrative waste management services at 15.1%, educational, health, and social services at 15.0%, retail trade at 13.0% and manufacturing at 10.0%. The County's unemployment rate is 4.0% which is lower than both the state of Georgia (4.4%) and the United States (4.3%).

Although the top ten major employers in the community account for only 13.6% of all those employed in Cobb County, the national recognition they bring to the County cannot be overstated. There are three Fortune 500 companies that have their headquarters in Cobb County, with 22 international companies having a presence and contributing to our dynamic business environment. The companies include Lockheed Martin, The Home Depot, and IBM. Each of these companies represents a different type of commercial enterprise that has found the environment within the County to be conducive to future growth.

According to Woods & Poole Economics, the Atlanta Georgia Metro Statistical Area will generate more jobs than any other Metro Statistical area in the Southeast region over the next two decades. The expected increase in employment will be strong in the manufacturing sector but will also be distributed over several different

categories of jobs including transportation, communications, public utilities, retail trade, finance, insurance and real estate. Hartsfield-Jackson International Airport and an extensive road program have made the Atlanta area a hub for distribution facilities and a regional center for commerce and trade in the Southeast.



In fiscal year 2006, the Cobb Galleria Centre, one of the leading convention centers in the nation, had net assets of \$105.5 million. In January 2006, ground was broken on a Performing Arts Center that will include a 2,750-seat theatre, 10,000 square feet of meeting space, a 700-seat recital hall and a 200-seat black box teaching theatre. The Performing Arts Center will have its Grand Opening on Saturday, September 15, 2007. It will be the first major performing arts facility built in metro Atlanta in four decades.

*Long-term Financial Planning*

Cobb County is recognized as a leader both nationally and locally. Nationally, the three premier bond rating agencies have awarded the County their highest ratings...triple A. Cobb's Water System is the highest rated independent (non-general obligation backed) water system in the nation as they also have a Triple-Triple A rating.

In September 2005, voters approved the Special Purpose Local Option Sales Tax (SPLOST). This one cent sales tax program, which will be significantly supported by non-residents, will fund various improvements around the County. These improvements include: \$27 million replacement of the 800 MHz Communications System, \$110 million expansion of the Cobb County Adult Detention Center, \$55 million courthouse, \$325 million allocation for major road improvements, \$267 million reserved for safety and operational improvements such as intersection improvements, \$79 million dedicated for infrastructure preservation including work on roads and bridges, and \$35 million concentrated on sidewalk additions and multi-use trails. The program will run from January 2006 until December 2011. A complete list of the projects and further details regarding the program is available at the Web site [www.cobbcip.org](http://www.cobbcip.org). Total revenue generated for the first nine months of the SPLOST program was \$102.2 million with expenditures totaling \$22.6 million.

The Debt Service Fund reflects the accumulation of monies for, and the payment of, principal and interest on all General Obligation Debt other than that issued specifically for enterprise activities. The following ratios of net bonded debt per capita are useful indicators of the County's strong debt position:

	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Debt to Actual Value</u>	<u>Debt to Assessed Value</u>
Net Bonded				
Debt	\$ 30,728,179	\$ 45.61	0.04%	0.10%
Total General Obligation				
Direct Debt	\$ 39,095,000	\$ 58.02	0.05%	0.13%
Net General Obligation				
Direct and Overlapping				
Debt	\$ 427,914,815	\$ 635.10	0.57%	1.41%

Outstanding General Obligation Bonds at September 30, 2006 totaled \$39,095,000.

Cobb's legal General Obligation Bond debt limitation by state law is 10% of the taxable digest or \$3,028,640,855. Cobb County currently is utilizing 1.29% of this limitation with its \$39,095,000 outstanding General Obligation Bonds.

The available assets of the various funds are pooled to the extent possible for investment purposes. Investments are made in accordance with state law and the County's Investment Policy that requires bank balances be 110% collateralized and all investments be acquired on a "delivery vs. payment" basis, thereby providing maximum protection to the County. The Investment Policy also prescribes selection criteria for financial institutions, investment instruments and maturities of investments.

#### *Major Initiatives*

In order to continue to compete in a global economy and ensure continued economic growth, Cobb County must continue to address the public infrastructure that effectively serves the demands for transportation and air travel, water supply, wastewater treatment and waste disposal. To address these challenges, along with other quality of life issues, Cobb aggressively developed and adopted its first 5-year rolling Capital Improvement Program (CIP) in 1990. Since that time, Cobb County opened the South Cobb Regional Library in May of 2006. The South Cobb Regional Library is 20,000 sq. ft, with three study rooms and thirty-six public internet computers. Cobb County's superior service delivery and infrastructure improvements are effectively managed to maintain the lowest comparative property tax burden in the Metro Atlanta area.

*Cobb's Number One Priority...Public Safety* The Board of Commissioners has always made the safety of Cobb County residents its highest priority. The Department of Public Safety is currently in the process of replacing the 800 MHz communication system. The department will benefit from enhanced communications equipment that will enable direct radio connections between local, state and federal authorities. The updated system will improve the efficiency of emergency communications for Cobb and its cities while they work together to protect the public.

*Taking the Time to Enjoy Life in Cobb* The Cobb County Parks, Recreation and Cultural Affairs Department is a collaborative effort, involving employees and volunteers, government and business, organized sports and art groups, whose primary goal is quality leisure time. New in 2006 was the implementation of the EZ-Reg online registration system. With the new EZ-Reg system, Cobb residents can register for available programs and classes 24 hours a day, seven days a week at their convenience. Cobb residents can also check to see how many people have already registered for their class choice, search for classes based on days of the week offered or by location, and research their family's registration history and payment status. Also, in the November General Election, Cobb voters approved a referendum allowing the county to issue \$40 million in bond funds to purchase new park land. Steps are currently underway to prepare for purchasing new property, including the formation of a citizen's advisory committee to ensure that all available park land is fully considered.

*Moving Forward with Water/Sewer* Challenged with meeting the demands of a large growing service area of 340.2 square miles and more than 670,000 in population, the Cobb County Water System has maintained and expanded their infrastructure while keeping a close eye on the environment. The Water System currently delivers 21 billion gallons of water annually through 3,000 miles of water lines to more than 495,000 citizens in the unincorporated portions of Cobb County and the cities of Acworth and Kennesaw. The Water System also collects and treats the wastewater for the entire county through 2,700 miles of sewer lines from the cities of Austell, Marietta, Powder Springs, Smyrna and small portions of Bartow, Cherokee, Douglas and Fulton counties and the City of Atlanta. Approximately 73 million gallons of wastewater are treated a day at the four wastewater treatment facilities.

*Road to Progress* Cobb County DOT oversees one of Georgia's largest county-owned road networks. In January 2006, Cobb County (unincorporated) and the six incorporated cities: Acworth, Austell, Kennesaw, Marietta, Powder Springs, and Smyrna joined forces to conduct a 22-month Comprehensive Transportation Plan (CTP) to focus on the review and analysis of existing transportation needs as well as future needs. The CTP will address all parts of the transportation system, including roads, bridges, sidewalks, bike facilities, transit, etc. and will take 18 months to complete. Phase 1 will be completed by March 2007 which will address the transportation elements for development of City and County Comprehensive Plans. Phase 2 will follow with a targeted focus on the transportation challenges by October 2007.

*County-Owned Transit System* Cobb Community Transit, which began operations in July 1989, continues to meet its goals of providing the citizens of Cobb County with a safe, reliable, attractive and cost effective public transportation system. CCT currently has 13 local routes and seven express routes. They average 15,000 trips per day during the week and 7,000 trips on Saturdays. CCT is currently in the process of replacing the old fareboxes in all buses with a new farebox system to better serve passengers. The new fare collection system is called the Breeze System. The Breeze System will allow benefits such as an automatic reloading and loss protection for registered customers. The card can also be used to store cash value for pay per ride or to load unlimited ride passes that CCT offers. The Breeze Card may be used repeatedly; however, the Breeze Ticket is a limited use paper ticket for those who use CCT infrequently. In 2006, CCT increased ridership for the fourth consecutive year to an all time high of 4.2 million trips, which represents an 11.9 % increase over FY05. Record gas prices contributed to the increase from 2005 to 2006. Other factors are the continuation to replace the aging fleet at a rapid pace, along with adding additional services such as comfort, convenience and reliability.

*Airport News* Cobb County Airport-McCollum Field is one of the busiest single runway airports in Georgia with approximately 350 takeoffs and landings each day. The major goals of the airport are to continue development of the master plan safety enhancement projects, as reflected in the current Airport Layout Plan that is available at [www.cobbcounty.org](http://www.cobbcounty.org), to improve safety of McCollum Airport.

*Protection Under the Law* Cobb County law enforcement services through the Sheriff's Department and the many Judicial Services provided by the various courts of Cobb County serve its citizens with protection under federal, state and local laws and statutes. As a result of the 2006 SPLOST program, the jail is now able to be expanded. The sheriff's department is in the beginning stages of the proposed facility expansion that is currently budgeted at \$110,000,000. The expansion will add approximately 1,152 beds to meet current and future demands. In addition to the new jail, a new courthouse will be built with the SPLOST program as well. The budget is currently set at \$55,000,000, and it will allow the county's court system to accommodate the increase in case loads in all of its courts, including the juvenile court system. A new and larger jury assembly will be built to also better accommodate citizens serving as jurors.

#### *Relevant Financial Policies*

Cobb County's goals were developed within the framework of the Financial Policies established by the County that provide a sound basis for future financial planning and conservative management. Briefly stated, they include (1) a balanced annual operating budget, (2) a stable and diversified revenue structure, (3) maintenance of adequate reserves and designations of fund balances, (4) a multi-year capital improvements program, and (5) debt and investment policies that ensure judicious management of the County's credit and available funds.

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

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

Budgetary control is maintained at the sub-function level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Purchase orders that result in an overrun of sub-function balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances at year-end for governmental funds.

#### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2005. This represented the twentieth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County 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. We are submitting it to GFOA to determine its eligibility for another certificate.

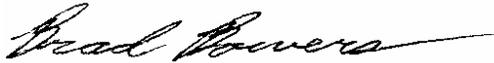
The Water System Fund also received several awards throughout FY06. The Georgia Association of Water Professionals (GAWP) 2006 Statewide Safety Award, the South Cobb Water Reclamation Facility (WRF), the GAWP 2006 Distribution System of the year award, and the GAWP Platinum Award are just a few of the awards received.

We wish to acknowledge the outstanding efforts of the Finance Department staff in the preparation of this report. Their dedication and contributions to the preparation of this report, along with the direction and support of the County Manager's Office, form the basis for responsible and progressive financial management in Cobb County.

We also wish to acknowledge the valuable contribution of the Board of Commissioners in its guidance of the financial affairs of the County.

Most of all, we would like to thank the people of Cobb County. Their noteworthy level of community involvement, extending far beyond personal interest, continues to make Cobb County an exciting place in which to live and work.

Respectfully submitted,

A handwritten signature in black ink, reading "Brad Bowers", with a long horizontal flourish extending to the right.

Brad Bowers, CPA  
Director of Finance/Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cobb County  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 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.



A handwritten signature in black ink, appearing to read "Ronald J. Blain".

President

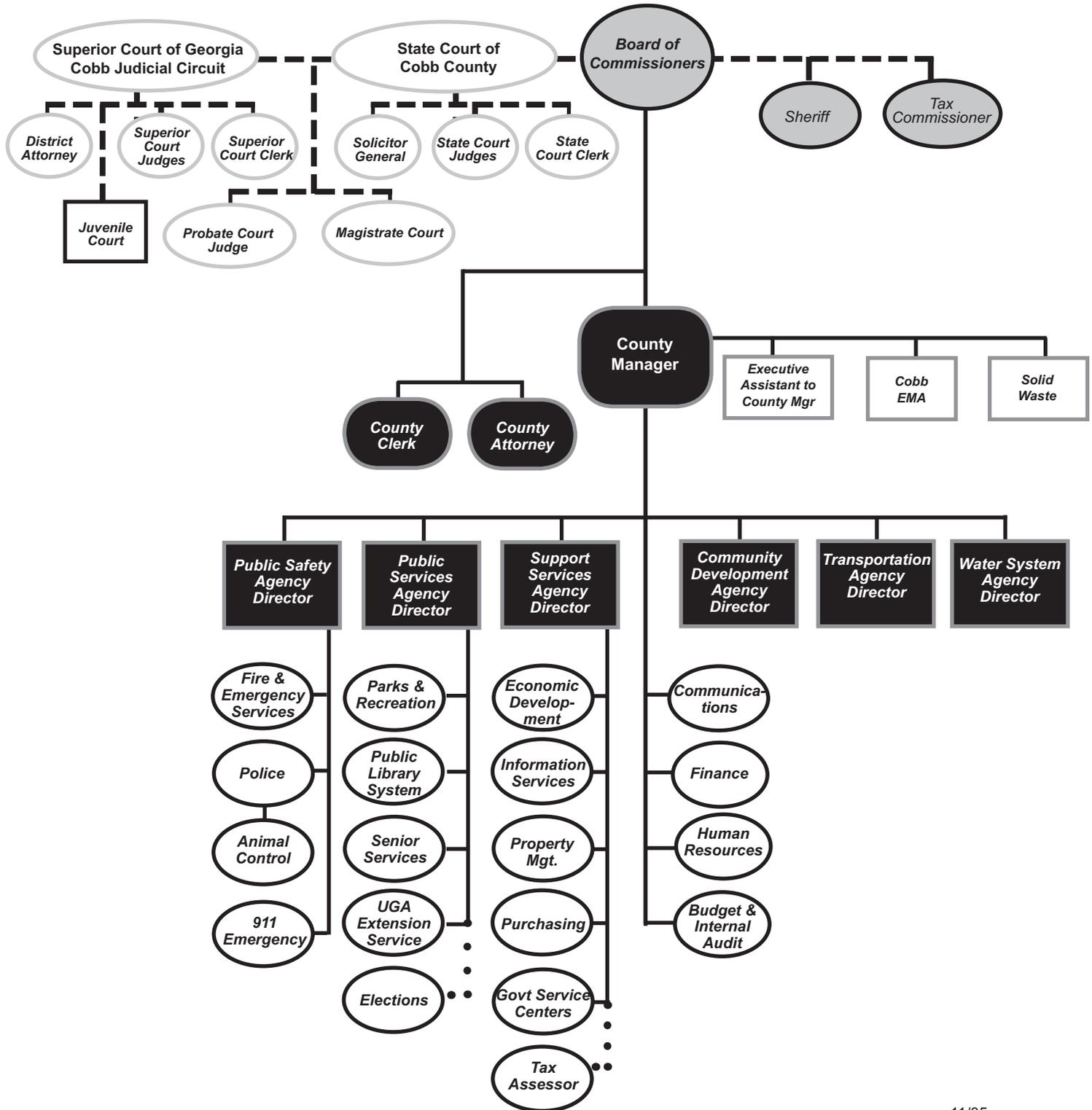
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



# Cobb County Government Organizational Chart

Cobb County...Expect the Best!



rev 11/05

**KEY**

Elected Office	Elected Court Office	Appointed Court Office	Appointed by the Board of Commissioners	Agency Director	Department Director	County Manager's Staff
- - - - - For budget purposes			• • • • • Liaison responsibilities only.			



**Helen Goreham**  
Commissioner  
District 1



**Sam Olens**  
Chairman



**Joe L. Thompson**  
Commissioner  
District 2



**Tim Lee**  
Commissioner  
District 3



**David Hankerson**  
County Manager  
appointed by  
Board of Commissioners



**Annette Kesting**  
Commissioner  
District 4

# Cobb County, Georgia

County Manager  
David Hankerson

## Finance Department

Director of Finance/Comptroller ..... Brad Bowers, CPA

Assistant Comptroller ..... James Pehrson, CPA

Treasury Division Manager ..... John Bergey, CPA

Accounting Manager..... Roxane Rush

Accounting Manager..... Jennifer Wilson, CPA

Financial Management Analyst ..... Tara Crisp

Risk Manager ..... Dolly Moy, ARM

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## **Financial Section**

**The Financial Section includes the Management's Discussion and Analysis (MD&A), the basic financial statements and Required Supplemental Information (RSI) as well as the independent auditor's report. The MD&A is intended to provide users with a narrative introduction, overview and analysis of the financial statements. The RSI is intended to provide users with budgetary comparisons, infrastructure condition and maintenance data and pension trend data.**



# Moore & Cubbage, LLP

*Certified Public Accountants*  
&  
*Advisors*

Richard H. Lewis  
Michael R. Crace  
Donald L. McGrath, Jr.  
Jean K. Hawkins  
Tammy A. Galvis  
C. Frank Moore, retired  
Edwin W. Cubbage, III, retired

## INDEPENDENT AUDITOR'S REPORT

The Honorable Samuel S. Olens, Chairman  
Members of the Cobb County Board of Commissioners

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 Cobb County, Georgia, as of and for the year ended September 30, 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 County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Cobb County, Georgia, as of September 30, 2006, and the respective changes of financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2007 on our consideration of Cobb County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the analysis of funding progress and schedule of funding progress on pages 3 through 16 and pages 75 through 77 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 Cobb County's basic financial statements. The introductory section, the combining and individual nonmajor fund statements, supplementary information, the statistical tables, the schedule of projects constructed with special sales tax proceeds, and the water and sewer fund comparative statement of revenues and expenses are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Cobb County, Georgia. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Cobb County, Georgia. The combining and individual nonmajor fund statements, supplementary information, schedule of expenditures of federal awards, the schedule of projects constructed with special sales tax proceeds, and the water and sewer fund comparative statement of revenues and expenses 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 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.

*Moore & Cubbedge, LLP*

Moore & Cubbedge, LLP

March 16, 2007

# **Management's Discussion & Analysis**



**COBB COUNTY GOVERNMENT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2006**

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The Management's Discussion and Analysis of Cobb County Government's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the County's financial statements for the fiscal year ended September 30, 2006. This discussion and analysis is designed to look at the County's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of Cobb County's financial performance.

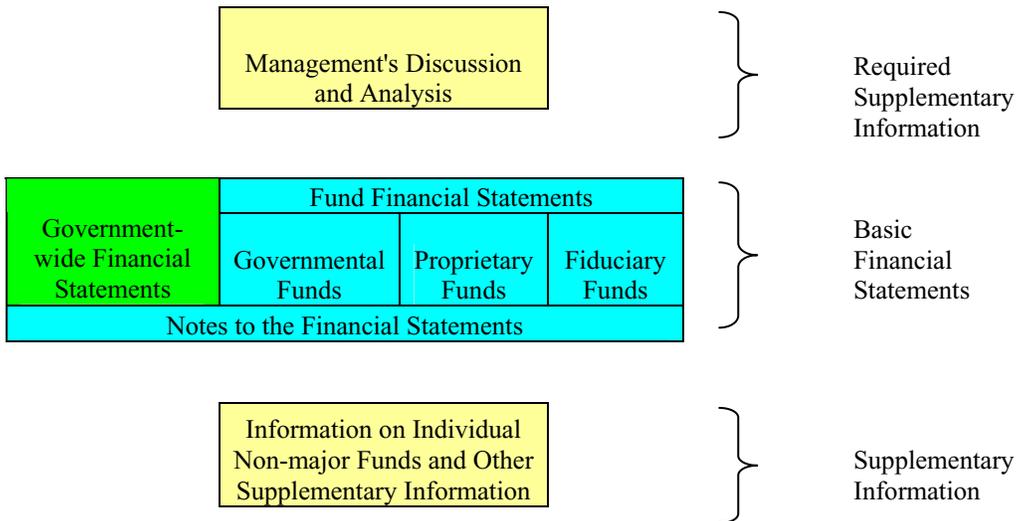
**Financial Highlights**

Key financial highlights for FY06 are as follows:

- ◆ The County's combined net assets totaled \$3.8 billion. Of this amount, unrestricted net assets of \$87.2 million may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined Revenue including transfers totaled \$775.6 million of which governmental activities totaled \$550.3 million and business-type activities totaled \$225.3 million.
- ◆ Overall expenses totaled \$628.3 million of which governmental activities totaled \$451.9 million and business-type activities totaled \$176.4 million.
- ◆ At the end of September 30, 2006, governmental activities expenses exceeded program revenue, resulting in the use of \$299.8 million in general revenues (mostly taxes).
- ◆ Cobb County's total long term debt decreased by \$21,393,071 (6.0%) during the current fiscal year.
- ◆ At September 30, 2006, the County's General fund reported an unreserved fund balance of \$53.8 million; an increase of \$4.1 million from last fiscal year.

**Overview of the Financial Statements**

This is the fifth Comprehensive Annual Financial Report (CAFR) Cobb County has issued under the Governmental Accounting Standards Board (GASB) Statement 34. Because the presentation is very different from pre-GASB34 CAFRs, we are providing the following illustration:



**COBB COUNTY GOVERNMENT**  
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This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements are comprised of 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**

The Government-wide financial statements provide a broad view of the County's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the County's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. There are two Government-wide financial statements, the Statement of Net Assets and the Statement of Activities which are described below.

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 not result in cash flows until future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the County.

Both of the government-wide financial statements distinguish functions of Cobb County Government that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, public safety, public works, health and welfare, culture and recreation and housing and development. The business-type activities include Water and Sewer, Solid Waste operations, Transit, Golf Course operations, and Amphitheatre operations.

The government-wide financial statements include not only Cobb County Government itself but also a legally separate Coliseum and Exhibit Hall Authority and a legally separate Board of Health for which the government is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

**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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

**COBB COUNTY GOVERNMENT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2006**

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*Governmental Funds*

Most of the basic services provided by the County are financed through governmental 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 statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the County's finances that assists in determining whether there will be adequate financial resources available to meet the County's current needs.

The County maintains four governmental fund types: the General Fund; Special Revenue Funds (Fire District, Law Library, Community Services, Grant, Housing and Urban Development Grant, Senior Services, Hotel/Motel Tax, Emergency 911, Parking Deck Facility and 800 MHz); Debt Service Fund; and the Capital Projects Funds (Public Facilities, Road Sales Tax Extension 1994 and the 2006 SPLOST). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire District Fund and the 2006 SPLOST Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation based on fund type. The basic governmental fund financial statements can be found on pages 19-24.

*Proprietary Funds*

Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The County has six proprietary funds: Water and Sewer Fund, Solid Waste Disposal Fund, Cobblestone Golf Course Fund, Mable House Barnes Amphitheatre Fund, Public Transit System Fund and the Claims Internal Service Fund. The Claims Internal Service Fund, which account for services performed by a central service department for other departments or agencies of the governmental unit, are comprised of the Health and Dental Fund, the Casualty and Liability Fund, and the Workmen's Compensation Fund. The 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 Sewer Fund and the Solid Waste Disposal Fund, which are considered to be major funds of the County. The basic proprietary fund financial statements can be found on pages 25-29 of this report.

*Fiduciary Funds*

The Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other County departments. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the County's operations or programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Cobb County maintains nine fiduciary funds, called agency funds for Clerk of State Court, Clerk of Juvenile Court, Sheriff, Clerk of Superior Court, Clerk of Probate Court, Tax Commissioner, Accounts Payable Fund, Payroll Fund and the Child Support, Witness and Jurors' Fees. The basic fiduciary funds financial statements can be found on pages 30-31 of this report.

**COBB COUNTY GOVERNMENT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2006**

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*Component Units*

Two component units are included in the financial statements because of their operational and financial relationships to the County. The financial statements include the financial data for the County's component units as reflected in their most recent audited financial statements. The information presented for the Cobb–Marietta Coliseum and Exhibit Hall Authority and the Cobb County Board of Health are as of and for the year ended September 30, 2006 and June 30, 2006, respectively.

*Budgetary Comparisons*

Cobb County adopts an annual appropriated budget for the General Fund, Special Revenue Funds, and the Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and Fire District Special Revenue Fund and can be found on pages 23-24 of this report. Budget to actual comparisons for some of the nonmajor funds are provided in individual schedules elsewhere in 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 32-74 of this report.

**COBB COUNTY GOVERNMENT**  
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**Government-wide Financial Analysis**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County's combined net assets (government and business-type activities) totaled \$3.8 billion at the end of September 30, 2006.

The following table provides a summary of the County's governmental and business-type net assets for fiscal year 2006 and 2005:

Cobb County, Georgia  
Statement of Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-type Activities <u>2006</u>	Business-type Activities <u>2005</u>	Total <u>2006</u>	Total <u>2005</u>
<b>Assets:</b>						
Current assets	\$ 369,122,530	\$ 270,543,248	\$ 98,447,558	\$ 131,132,601	\$ 467,570,088	\$ 401,675,849
Other - noncurrent	5,539,812	3,187,002	547,894	-	6,087,706	3,187,002
Capital assets - net	2,542,832,953	2,540,429,353	1,281,356,501	1,212,522,060	3,824,189,454	3,752,951,413
Unamortized bond costs	-	-	732,469	797,420	732,469	797,420
Total assets	<u>\$ 2,917,495,295</u>	<u>\$ 2,814,159,603</u>	<u>\$ 1,381,084,422</u>	<u>\$ 1,344,452,081</u>	<u>\$ 4,298,579,717</u>	<u>\$ 4,158,611,684</u>
<b>Liabilities</b>						
Current liabilities	\$ 136,277,563	\$ 183,199,164	\$ 30,186,841	\$ 23,923,940	\$ 166,464,404	\$ 207,123,104
Long-term liabilities (net)	132,880,577	79,657,266	186,046,762	204,503,144	318,927,339	284,160,410
Total liabilities	<u>\$ 269,158,140</u>	<u>\$ 262,856,430</u>	<u>\$ 216,233,603</u>	<u>\$ 228,427,084</u>	<u>\$ 485,391,743</u>	<u>\$ 491,283,514</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	\$ 2,480,941,152	\$ 2,476,786,038	\$ 1,160,044,646	\$ 1,113,718,561	\$ 3,640,985,798	\$ 3,590,504,599
Restricted	85,045,197	4,501,533	-	-	85,045,197	4,501,533
Unrestricted	82,350,806	70,015,602	4,806,173	2,306,436	87,156,979	72,322,038
Total net assets	<u>\$ 2,648,337,155</u>	<u>\$ 2,551,303,173</u>	<u>\$ 1,164,850,819</u>	<u>\$ 1,116,024,997</u>	<u>\$ 3,813,187,974</u>	<u>\$ 3,667,328,170</u>

The largest portion of the County's net assets (95.5%) reflects its investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. Investment in capital assets net of related debt increased by \$50.5 million (1.0%) in FY06.

The County uses these capital assets to provide services to its citizens; therefore, 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.

At the end of the current fiscal year, the County is able to report positive balances in all categories of net assets for both the governmental and business-type activities.

**COBB COUNTY GOVERNMENT**  
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**Changes in Net Assets**

Governmental and business-type activities increased the County's net assets by \$147.3 million less the \$1.4 million restatement for an overall total of \$145.9 million in FY06. The following table indicates the changes in net assets for governmental and business-type activities in FY05 and FY06.

Cobb County, Georgia  
Changes in Net Assets

	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>	Business-type Activities <u>2006</u>	Business-type Activities <u>2005</u>	Total <u>2006</u>	Total <u>2005</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 96,522,153	\$ 88,499,803	\$ 179,938,028	\$ 154,945,230	\$ 276,460,181	\$ 243,445,033
Operating Grants & Contributions	16,342,417	16,700,061	1,445,712	-	17,788,129	16,700,061
Capital Grants & Contributions	39,290,010	32,790,400	39,555,767	38,670,446	78,845,777	71,460,846
General Revenues:						
Property Taxes	218,244,514	214,511,969	-	-	218,244,514	214,511,969
Other Taxes	148,937,071	38,229,926	-	-	148,937,071	38,229,926
Grants and contributions not restricted to specific programs	11,256,630	12,289,502	-	-	11,256,630	12,289,502
Other	17,109,546	7,365,202	6,858,981	3,834,992	23,968,527	11,200,194
<b>Total Revenues</b>	<b>\$ 547,702,341</b>	<b>\$ 410,386,863</b>	<b>\$ 227,798,488</b>	<b>\$ 197,450,668</b>	<b>\$ 775,500,829</b>	<b>\$ 607,837,531</b>
<b>Expenses:</b>						
General government	\$ 115,843,895	\$ 107,749,514	\$ -	\$ -	\$ 115,843,895	\$ 107,749,514
Public safety	178,947,049	168,711,238	-	-	178,947,049	168,711,238
Public works	90,377,404	69,421,056	-	-	90,377,404	69,421,056
Health and welfare	7,478,849	6,684,836	-	-	7,478,849	6,684,836
Culture and recreation	39,071,797	30,582,562	-	-	39,071,797	30,582,562
Housing and development	13,609,064	16,930,505	-	-	13,609,064	16,930,505
Interest on long-term debt	6,592,636	6,300,694	-	-	6,592,636	6,300,694
Water and Sewer	-	-	144,457,437	123,198,230	144,457,437	123,198,230
Solid Waste	-	-	11,095,700	12,179,338	11,095,700	12,179,338
Transit	-	-	17,477,215	15,362,394	17,477,215	15,362,394
Cobblestone Golf Course	-	-	1,677,078	1,881,091	1,677,078	1,881,091
Mable House Barnes Amphitheatre	-	-	1,621,898	1,370,258	1,621,898	1,370,258
<b>Total Expenses:</b>	<b>\$ 451,920,694</b>	<b>\$ 406,380,405</b>	<b>\$ 176,329,328</b>	<b>\$ 153,991,311</b>	<b>\$ 628,250,022</b>	<b>\$ 560,371,716</b>
Increase in net assets before transfers	\$ 95,781,647	\$ 4,006,458	\$ 51,469,160	\$ 43,459,357	\$ 147,250,807	\$ 47,465,815
Transfers	2,643,338	6,057,506	(2,643,338)	(6,057,506)	-	-
Increase in net assets	<u>\$ 98,424,985</u>	<u>\$ 10,063,964</u>	<u>\$ 48,825,822</u>	<u>\$ 37,401,851</u>	<u>\$ 147,250,807</u>	<u>\$ 47,465,815</u>
Net Assets - beginning, before restatement	\$ 2,551,303,173	\$ 2,594,889,601	\$ 1,116,024,997	\$ 1,078,623,146	\$ 3,667,328,170	\$ 3,673,512,747
Restatement	(1,391,003)	(53,650,392)	-	-	(1,391,003)	(53,650,392)
Net Assets -beginning restated	<u>2,549,912,170</u>	<u>2,541,239,209</u>	<u>1,116,024,997</u>	<u>1,078,623,146</u>	<u>3,665,937,167</u>	<u>3,619,862,355</u>
Net Assets - ending	<u><u>\$ 2,648,337,155</u></u>	<u><u>\$ 2,551,303,173</u></u>	<u><u>\$ 1,164,850,819</u></u>	<u><u>\$ 1,116,024,997</u></u>	<u><u>\$ 3,813,187,974</u></u>	<u><u>\$ 3,667,328,170</u></u>

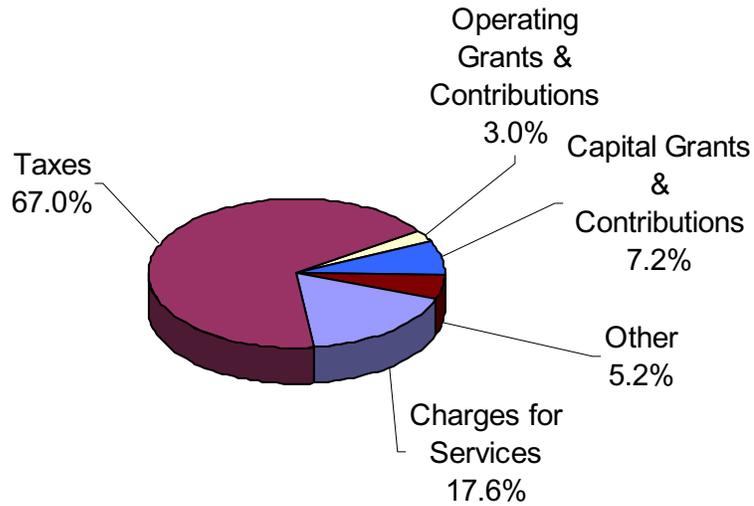
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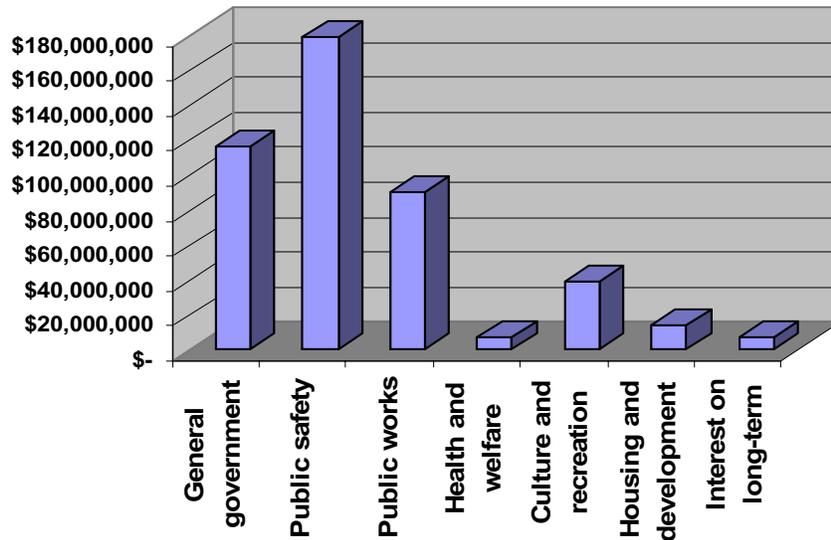
**Governmental Activities**

Governmental activities increased the County's net assets by \$98,424,985 thereby accounting for 67% of the total growth in net assets.

**Revenues - Governmental Activities**  
**FY 2006**



**Expenses - Governmental Activities**  
**FY 2006**



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**Business-type Activities**

Business-type activities increased the County's net assets by \$48,825,822 thereby accounting for 33% of the total growth in net assets.

**Changes in Overall Net Assets from Operating Results**

**Revenues**

The County's total revenue increased 27.6%, or \$167.7 million, in FY06. Revenues from Taxes and Charges for Services accounted for the majority of the County's increase in revenue. Revenue received from Taxes increased \$114.4 million (45.3%) overall due to an increase in the tax digest and the approval of the 2006 Special Purpose Local Option Sales Tax (SPLOST) which collected \$100.5 million in its first year. Revenue from Charges for Services increased \$33.0 million (13.6%) with the largest increase in General Government governmental activities and the Water and Sewer business-type activities. The General Government increase is due to changing some of the revenue's reporting categories between FY05 and FY06. The Water and Sewer Charges for Services increased \$24.4 million which was a result of drought conditions throughout the summer. Capital Grants and Contributions increased \$7.4 million. Key elements of this increase are a result of receiving grant funding for the airport for the runway safety overrun upgrades and perimeter fencing as well as for various DOT projects for road resurfacing and traffic signal and intersection improvements.

**Expenses**

The County's total expenses increased 12.1%, or \$67.9 million, in FY06. The largest increase is in the Public Works function. Public Works increased \$21.0 million in FY06 as the Department of Transportation began working on various SPLOST construction and engineering projects. Of this \$21.0 million, the primary expenses were road resurfacing, roadway and intersection safety and operational improvements and right-of-way acquisitions. Public Safety expenses increased \$10.2 million and included a project that updated the technology of the radio communications infrastructure and replaced radios for all system users. The Water and Sewer business-type activities expenses increased \$21.2 million. Part of this increase was due to the fact that depreciation expenses increased \$10.2 million after the completion of several capital projects including the Noonday Creek Water Reclamation Facility. Operating expenses also showed an increase with a \$3.4 million increase in sewerage treatment services and a \$3.0 million increase in water purchases for resale.

**Financial Analysis of the County's Individual Funds**

Cobb County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Cobb County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County ended FY06 with strong fund balances in its governmental funds. The combined balance of all the governmental funds is \$223.0 million. Of this total, \$159.8 million or 72.0% constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts, purchase orders and inventories of the prior period (\$52.8 million); 2) to pay debt service (\$8.4 million); 3) for a variety of other restricted purposes (\$2.1 million).

**COBB COUNTY GOVERNMENT**  
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**Major Funds:**

**General Fund**

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$53.8 million, and total fund balance was \$60.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.3% of total general fund expenditures and total fund balance represents 19.5% of that same amount.

The fund balance of the General Fund increased \$4.0 million (7.0%) in FY06 for a total of \$60.6 million as the Board of Commissioners made a collaborative effort to focus on maintaining the county's excellent financial position. The tax revenues increased \$4.7 million due to an 8.6% increase in the tax digest. Operating expenditures increased approximately \$15.8 million (6.2%). The largest increases were in General Government and Public Safety.

Total transfers out in the General Fund of \$41.0 million represent the appropriation of funds to the Public Facilities Fund, Transit Fund, Senior Services Fund, Solid Waste Fund, Water System Fund, the 800 MHz Fund and the Grant Fund. \$21.2 million of transfers out are transferred to the Public Facilities Fund for various capital projects including \$3 million in road resurfacing projects; \$1.3 million for PC replacements; \$3.8 million for the 800 MHz Core Replacement capital lease and the purchase of radios; \$5.8 million for various Parks and Recreation projects such as the West Sandtown Soccer Complex and the gymnastics center. The remaining \$7.3 million was used for Public Safety, GIS, Library, Airport, Elections, the Court Systems and DOT projects. Transfers out of \$16.5 million represent the appropriation of funds to subsidize Transit, Senior Services and Solid Waste. \$1.4 million was transferred to the 800 MHz Fund for Core Replacement and \$.4 million was appropriated for the Cobb Trees program. An additional \$1.5 million was appropriated to the Grant Fund as required matching local funds.

**Fire Fund**

The Fire Fund is used to account for the operation of the fire departments within the County. The unreserved fund balance for FY06 was \$21.0 million while total fund balance was \$22.7 million. The fund balance increased by \$4.3 million during the current fiscal year. While total assets increased by \$6.7 million, total liabilities increased by \$2.4 million. Reserved fund balance increased \$1.2 million in FY06. These increases in fund balance will allow the Fire Fund to relocate, renovate and build new fire stations as well as purchase new ladder trucks and equipment for these facilities.

**2006 SPLOST Fund**

The 2006 SPLOST Fund accounts for the financial resources provided from the 2006 one percent Special Purpose Local Option Sales Tax. Such funds were approved by voter referendum for public safety and transportation projects. At the end of the current fiscal year, the 2006 SPLOST Fund reported an unreserved fund balance of \$58.3 million. Operating revenues exceeded expenditures by \$79.6 million. \$3.3 million was transferred to various funds to cover the costs of personnel working specifically on SPLOST projects and for reimbursement of core replacement costs.

**Nonmajor Funds:**

**Special Revenue Funds**

The County uses Special Revenue Funds to account for the collection and disbursement of specific revenues that are legally restricted to expenditures for specified purposes. Included in this classification are: Law Library Fund, Community Services Fund, Grant Fund, Housing and Urban Development Grant Fund, Cobb Senior Services Fund, Hotel/Motel Tax Fund, Emergency 911 Fund, Parking Deck Facility Fund and the 800 MHz Fund.

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Nonmajor Special Revenue Funds' operating revenue totaled \$42.4 million for the fiscal year ended September 30, 2006. Total revenues increased by \$1.6 million (3.9%), which is primarily due to a change in the reporting requirements for the Hotel/Motel Tax Fund and the addition of the new 800 MHz Fund. The Hotel/Motel fund had \$10.5 million of tax revenues, which represented collections for the special tax district. These revenues are pledged for debt service requirements for the Cobb-Marietta Coliseum and Exhibit Hall Authority.

Operating expenditures of the nonmajor Special Revenue Funds totaled \$54.0 million for the fiscal year ended September 30, 2006. In FY06, total Nonmajor Special Revenue Fund expenditures increased by \$9.9 million (22.4%). This increase is primarily the result of a reporting change that now reflects the total disbursement of receipts to the Cobb-Marietta Coliseum and Exhibit Hall Authority. The additional increase in expenditures is also a result of the addition of the 800 MHz Fund with \$9.5 million to purchase Phase II radios.

The unreserved-undesignated fund balances of the nonmajor Special Revenue Funds totaled \$1.7 million. This was a decrease of \$3.4 million from FY05.

**Debt Service Fund**

The Debt Service Fund reflects the accumulation of monies for, and the payment of, principal and interest on all General Obligation Debt other than that issued specifically for enterprise activities. The Debt Service Fund has a total fund balance of \$8.4 million, all of which is reserved for the payment of debt service.

**Capital Projects Funds**

The County uses Capital Projects Funds to account for the acquisition and construction of major capital facilities that are not financed by Proprietary Funds. The proceeds of General Obligation Bond issues and sales tax revenue are accounted for in the Capital Projects Funds until improvement projects are completed. There are two nonmajor Capital Projects Funds: the Road Sales Tax Extension 1994 Fund and the Public Facilities Fund. The nonmajor Capital Projects Funds overall fund balance is \$44.9 million of which \$20.3 million is designated for specific construction and improvement projects and capital acquisitions and \$24.6 is reserved for encumbrances.

Expenditures exceeded revenues by \$23.6 million which was offset by a transfer in of \$26.1 million and a transfer out of \$6.0 million. These expenditures represent ROW acquisitions, engineering, construction costs and sidewalks in the 1994 Road Sales Tax Extension Fund. In the Public Facilities Fund, the primary expenditures account for street resurfacing and intersection improvement projects and county building construction and renovation projects. Expenditures exceeded revenues for the 1994 Road Sales Tax Extension Fund because we are continuing to complete the projects approved for this fund. The revenues generated from the 1994 SPLOST were collected for four years, but many of the road projects take several years to complete once the construction begins.

**Proprietary Funds**

The activities of the County that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

**Major Funds:**

**Water and Sewer Fund**

The Water and Sewer Fund accounts for the operation of the water distribution system and sewage processing plants. Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$54.1 million. Total net assets increased \$43.7 million in FY06.

**COBB COUNTY GOVERNMENT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2006**

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**Solid Waste Disposal Fund**

The Solid Waste Disposal Fund accounts for the operation of the County's public landfills and solid waste processing. The County's Solid Waste Disposal Facility generated an inception-to-date net loss of \$56.6 million however; they generated a net gain of \$1.6 million in FY06 due to a 50% decrease in depreciation expenses. According to GASB Statement No. 18, once a landfill stops accepting waste, it is required to be closed and the liability of closure and post-closure is recorded as of the balance sheet date even though the expenses will be paid out over 30 years.

**Nonmajor Funds:**

The Cobblestone Golf Course Fund accounts for the operations and maintenance of the County's golf course. It ended FY06 with a net income from operations of \$0.7 million. However, overall net income (including non-operating revenues and expenses) was \$0.5 million for FY06. Net assets totaled \$2.1 million. The number of rounds of golf increased 7.0% from the prior year and helped generate an additional 10.6% in revenues. These revenues were used to pay the debt service as well as the maintenance and operational services for the golf course.

The Mable House Barnes Amphitheatre accounts for the operation and maintenance of an outdoor entertainment facility. Operations began in May 2003, and operating revenues of \$0.7 million were generated as of September 30, 2006. FY06 reported a net loss from operations of \$0.9 million. Net assets totaled \$3.7 million. Although the amphitheatre provides many genres of music and entertainment, the admission fees in FY06 only covered the cost of the professional services provided and thus, did not cover any of the overhead.

The Public Transit System Fund accounts for the operation of the local public transit system through user fees and funds received from the Federal Transit Authority and the Georgia Department of Transportation. The Public Transit System Fund's charges for services revenue increased by \$0.5 million (15.0%) from FY05. Total operating expenses increased by \$1.5 million due to increased service hours per weekday for improved customer service and increased costs from additional maintenance and equipment contracts. Net assets totaled \$39.6 million at the end of the fiscal year.

**General Fund Budgetary Highlights**

Cobb County operated under an annual balanced budget (budgeted revenues equal budgeted expenditures), which is adopted by resolution and administered in accordance to State law. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the category level within departments.

The most significant budgeted fund for the County is the General Fund. The Board of Commissioners amended the General Fund budget throughout FY06. The amended budget appropriations totaled \$8.2 million. The most significant expenditure amendments are summarized as follows:

General government:

- ◆ A \$6.7 million increase in Judicial, allocated to various departments for increased personnel services, operating expenditures and capital outlay.
- ◆ A \$9.2 million decrease in salary contingencies for funds allocated for specific personal services expenditures.
- ◆ \$1.1 million increase in Purchasing was for 20 Crown Victoria Police interceptor vehicles.
- ◆ \$1.2 million increase in Circuit Defender's budget for increased legal fees involving court-appointed attorneys for indigent defense.

Public safety:

- ◆ A \$1.6 million increase in Public Safety was also allocated to various departments for increased operating expenditures and capital outlay. The majority of the increase is attributed to the County-wide 800 MHz Capital Outlay reserves and the Sheriff's detention operations for medical and dental services for inmates.

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Culture and recreation:

- ◆ Culture and Recreation had an overall increase of \$1.8 million. The library increased their budget by \$0.3 million in personnel services and \$0.3 million for fund balance reserve appropriations to allocate funds that will be used for a specific purpose as specified in the gifts and donations that were received. Parks and recreation received a transfer of \$1.0 million from cell tower funds to cover renovations of the tennis courts at the Harrison and Kennworth tennis centers and set up reserves for Stout Park.

The County's final budget projected a loss of \$21.8 million in the General Fund. However, the fund reported an actual increase of \$0.6 million. This increase can be attributed to the decision to use prior years' fund balance for one-time capital projects.

**Capital Assets and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2006 amounts to \$3.6 billion (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the County, such as roads, bridges, streets and sidewalks, drainage systems and other similar items.

**Cobb County's Capital Assets**  
**(Net of Depreciation)**  
**(in thousands)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Primary Government</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Land	\$ 756,001	\$ 744,324	\$ 59,743	\$ 54,578	\$ 815,744	\$ 798,902
Buildings and structures	218,846	213,913	41,648	42,759	260,494	256,672
Improvements	8,948	9,427	-	-	8,948	9,427
Sewerage Plants	-	-	513,637	525,432	513,637	525,432
Machinery and equipment	59,069	56,017	23,127	22,194	82,196	78,211
Infrastructure	1,469,588	1,486,009	535,610	509,171	2,005,198	1,995,180
Construction in progress	30,381	30,739	107,592	58,388	137,973	89,127
<b>Total</b>	<b>\$ 2,542,833</b>	<b>\$ 2,540,429</b>	<b>\$ 1,281,357</b>	<b>\$ 1,212,522</b>	<b>\$ 3,824,190</b>	<b>\$ 3,752,951</b>

The total net increase in the County's investment in capital assets for the current fiscal year was 1.9%.

Governmental assets that were moved from construction in progress to the asset records during the year totaled approximately \$25.9 million. Some of the major projects for FY06 consisted of the following: a state-of-the-art aquatic center, the new South Cobb Regional Library, animal control annex, various community improvement development projects for the Cumberland region and various road, sidewalk and traffic signal timing improvements. In addition, voters approved the Special Purpose Local Option Sales Tax (SPLOST) in September 2005. This one cent sales tax program, which will partly be supported by non-residents, began funding various improvements around the County. The program will run from January 2006 until December 2011. A complete list of the projects and further details regarding the program is available at the Web site [www.cobbcip.org](http://www.cobbcip.org).

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**Management's Discussion and Analysis**  
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Business-type assets moved from construction in progress to the asset records during the year totaled approximately \$27.5 million. Some of the major capital asset events for the business-type activities for the current year include various sewer replacement and rehabilitations, water line and water main replacements as well as the continued upgrade and expansion of several water reclamation facilities.

Additional information on the County's capital assets can be found in Note 5 of the Basic Financial Statements section of this report.

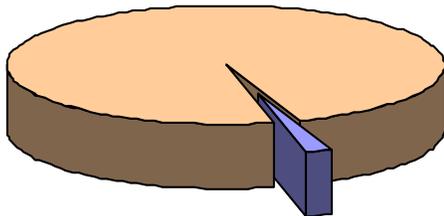
**Long-Term Debt**

As of September 30, 2006, Cobb County had a net of \$318.9 million in outstanding long-term debt, which does not include interest expense. Of this amount, \$39.1 million (net of current debt less discount) comprises general obligation debt backed by the full faith and credit of the government and \$157.5 million (net of current debt, bond discount and loss on refunding) in revenue bonds. The County retired \$23.8 million of outstanding bonds in FY06.

Additional information on Cobb County's long-term debt can be found in Note 8 of the Basic Financial Statements section of this report.

***Cobb uses only a fraction of the State allowable General Obligation Debt which is 10% of the taxable digest.***

**98.71 % of  
Legal Debt  
Limit -  
Unused**



**1.29 % of Legal  
Debt Limit -  
Utilized**

**Economic Factors and Next Year's Budget and Rates**

For the fifth year in a row, the Cobb County Water System has maintained its Triple-Triple "A" ratings from the nation's top three credit rating agencies. The Water System was awarded by the Georgia Association of Water Professionals with the 2006 Wastewater Collections Award for outstanding operation of a wastewater collection system, the 2006 Distribution System of the Year Award for outstanding operation of a water distribution system in the category of large systems and the 2006 Public Education Program of the Year Award for an exemplary public education program that promotes an understanding of the industry and the importance of protecting our water resources. The Water System was also awarded several Platinum Awards in recognition of complete and consistent NPDES permit compliance for the R.L. Sutton and the Northwest Water Reclamation Facilities. These awards and superior ratings not only help reduce interest rates for water and sewer project loans, but they also confirm Cobb County's commitment to quality in all of our programs.

**COBB COUNTY GOVERNMENT**  
**Management's Discussion and Analysis**  
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During the last ten years, Cobb County has maintained its Triple-Triple "A" credit rating and has remained financially strong. The Board of Commissioners have continued to aggressively address the current and future needs of the County by focusing on sound financial management, the reserve policy, the use of current resources for capital expenditures and the practice of biennial budgeting.

With a growing, diverse population, the challenge is to continue to improve the quality of life by concentrating on the demands placed on the public infrastructure such as transportation, water supply, wastewater treatment, the demands of revitalization of many business areas and the demands of greenspace conservation. Although the nation and surrounding counties are facing financial difficulties, Cobb County is able to maintain low property tax rates and low debt levels so that we can remain a leader and provide the best place to live, work and play.

The County continues to maintain a strong financial position. Tourism revenue increased 17.8% over the prior year. Although single family residential permits decreased this past year, total new construction permits increased 3.3%. The one percent sales tax (SPLOST) generated \$100.5 million in tax revenue. The Real Property Tax Digest continues to grow, and the County was able to roll back the millage rate .12 mills. Since 1996, the millage rate has been reduced 1.17 mills (12.2%).

The voters approved a \$40 million parks bond in November, 2006. The county will receive the money in two installments - \$25 million in 2007 and \$15 million in 2008. The money will be used to purchase green space for passive parks.

All of these factors were taken into consideration when preparing the FY07 budget. The FY07 budget has an 18% increase above the FY06 adopted budget. This increase can be attributed to an increase in funding needs for health and pension benefit costs related to the County's compliance with GASB 45 and an increase in capital funding which includes replacement of the current E911 system.

**Requests for Information**

This financial report is designed to provide a general overview of Cobb County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance / Comptroller, 100 Cherokee Street, Suite 400 Marietta, Georgia 30090-9610.

Complete financial statements of the discretely presented component units can be obtained directly from their administrative offices. The addresses for the administrative offices are as follows: Cobb-Marietta Coliseum and Exhibit Hall Authority Two Galleria Parkway Atlanta, Georgia 30339 and Cobb County Board of Health 1650 County Services Parkway Marietta, Georgia 30008.

# **Basic Financial Statements**



**Cobb County, Georgia**  
**Statement of Net Assets**  
**September 30, 2006**

	<b>Primary Government</b>			<b>Component Units</b>	
				<b>Cobb-Marietta Coliseum and Exhibit Hall</b>	<b>Cobb County Board of Health</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>September 30, 2006</b>	<b>June 30, 2006</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 115,660,060	\$ 38,069,175	\$ 153,729,235	\$ 7,409,822	\$ 942,176
Restricted cash	-	40,745,630	40,745,630	-	-
Investments, at fair value	25,094,956	2,553,983	27,648,939	-	2,071,705
Receivables	187,254,002	21,101,846	208,355,848	751,555	231,655
Internal balances	7,340,030	(7,340,030)	-	-	-
Due from external parties	54,399	-	54,399	-	-
Due from component unit	342,689	-	342,689	-	-
Due from primary government	-	-	-	1,963,514	-
Due from other governments and agencies	32,057,805	2,084,879	34,142,684	84,855	710,889
Inventories	1,253,531	1,227,566	2,481,097	58,342	342,638
Prepaid items	65,058	4,509	69,567	49,375	-
Other assets	5,539,812	547,894	6,087,706	1,301,726	-
Restricted assets	-	-	-	94,849,613	-
Capital assets not being depreciated	786,382,075	167,335,136	953,717,211	103,731,713	-
Capital assets being depreciated, net	1,756,450,878	1,114,021,365	2,870,472,243	49,942,599	949,638
Unamortized bond costs	-	732,469	732,469	-	-
Total assets	<u>\$ 2,917,495,295</u>	<u>\$ 1,381,084,422</u>	<u>\$ 4,298,579,717</u>	<u>\$ 260,143,114</u>	<u>\$ 5,248,701</u>
<b>Liabilities</b>					
Accounts payable	\$ 10,111,837	\$ 22,561,459	\$ 32,673,296	\$ 4,236,149	\$ 414,979
Accrued payroll	3,596,633	375,362	3,971,995	-	144,993
Arbitrage liability	-	54,882	54,882	-	-
Internal balances - fiduciary fund	555,085	-	555,085	-	-
Due to primary government	-	-	-	342,689	-
Due to component unit	1,963,514	-	1,963,514	-	-
Due to external parties	5,789,661	-	5,789,661	4,386,103	25,974
Due to other governments and agencies	6,269,001	1,087,185	7,356,186	41,211	-
Claims and judgments	19,481,501	-	19,481,501	-	-
Customer deposits	-	4,325,355	4,325,355	103,224	-
Notes payable-current	83,213,385	-	83,213,385	-	-
Accrued interest payable	3,212,323	1,749,920	4,962,243	2,445,852	-
Unearned revenue	2,084,623	32,678	2,117,301	894,095	147,790
Noncurrent liabilities					
Due within one year	27,554,350	19,224,184	46,778,534	3,350,540	556,886
Due in more than one year	105,326,227	166,822,578	272,148,805	138,832,670	131,678
Total liabilities	<u>\$ 269,158,140</u>	<u>\$ 216,233,603</u>	<u>\$ 485,391,743</u>	<u>\$ 154,632,533</u>	<u>\$ 1,422,300</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	\$ 2,480,941,152	\$ 1,160,044,646	\$ 3,640,985,798	\$ 22,718,368	\$ 949,638
Restricted for:					
Renewal and expansion	-	-	-	19,809,697	-
Debt service	-	-	-	58,797,047	-
Splost 2006 projects	76,900,186	-	76,900,186	-	-
Completion of projects	7,926,142	-	7,926,142	-	-
Special programs	218,869	-	218,869	9,066,855	219,033
Unrestricted	82,350,806	4,806,173	87,156,979	(4,881,386)	2,657,730
Total net assets	<u>\$ 2,648,337,155</u>	<u>\$ 1,164,850,819</u>	<u>\$ 3,813,187,974</u>	<u>\$ 105,510,581</u>	<u>\$ 3,826,401</u>

**Cobb County, Georgia**  
**Statement of Activities**  
**For the Year Ended September 30, 2006**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues				Primary Government			Cobb-Marietta		Cobb County	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Coliseum and Exhibit Hall	September 30, 2006	Board of Health	June 30, 2006
<b>Primary Government</b>											
Governmental Activities:											
General government	\$ 115,843,895	\$ 51,709,360	\$ 2,904,875	\$ 61,664	\$ (61,167,996)	\$ -	\$ (61,167,996)	\$ -	\$ -	\$ -	\$ -
Public safety	178,947,049	14,469,395	2,444,266	659,684	(161,373,704)	-	(161,373,704)	-	-	-	-
Public works	90,377,404	5,320,149	501,456	34,968,506	(49,587,293)	-	(49,587,293)	-	-	-	-
Health and welfare	7,478,849	80,017	1,490,559	-	(5,908,273)	-	(5,908,273)	-	-	-	-
Culture and recreation	39,071,797	3,219,150	956,759	1,919,502	(32,976,386)	-	(32,976,386)	-	-	-	-
Housing and development	13,609,064	21,724,082	8,044,502	1,680,654	17,840,174	-	17,840,174	-	-	-	-
Interest on long-term debt	6,592,636	-	-	-	(6,592,636)	-	(6,592,636)	-	-	-	-
Total governmental activities	451,920,694	96,522,153	16,342,417	39,290,010	(299,766,114)	-	(299,766,114)	-	-	-	-
Business-type activities:											
Water and Sewer	144,457,437	167,580,879	1,445,712	30,581,583	-	55,150,737	55,150,737	-	-	-	-
Solid Waste	11,095,700	5,868,070	-	-	-	(5,227,630)	(5,227,630)	-	-	-	-
Transit	17,477,215	3,703,228	-	8,974,184	-	(4,799,803)	(4,799,803)	-	-	-	-
Cobblestone Golf Course	1,677,078	2,160,557	-	-	-	483,479	483,479	-	-	-	-
Mable House Barnes Amphitheater	1,621,898	625,294	-	-	-	(996,604)	(996,604)	-	-	-	-
Total business-type activities	176,329,328	179,938,028	1,445,712	39,555,767	-	44,610,179	44,610,179	-	-	-	-
Total primary government	\$ 628,250,022	\$ 276,460,181	\$ 17,788,129	\$ 78,845,777	\$ (299,766,114)	\$ 44,610,179	\$ (255,155,935)	\$ -	\$ -	\$ -	\$ -
<b>Component Units</b>											
Cobb-Marietta Coliseum and Exhibit Hall Authority	\$ 26,793,362	\$ 13,336,178	\$ 19,253,261	\$ 5,364,115	\$ -	\$ -	\$ -	\$ 11,160,192	\$ -	\$ 649,721	\$ -
Cobb County Board of Health	20,682,904	6,585,810	14,746,815	-	-	-	-	-	-	-	-
Total component units	\$ 47,476,266	\$ 19,921,988	\$ 34,000,076	\$ 5,364,115	\$ -	\$ -	\$ -	\$ 11,160,192	\$ -	\$ 649,721	\$ -
General revenues:											
Property taxes					\$ 218,244,514	\$ -	\$ 218,244,514	\$ -	\$ -	\$ -	\$ -
Sales taxes					100,562,325	-	100,562,325	-	-	-	-
Insurance premium tax					20,050,624	-	20,050,624	-	-	-	-
Alcoholic beverage tax					4,115,598	-	4,115,598	-	-	-	-
Hotel/Motel tax					10,452,605	-	10,452,605	-	-	-	-
Real estate transfer tax					2,565,691	-	2,565,691	-	-	-	-
Miscellaneous taxes					11,190,228	-	11,190,228	-	-	-	-
Miscellaneous					9,046,114	1,487,088	10,533,202	-	-	-	-
Grants and contributions not restricted to specific programs					11,256,630	-	11,256,630	-	-	-	-
Gain (loss) on sale of capital assets					812,344	-	812,344	-	-	-	-
Unrestricted investment earnings					7,251,088	5,371,893	12,622,981	-	-	-	-
Transfers					2,643,338	(2,643,338)	-	-	1,718,512	-	-
Total general revenues and transfers					398,191,099	4,215,643	402,406,742	-	1,718,512	-	-
Change in net assets					98,424,985	48,825,822	147,250,807	-	12,878,704	-	649,721
Net assets - beginning of year, before restatement					2,551,303,173	1,116,024,997	3,667,328,170	-	92,631,877	-	3,176,680
Restatement					(1,391,003)	-	(1,391,003)	-	-	-	-
Net assets - beginning of year restated					2,549,912,170	1,116,024,997	3,665,937,167	-	92,631,877	-	3,176,680
Net assets - end of year					\$ 2,648,337,155	\$ 1,164,850,819	\$ 3,813,187,974	\$ 105,510,581	\$ 3,826,401	\$ -	\$ -

**Cobb County, Georgia  
Governmental Funds  
Balance Sheet  
September 30, 2006**

	General Fund	Fire District Fund	2006 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 19,803,683	\$ 9,848,523	\$ 36,209,074	\$ 38,506,968	\$ 104,368,248
Investments, at fair value	-	-	25,094,956	-	25,094,956
Receivables:					
Taxes and penalties	126,746,870	47,436,872	-	4,909,563	179,093,305
Accrued interest	60,910	25	303,338	2,013	366,286
Other	3,509,764	397,251	50,000	3,674,967	7,631,982
Due from other funds	8,016,702	445,914	-	19,915,333	28,377,949
Due from component units	-	-	-	342,689	342,689
Due from others	54,399	-	-	-	54,399
Due from other governments and agencies	1,370,865	-	26,589,860	4,097,080	32,057,805
Advances to other funds	2,076,219	-	-	-	2,076,219
Inventories	1,253,531	-	-	-	1,253,531
Prepaid items and other assets	59,703	-	-	5,355	65,058
Total assets	<u>\$ 162,952,646</u>	<u>\$ 58,128,585</u>	<u>\$ 88,247,228</u>	<u>\$ 71,453,968</u>	<u>\$ 380,782,427</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 2,929,676	\$ 171,984	\$ 1,797,749	\$ 4,976,332	\$ 9,875,741
Accrued payroll	2,722,790	670,763	-	182,279	3,575,832
Due to other funds	24,095,127	1,640,146	3,280,793	940,829	29,956,895
Due to others	5,765,277	-	-	24,384	5,789,661
Due to component unit-Cobb Marietta Coliseum & Exhibit Hall Authority	1,963,513	-	-	-	1,963,513
Due to other governments and agencies	502	-	6,268,500	-	6,269,002
Notes payable, net	54,138,801	29,074,584	-	-	83,213,385
Accrued interest payable	1,174,500	630,750	-	-	1,805,250
Deferred revenue	9,550,948	3,219,713	-	2,547,985	15,318,646
Total liabilities	<u>\$ 102,341,134</u>	<u>\$ 35,407,940</u>	<u>\$ 11,347,042</u>	<u>\$ 8,671,809</u>	<u>\$ 157,767,925</u>
Fund Balances:					
Reserved for:					
Encumbrances	\$ 3,374,186	\$ 1,766,211	\$ 18,587,017	\$ 27,728,684	\$ 51,456,098
Inventories and prepaid items	1,313,234	-	-	4,855	1,318,089
Advances	2,076,219	-	-	-	2,076,219
Debt service	-	-	-	8,366,821	8,366,821
Unreserved, designated for construction and capital outlay, reported in:					
General Fund	12,492,382	-	-	-	12,492,382
Special Revenue Funds	-	6,810,385	-	4,412,685	11,223,070
Capital Projects Funds	-	-	58,313,169	20,308,375	78,621,544
Unreserved, designated for debt service, reported in:					
Special Revenue Funds	-	-	-	257,568	257,568
Unreserved, undesignated reported in:					
General Fund	41,355,491	-	-	-	41,355,491
Special Revenue Funds	-	14,144,049	-	1,703,171	15,847,220
Capital Projects Funds	-	-	-	-	-
Total fund balances	<u>\$ 60,611,512</u>	<u>\$ 22,720,645</u>	<u>\$ 76,900,186</u>	<u>\$ 62,782,159</u>	<u>\$ 223,014,502</u>
Total liabilities and fund balances	<u>\$ 162,952,646</u>	<u>\$ 58,128,585</u>	<u>\$ 88,247,228</u>	<u>\$ 71,453,968</u>	<u>\$ 380,782,427</u>

**Cobb County, Georgia**  
**Governmental Funds**  
**Reconciliation of the Governmental Balance Sheet to the Statement of Net Assets**  
**September 30, 2006**

Total fund balances - governmental funds	\$	223,014,502
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,542,811,155
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Property tax		13,051,645
Local assistance road program revenue		182,378
Net pension asset		5,539,812
Internal service funds are used by management to charge the cost for claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		(1,974,687)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable		(1,407,073)
Intergovernmental contract payable		(55,255,000)
Unmatured bonds		(39,205,000)
Unamortized bond issuance discounts		355,394
Unamortized deferred loss on refunding		851,144
Unamortized bond premiums		(1,998,240)
Capital leases payable		(20,600,870)
Unamortized capital lease discounts		130,446
Compensated absences		(17,158,451)
Net assets of governmental activities	\$	<u><u>2,648,337,155</u></u>

**Cobb County, Georgia**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2006**

	General Fund	Fire District Fund	2006 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 190,180,565	\$ 58,110,910	\$ 100,509,573	\$ 16,848,868	\$ 365,649,916
Licenses and permits	21,474,631	2,800	-	-	21,477,431
Intergovernmental	12,215,390	2,834,458	782,629	24,287,036	40,119,513
Charges for services	44,487,410	2,037,793	-	11,182,310	57,707,513
Fines and forfeits	15,815,556	-	-	1,521,653	17,337,209
Interest earned	3,139,285	804,501	860,019	1,914,109	6,717,914
Miscellaneous	5,773,737	60,744	50,279	3,161,354	9,046,114
<b>Total revenues</b>	<b>\$ 293,086,574</b>	<b>\$ 63,851,206</b>	<b>\$ 102,202,500</b>	<b>\$ 58,915,330</b>	<b>\$ 518,055,610</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	\$ 108,020,724	\$ -	\$ -	\$ 13,021,619	\$ 121,042,343
Public safety	104,679,362	55,962,140	2,112,389	21,841,436	184,595,327
Public works	17,226,750	-	20,478,503	19,679,979	57,385,232
Health and welfare	1,220,332	-	-	5,358,508	6,578,840
Culture and recreation	29,359,710	-	-	10,449,785	39,809,495
Housing and development	7,561,247	-	-	7,544,433	15,105,680
<b>Debt service:</b>					
Principal retirement	127,852	-	-	10,816,372	10,944,224
Interest and fiscal charges	1,278,773	646,800	-	5,038,219	6,963,792
<b>Total expenditures</b>	<b>\$ 269,474,750</b>	<b>\$ 56,608,940</b>	<b>\$ 22,590,892</b>	<b>\$ 93,750,351</b>	<b>\$ 442,424,933</b>
Excess (deficiency) of revenues over (under) other expenditures	\$ 23,611,824	\$ 7,242,266	\$ 79,611,608	\$ (34,835,021)	\$ 75,630,677
<b>Other financing sources (uses):</b>					
Transfers in	\$ 20,963,964	\$ 431,145	\$ 569,371	\$ 36,182,511	\$ 58,146,991
Transfers out	(40,984,494)	(3,418,907)	(3,280,793)	(7,710,793)	(55,394,987)
Gain from sale of capital assets	389,488	38,723	-	412,426	840,637
Capital lease proceeds	-	-	-	7,019,390	7,019,390
<b>Total other financing sources (uses)</b>	<b>\$ (19,631,042)</b>	<b>\$ (2,949,039)</b>	<b>\$ (2,711,422)</b>	<b>\$ 35,903,534</b>	<b>\$ 10,612,031</b>
<b>Net changes in fund balances</b>	<b>\$ 3,980,782</b>	<b>\$ 4,293,227</b>	<b>\$ 76,900,186</b>	<b>\$ 1,068,513</b>	<b>\$ 86,242,708</b>
Fund balance at beginning of year	56,630,730	18,427,418	-	61,713,646	136,771,794
<b>Fund balances at end of year</b>	<b>\$ 60,611,512</b>	<b>\$ 22,720,645</b>	<b>\$ 76,900,186</b>	<b>\$ 62,782,159</b>	<b>\$ 223,014,502</b>

**Cobb County, Georgia**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended September 30, 2006**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 86,242,708
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$48,458,280) were less than depreciation (\$72,926,206) in the current period.	(24,467,926)
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property tax	1,531,669
Local assistance road program revenue	(144,222)
The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net assets.	26,913,766
The loss on disposition of capital assets is not reported in the fund statements	(28,293)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal and bond costs are expenditures in the governmental funds, but the repayment reduces long-term liabilities and bond costs are capitalized in the statement of net assets:	
Bond principal payments	5,900,000
Capital lease proceeds	(7,019,390)
Capital lease principal payments	4,163,436
Intergovernmental contract payable	905,000
The current years additions to the net pension asset reduced the net expenses of pensionable functions on the statement of activities	2,352,810
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 the governmental funds:	
Accrued compensated absences	(1,144,500)
Amortization for bond and capital lease discounts, deferred amounts, premiums	132,143
Accrued interest expense	239,013
Internal service funds are used by management to charge the cost of claims to individual funds. This amount is the net activity of the claims internal service fund.	2,848,771
Changes in net assets of governmental activities.	\$ 98,424,985

**Cobb County, Georgia**  
**General Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 197,692,007	\$ 199,453,844	\$ 190,180,565	\$ (9,273,279)
Licenses and permits	21,079,434	21,153,122	21,474,631	321,509
Intergovernmental	3,832,102	3,933,014	12,215,390	8,282,376
Charges for services	41,814,323	42,232,385	44,487,410	2,255,025
Fines and forfeits	16,211,756	17,143,100	15,815,556	(1,327,544)
Interest earned	812,696	1,635,457	3,139,285	1,503,828
Miscellaneous	1,573,192	2,837,436	5,773,737	2,936,301
<b>Total revenues</b>	<b>\$ 283,015,510</b>	<b>\$ 288,388,358</b>	<b>\$ 293,086,574</b>	<b>\$ 4,698,216</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 116,248,497	\$ 119,767,088	\$ 109,155,484	\$ 10,611,604
Public safety	105,360,098	106,995,550	104,914,641	2,080,909
Public works	19,320,363	19,956,119	19,028,968	927,151
Health and welfare	1,193,277	1,220,332	1,220,332	-
Culture and recreation	28,604,358	30,397,587	29,558,766	838,821
Housing and development	7,334,708	7,989,670	7,564,120	425,550
<b>Debt service:</b>				
Principal retirement	152,065	158,119	127,852	30,267
Interest and fiscal charges	1,253,404	1,328,588	1,278,773	49,815
<b>Total expenditures</b>	<b>\$ 279,466,770</b>	<b>\$ 287,813,053</b>	<b>\$ 272,848,936</b>	<b>\$ 14,964,117</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 3,548,740</b>	<b>\$ 575,305</b>	<b>\$ 20,237,638</b>	<b>\$ 19,662,333</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 18,280,803	\$ 18,871,395	\$ 20,963,964	\$ 2,092,569
Transfers out	(25,600,447)	(41,566,863)	(40,984,494)	582,369
Gain from sale of capital assets	308,430	308,430	389,488	81,058
<b>Total other financing sources (uses)</b>	<b>\$ (7,011,214)</b>	<b>\$ (22,387,038)</b>	<b>\$ (19,631,042)</b>	<b>\$ 2,755,996</b>
<b>Net changes in fund balance</b>	<b>\$ (3,462,474)</b>	<b>\$ (21,811,733)</b>	<b>\$ 606,596</b>	<b>\$ 22,418,329</b>
<b>Fund balances at beginning of year</b>			<b>56,630,730</b>	
<b>Fund balances at end of year - budgetary basis</b>			<b>\$ 57,237,326</b>	
<b>Reconciliation to GAAP basis:</b>				
Elimination of encumbrances outstanding at end of year			3,374,186	
<b>Fund balances at end of year - GAAP basis</b>			<b>\$ 60,611,512</b>	

**Cobb County, Georgia**  
**Fire District Special Revenue Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 58,428,707	\$ 58,428,707	\$ 58,110,910	\$ (317,797)
Licenses and permits	1,600	1,600	2,800	1,200
Intergovernmental	3,100	3,100	2,834,458	2,831,358
Charges for services	1,013,792	1,013,792	2,037,793	1,024,001
Interest earned	397,825	397,825	804,501	406,676
Miscellaneous	16,200	16,200	60,744	44,544
<b>Total revenues</b>	<b>\$ 59,861,224</b>	<b>\$ 59,861,224</b>	<b>\$ 63,851,206</b>	<b>\$ 3,989,982</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Personal services	\$ 43,319,181	\$ 46,022,463	\$ 45,534,387	\$ 488,076
Operating expenditures	7,893,769	7,913,826	7,781,772	132,054
Capital outlay	6,746,239	13,222,677	4,412,192	8,810,485
<b>Debt service:</b>				
Interest and fiscal charges	548,714	718,801	646,800	72,001
<b>Total expenditures</b>	<b>\$ 58,507,903</b>	<b>\$ 67,877,767</b>	<b>\$ 58,375,151</b>	<b>\$ 9,502,616</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 1,353,321</b>	<b>\$ (8,016,543)</b>	<b>\$ 5,476,055</b>	<b>\$ 13,492,598</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 16,431	\$ 431,145	\$ 414,714
Transfers out	(1,353,321)	(4,072,388)	(3,418,907)	653,481
Gain from sale of capital assets	-	-	38,723	38,723
<b>Total other financing sources (uses)</b>	<b>\$ (1,353,321)</b>	<b>\$ (4,055,957)</b>	<b>\$ (2,949,039)</b>	<b>\$ 1,106,918</b>
<b>Net changes in fund balance</b>	<b>\$ -</b>	<b>\$ (12,072,500)</b>	<b>\$ 2,527,016</b>	<b>\$ 14,599,516</b>
<b>Fund balance at beginning of year</b>			<b>18,427,418</b>	
<b>Fund balance at end of year - budgetary basis</b>			<b>\$ 20,954,434</b>	
<b>Reconciliation to GAAP basis:</b>				
Elimination of encumbrances outstanding at end of year			<u>1,766,211</u>	
<b>Fund balance at end of year - GAAP basis</b>			<u><u>\$ 22,720,645</u></u>	

**Cobb County, Georgia**  
**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds	Total	
<b>Assets</b>					
Current assets:					
Cash	\$ 31,830,674	\$ 365,265	\$ 5,873,236	\$ 38,069,175	\$ 11,291,812
Restricted cash	40,745,630	-	-	40,745,630	-
Investments, at fair value	2,553,983	-	-	2,553,983	-
Receivables:					
Accounts, net	17,396,075	346,837	-	17,742,912	-
Accrued interest	55,463	-	-	55,463	-
Other	3,104,291	2,022	197,158	3,303,471	153,716
Due from other funds	21,744,722	-	-	21,744,722	6,287,672
Due from others	-	-	-	-	7,653
Due from other governments and agencies	103,049	-	1,981,830	2,084,879	-
Inventories	1,227,566	-	-	1,227,566	-
Prepaid items	3,434	450	625	4,509	1,060
Other assets	547,894	-	-	547,894	-
<b>Total current assets</b>	<b>\$ 119,312,781</b>	<b>\$ 714,574</b>	<b>\$ 8,052,849</b>	<b>\$ 128,080,204</b>	<b>\$ 17,741,913</b>
Noncurrent assets:					
Property, plant and equipment:					
Capital assets not being depreciated	\$ 153,202,469	\$ 3,778,386	\$ 10,354,281	\$ 167,335,136	\$ -
Capital assets being depreciated, net	1,068,378,355	9,345,777	36,297,233	1,114,021,365	21,798
<b>Net property, plant and equipment</b>	<b>\$ 1,221,580,824</b>	<b>\$ 13,124,163</b>	<b>\$ 46,651,514</b>	<b>\$ 1,281,356,501</b>	<b>\$ 21,798</b>
Other assets:					
Unamortized bond costs	\$ 543,564	\$ 160,164	\$ 28,741	\$ 732,469	\$ -
<b>Total noncurrent assets</b>	<b>\$ 1,222,124,388</b>	<b>\$ 13,284,327</b>	<b>\$ 46,680,255</b>	<b>\$ 1,282,088,970</b>	<b>\$ 21,798</b>
<b>Total assets</b>	<b>\$ 1,341,437,169</b>	<b>\$ 13,998,901</b>	<b>\$ 54,733,104</b>	<b>\$ 1,410,169,174</b>	<b>\$ 17,763,711</b>

Continued on next page.

**Cobb County, Georgia**  
**Proprietary Funds**  
**Statement of Net Assets**  
**September 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds	Total	
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Current liabilities (payable from current assets):					
Accounts payable	\$ 20,604,553	\$ 592,036	\$ 1,364,870	\$ 22,561,459	\$ 236,096
Accrued payroll	321,653	47,336	6,373	375,362	4,850
Arbitrage liability	54,882	-	-	54,882	-
Due to other funds	662,284	22,771,818	3,574,431	27,008,533	-
Customer deposits	4,325,355	-	-	4,325,355	-
Due to other governments and agencies	1,074,076	-	13,109	1,087,185	-
Accrued interest payable	1,525,838	176,778	47,304	1,749,920	-
Deferred revenues	-	-	32,678	32,678	-
Current portion of revenue bonds	15,950,000	1,800,000	410,000	18,160,000	-
Current portion of compensated absences	889,545	101,533	9,516	1,000,594	15,951
Current portion of capital leases	-	-	35,612	35,612	-
Current portion of notes payable	-	27,978	-	27,978	-
Estimated liability for claims and judgments	-	-	-	-	19,481,501
Total current liabilities	<u>\$ 45,408,186</u>	<u>\$ 25,517,479</u>	<u>\$ 5,493,893</u>	<u>\$ 76,419,558</u>	<u>\$ 19,738,398</u>
Long-term liabilities:					
Revenue bonds (net of current portion, bond discount, and loss on refunding)	\$ 119,624,941	\$ 16,377,089	\$ 3,180,502	\$ 139,182,532	\$ -
Compensated absences (net of current portion)	294,175	151,884	-	446,059	-
Closure and post closure care	-	27,085,218	-	27,085,218	-
Advances from other funds	-	1,476,219	600,000	2,076,219	-
Capital lease payable (net of current portion)	-	-	108,769	108,769	-
Total long-term liabilities	<u>\$ 119,919,116</u>	<u>\$ 45,090,410</u>	<u>\$ 3,889,271</u>	<u>\$ 168,898,797</u>	<u>\$ -</u>
Total liabilities	<u>\$ 165,327,302</u>	<u>\$ 70,607,889</u>	<u>\$ 9,383,164</u>	<u>\$ 245,318,355</u>	<u>\$ 19,738,398</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	\$ 1,122,020,014	\$ (4,920,740)	\$ 42,945,372	\$ 1,160,044,646	\$ 21,798
Unrestricted	54,089,853	(51,688,248)	2,404,568	4,806,173	(1,996,485)
Total net assets	<u>\$ 1,176,109,867</u>	<u>\$ (56,608,988)</u>	<u>\$ 45,349,940</u>	<u>\$ 1,164,850,819</u>	<u>\$ (1,974,687)</u>

Continued from preceding page.

**Cobb County, Georgia**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds		
Operating revenues:					
Charges for services	\$ 167,580,879	\$ 5,868,070	\$ 6,489,079	\$ 179,938,028	\$ 49,431,531
Miscellaneous income	1,284,786	99,836	102,466	1,487,088	-
Total operating revenues	<u>\$ 168,865,665</u>	<u>\$ 5,967,906</u>	<u>\$ 6,591,545</u>	<u>\$ 181,425,116</u>	<u>\$ 49,431,531</u>
Operating expenses:					
Personnel services	\$ 21,835,053	\$ 3,450,264	\$ 404,910	\$ 25,690,227	\$ 365,557
Other operating expenses	78,724,454	6,044,118	17,112,749	101,881,321	5,401,063
Benefits and claims	-	-	-	-	41,226,703
Total operating expenses	<u>\$ 100,559,507</u>	<u>\$ 9,494,382</u>	<u>\$ 17,517,659</u>	<u>\$ 127,571,548</u>	<u>\$ 46,993,323</u>
Operating income (loss) before depreciation	\$ 68,306,158	\$ (3,526,476)	\$ (10,926,114)	\$ 53,853,568	\$ 2,438,208
Less depreciation	<u>(37,623,887)</u>	<u>(931,440)</u>	<u>(3,053,589)</u>	<u>(41,608,916)</u>	<u>(13,945)</u>
Operating income (loss)	<u>\$ 30,682,271</u>	<u>\$ (4,457,916)</u>	<u>\$ (13,979,703)</u>	<u>\$ 12,244,652</u>	<u>\$ 2,424,263</u>
Nonoperating revenues (expenses):					
Interest income	\$ 5,172,094	\$ 73,751	\$ 126,048	\$ 5,371,893	\$ 533,174
Intergovernmental	4,654,379	-	8,974,184	13,628,563	-
Interest and fiscal charges	(6,877,315)	(726,099)	(194,917)	(7,798,331)	-
Amortization of bond costs	544,777	56,221	(40,143)	560,855	-
Gain from sale of capital assets	58,495	-	30,117	88,612	-
Total nonoperating revenues (expenses)	<u>\$ 3,552,430</u>	<u>\$ (596,127)</u>	<u>\$ 8,895,289</u>	<u>\$ 11,851,592</u>	<u>\$ 533,174</u>
Net income (loss) before transfers and capital contributions	<u>\$ 34,234,701</u>	<u>\$ (5,054,043)</u>	<u>\$ (5,084,414)</u>	<u>\$ 24,096,244</u>	<u>\$ 2,957,437</u>
Capital contributions	<u>\$ 27,372,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,372,916</u>	<u>\$ -</u>
Total capital contributions	<u>\$ 27,372,916</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,372,916</u>	<u>\$ -</u>
Transfers:					
Transfers in	\$ 913,139	\$ 6,681,792	\$ 8,622,412	\$ 16,217,343	\$ 3,842
Transfers out	<u>(18,786,537)</u>	<u>(26,394)</u>	<u>(47,750)</u>	<u>(18,860,681)</u>	<u>(112,508)</u>
Total transfers	<u>\$ (17,873,398)</u>	<u>\$ 6,655,398</u>	<u>\$ 8,574,662</u>	<u>\$ (2,643,338)</u>	<u>\$ (108,666)</u>
Changes in net assets	<u>\$ 43,734,219</u>	<u>\$ 1,601,355</u>	<u>\$ 3,490,248</u>	<u>\$ 48,825,822</u>	<u>\$ 2,848,771</u>
Fund net assets - beginning before restatement	<u>\$ 1,132,375,648</u>	<u>\$ (58,210,343)</u>	<u>\$ 41,859,692</u>	<u>\$ 1,116,024,997</u>	<u>\$ (3,432,455)</u>
Restatement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,391,003)</u>
Fund balance restated	<u>\$ 1,132,375,648</u>	<u>\$ (58,210,343)</u>	<u>\$ 41,859,692</u>	<u>\$ 1,116,024,997</u>	<u>\$ (4,823,458)</u>
Fund net assets - ending	<u><u>\$ 1,176,109,867</u></u>	<u><u>\$ (56,608,988)</u></u>	<u><u>\$ 45,349,940</u></u>	<u><u>\$ 1,164,850,819</u></u>	<u><u>\$ (1,974,687)</u></u>

**Cobb County, Georgia**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 172,072,405	\$ 6,148,995	\$ 6,641,178	\$ 184,862,578	\$ 49,163,895
Cash payments for goods and services	(79,208,045)	(6,821,674)	(16,125,881)	(102,155,600)	(5,278,524)
Cash payments for employee services and fringe benefits	(22,322,559)	(3,425,290)	(409,406)	(26,157,255)	(385,857)
Cash payments for benefits and claims	-	-	-	-	(39,770,570)
Net cash from operating activities	<u>\$ 70,541,801</u>	<u>\$ (4,097,969)</u>	<u>\$ (9,894,109)</u>	<u>\$ 56,549,723</u>	<u>\$ 3,728,944</u>
Cash flows from noncapital financing activities:					
Transfers in	\$ 913,139	\$ 6,681,792	\$ 8,622,412	\$ 16,217,343	\$ 3,842
Transfers out	(18,786,537)	(26,394)	(47,750)	(18,860,681)	(112,508)
Federal/State Grants	-	-	9,270,120	9,270,120	-
Net cash from noncapital financing activities	<u>\$ (17,873,398)</u>	<u>\$ 6,655,398</u>	<u>\$ 17,844,782</u>	<u>\$ 6,626,782</u>	<u>\$ (108,666)</u>
Cash flows from capital and related financing activities:					
Principal payments on notes payables	\$ -	\$ (108,637)	\$ -	\$ (108,637)	\$ -
Proceeds from outside contributions	1,445,712	-	-	1,445,712	-
Payments on capital leases	-	-	(5,802)	(5,802)	-
Proceeds from sale of capital assets	58,495	-	30,117	88,612	-
Payments for capital acquisitions	(85,061,097)	(270,996)	(5,451,710)	(90,783,803)	-
Bond principal payments	(15,770,000)	(1,720,000)	(390,000)	(17,880,000)	-
Capital contributions	11,865,950	-	-	11,865,950	-
Bond interest and fiscal charges	(7,074,440)	(738,999)	(199,402)	(8,012,841)	-
Net cash from capital and related financing activities	<u>\$ (94,535,380)</u>	<u>\$ (2,838,632)</u>	<u>\$ (6,016,797)</u>	<u>\$ (103,390,809)</u>	<u>\$ -</u>
Cash flows from investing activities:					
Proceeds from investment maturities	\$ 2,359,554	\$ 109,438	\$ 735,830	\$ 3,204,822	\$ -
Interest received	5,116,632	73,751	126,048	5,316,431	533,174
Investment purchases	-	-	-	-	2,036,132
Net cash from investing activities	<u>\$ 7,476,186</u>	<u>\$ 183,189</u>	<u>\$ 861,878</u>	<u>\$ 8,521,253</u>	<u>\$ 2,569,306</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (34,390,791)</u>	<u>\$ (98,014)</u>	<u>\$ 2,795,754</u>	<u>\$ (31,693,051)</u>	<u>\$ 6,189,584</u>
Cash and cash equivalents at beginning of year	<u>106,967,095</u>	<u>463,279</u>	<u>3,077,482</u>	<u>110,507,856</u>	<u>5,102,228</u>
Cash and cash equivalents at end of year	<u><u>\$ 72,576,304</u></u>	<u><u>\$ 365,265</u></u>	<u><u>\$ 5,873,236</u></u>	<u><u>\$ 78,814,805</u></u>	<u><u>\$ 11,291,812</u></u>
Reconciliation to Combining Balance Sheet					
Cash	\$ 31,830,674	\$ 365,265	\$ 5,873,236	\$ 38,069,175	\$ 11,291,812
Cash (included in restricted assets)	40,745,630	-	-	40,745,630	-
	<u><u>\$ 72,576,304</u></u>	<u><u>\$ 365,265</u></u>	<u><u>\$ 5,873,236</u></u>	<u><u>\$ 78,814,805</u></u>	<u><u>\$ 11,291,812</u></u>

Continued on next page.

**Cobb County, Georgia**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 30,682,271	\$ (4,457,916)	\$ (13,979,703)	\$ 12,244,652	\$ 2,424,263
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	\$ 37,623,887	\$ 931,440	\$ 3,053,589	\$ 41,608,916	\$ 13,945
Change in assets and liabilities:					
Decrease (increase) in accounts receivables	(3,502,122)	180,387	-	(3,321,735)	91,654
Decrease (increase) in other receivables	5,107,789	702	(106,666)	5,001,825	-
Decrease (increase) in due from other funds	1,191,031	-	-	1,191,031	(351,637)
Decrease (increase) in due from others	-	-	-	-	(7,653)
Decrease (increase) in inventories	(15,951)	-	-	(15,951)	-
Decrease (increase) in other assets	(436,833)	-	-	(436,833)	-
Increase (decrease) in accounts payable	6,082,809	(252,034)	299,836	6,130,611	150,742
Increase (decrease) in prepaid expenses	-	(450)	(625)	(1,075)	(1,060)
Increase (decrease) in accrued liabilities	4,856	3,292	924	9,072	(1,173)
Increase (decrease) in accrued vacation payable	55,532	21,682	(5,420)	71,794	(19,127)
Increase (decrease) in due to other funds	(6,581,827)	(466,957)	834,368	(6,214,416)	(27,143)
Increase (decrease) in customer deposits	312,359	-	-	312,359	-
Increase (decrease) in due to other governments	18,000	-	(8,767)	9,233	-
Increase (decrease) in estimated liability for claims and judgments	-	-	-	-	1,456,133
Increase (decrease) in closure/postclosure care	-	(58,115)	-	(58,115)	-
Increase (decrease) in unearned revenues	-	-	18,355	18,355	-
<b>Total adjustments</b>	<b>\$ 39,859,530</b>	<b>\$ 359,947</b>	<b>\$ 4,085,594</b>	<b>\$ 44,305,071</b>	<b>\$ 1,304,681</b>
<b>Net cash provided by operating activities</b>	<b>\$ 70,541,801</b>	<b>\$ (4,097,969)</b>	<b>\$ (9,894,109)</b>	<b>\$ 56,549,723</b>	<b>\$ 3,728,944</b>
Schedule of noncash capital and related financing activities:					
Contribution of capital assets	\$ 19,509,372	\$ -	\$ -	\$ 19,509,372	\$ -

Continued from preceding page.

**Cobb County, Georgia**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**September 30, 2006**

	Pension Trust Fund		Agency Funds
	Employee Retirement System		
Assets:			
Cash and cash equivalents	\$ 2,259,504	\$	77,118,776
Investments, at fair value			
Common stock	123,288,618		-
Mutual funds	125,330,256		-
Group annuity contracts	38,799,119		-
Receivables			
Taxes and penalties	-		509,675,922
Other	-		1,261,683
Due from other funds	555,085		-
Due from others	11,168		-
	<u>\$ 290,243,750</u>	<u>\$</u>	<u>588,056,381</u>
Total assets			
Liabilities:			
Bank overdraft	\$ -	\$	1,261,683
Unremitted tax collections due			
to other governments and agencies	-		47,424,415
Taxes payable to others upon			
collection	-		509,675,922
Unremitted payroll tax and			
withholdings	-		239,320
Funds held in trust for others	-		29,455,041
	<u>\$ -</u>	<u>\$</u>	<u>588,056,381</u>
Total liabilities			
Net assets held in trust for pension benefits	<u>\$ 290,243,750</u>		

(see schedule of funding progress on page 75 for additional information)

**Cobb County, Georgia**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended September 30, 2006**

	Pension Trust Fund
	Employee Retirement System
Additions	
Contributions:	
Employer	\$ 19,034,416
Employee	8,169,010
Total contributions	\$ 27,203,426
Investment earnings:	
Net appreciation (depreciation) in fair value of assets	\$ 8,984,309
Interest	5,129,533
Total investment earnings	\$ 14,113,842
Less investment expense	(1,079,251)
Net investment earnings	\$ 13,034,591
Total additions	\$ 40,238,017
Deductions	
Administrative expenses	\$ 52,573
Benefits and claims	20,980,629
Total deductions	\$ 21,033,202
Change in net assets	\$ 19,204,815
Net assets held in trust for pension benefits	
Beginning of year	\$ 271,038,935
End of year	\$ 290,243,750

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**COBB COUNTY, GEORGIA**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The financial statements of the reporting entity include those of Cobb County, Georgia (the primary government) and its component units. The component units discussed below are included in the reporting entity because the Cobb County Board of Commissioners, directly or indirectly, appointed a majority of the component units' board members and/or a financial benefit/burden relationship exists between the component units and the County.

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", which was adopted by the County as of October 1, 1994, the financial statements of the component units have been included as discretely presented component units. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the primary government. Information presented for the Cobb-Marietta Coliseum and Exhibit Hall Authority and the Cobb County Board of Health are as of and for the year ended September 30, 2006 and June 30, 2006, respectively. A brief description of the discretely presented component units is as follows:

**1. Cobb-Marietta Coliseum and Exhibit Hall Authority**

The Authority is a corporate and political body created and existing under the laws of the State of Georgia. The fiscal year end is September 30. The authority was established for the general purpose of developing and promoting cultural growth, public welfare, education and recreation. The Authority operates and maintains a multi-use exhibit hall and convention facility in Cobb County. A majority of the Authority's board members are appointed, either directly or indirectly, by the Cobb County Board of Commissioners. The Authority is prohibited from issuing bonded debt without the approval of the Board of Commissioners.

**2. Cobb County Board of Health**

The Cobb County Board of Health was created by a state legislative act. During the fiscal year ended June 30, 2006, it operated under an eight member board and a full-time executive director. The Board of Health was established to provide various health related programs such as immunization, family planning, dental treatment, and nutrition services. The members of the board are jointly appointed by the County Commissioners, one municipality and two school districts. The Board of Health's operational budget must be approved by the County Commissioners.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Complete financial statements of the discretely presented component units can be obtained directly from their administrative offices. The addresses for the administrative offices are as follows:

Cobb-Marietta Coliseum and Exhibit Hall Authority  
Two Galleria Parkway  
Atlanta, Georgia 30339

Cobb County Board of Health  
1650 County Services Parkway  
Marietta, Georgia 30008

**B. Government-Wide Statements 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 the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general governmental revenues, which include taxes, interest revenue and other items not properly included among program revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues include charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary grants while the capital grants reflect capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue. Historically, the previous model did not summarize or present net cost by function or activity.

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 major individual enterprise funds are reported as separate columns in the fund financial statements.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement focus, basis of accounting, and financial statement presentation**

The measurement focus describes the type of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

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. The agency funds financial statements are reported using no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activity categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditure/expenses of either fund category or the governmental and enterprise categories combined) for the determination of major funds. County management may electively add funds as major funds, when it is determined the funds have specific community or management focus.

The focus of the governmental funds' measurement in the funds' statement is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers all revenue as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made within thirty days subsequent to year end.

Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines are not susceptible to accrual because generally they are not measurable until received in cash.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

The County uses the following major funds:

**1. Major Funds:**

**A. Governmental Funds:**

1. The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The **Fire District Fund** is used to account for monies received from a specific property tax levy and the operation of the fire department within the County.
3. The **2006 SPLOST Fund** is used to account for the proceeds of a 1 percent local option sales tax approved in 2005 for various capital projects throughout the County

**B. Business-type Funds:**

1. The **Water and Sewer Fund** accounts for the operating revenues and expenses of the water distribution system and sewage processing plants.
2. The **Solid Waste Disposal Fund** accounts for the operating revenues and expenses relating to the disposal of solid waste.

**2. Internal Service Fund:**

The **Claims Internal Service Fund** provides self-funding for casualty, liability, medical and dental claims and workmen's compensation.

**3. Fiduciary Fund Types:**

- A. Agency Funds** account for assets held by the County as an agent for individuals, private organizations, other governments and other County departments.
- B. A Pension Trust Fund** is used to account for activities related to the public employees retirement system. The County maintains an Employee Retirement System Trust Fund that accounts for the assets and activities of the County's pension plan.

**4. Non-Current Governmental Assets and Liabilities:**

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these balances to be maintained and incorporated into the Governmental column of the government-wide Statement of Net Assets.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County applies all applicable FASB pronouncements issued on or after November 30, 1989 in accounting and reporting for its enterprise operations, unless they conflict with GASB guidance.

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 fund 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.

The county's Internal Service Fund is presented in the proprietary funds financial statements. Because principal users of internal services are the County's governmental activities, the financial statement of the Internal Service Funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The County's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

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

**D. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles except encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Accordingly, encumbrances are included as budgetary expenses in two different years. Annual appropriated budgets are adopted for the General Fund, the Debt Service Fund and the Special Revenue Funds. Project length budgets are adopted for the Grant, Housing and Urban Development Special Revenue Funds. Project-length financial plans are adopted for the Capital Project Funds. All encumbered appropriations are carried forward in the following year's budget.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**E. Cash and Cash Equivalents and Investments**

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

Cash includes amounts in demand deposits, certificates of deposit, and money market accounts. Statutes authorize the County to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated “AA” or better by Moody’s Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. The Pension Trust Fund is also authorized to invest in corporate bonds, domestic common stocks, equity real estate, and international common stocks through pooled investment accounts.

In accordance with GASB 31, investments are stated at fair value. Fair value of the external investment pool, Georgia Fund 1, is equal to the value of the pool shares. See Note 3 for additional information regarding cash and investments.

**F. Restricted Assets**

The County’s restricted assets in the Water and Sewer Enterprise Fund includes cash totaling \$40,745,630 which is held in a separate account until monies are spent according to the bond covenants.

**G. Interfund Receivables/Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Inventories**

Inventories are valued at cost in the Governmental Fund types and at the lower of cost (first-in, first-out) or market in the Proprietary Fund types. Inventories in the General and Enterprise funds consist of expendable supplies held for consumption and items needed for repairs or improvements to the utility system.

The cost is recorded as an asset at the time individual items are purchased. Reported inventories in the General Fund are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. The consumption method is used to account for inventories within the County’s governmental and proprietary fund types.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond September 30, 2006 are recorded as prepaid items.

**J. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The County has fully implemented the retroactive reporting of infrastructure.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	25 – 50
Machinery and equipment	4 – 10
Vehicles	5
Buses	10
Sewerage Plants	10 – 50
Infrastructure	10 – 50

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**K. Compensated Absences**

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick pay benefits have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

In accordance with the provisions of Statement of Financial Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay bonus.

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**N. Interfund Transactions**

All interfund services provided and used are reported as transfers.

**O. Contributed Capital and Capital Contributions – Proprietary Funds**

Grants, entitlements and shared revenues restricted for the acquisition or construction of capital assets were recorded as contributed capital prior to the implementation of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*. As required by GASB 33, the County has recognized capital contributions as revenue rather than as contributed capital.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**P. Net Assets**

1. Invested in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.
2. Restricted net assets – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.
3. Unrestricted net assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**Note 2. Budgetary Information**

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

- A. Prior to August 1, the Chairman of the Board of Commissioners and the County Manager submit to the Board of Commissioners a proposed operating budget and capital projects budget for the fiscal year commencing the following October 1. The operating and capital projects budgets include proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. At a date no later than the second Board meeting of September, the budget is formally approved.
- D. All budget transfers must be approved by the Budget Administrator, County Manager and/or the Board of Commissioners depending on the type and/or amount of expenditure:

<u>Budget Transfer</u>	<u>Approval Required</u>
1. From overtime and part-time to operating and capital or between overtime and part-time.	Budget Administrator
2. Within operating expenditures in a department.	Budget Administrator
3. From operating expenditures to capital.	Budget Administrator
4. From capital to operating expenditures.	Budget Administrator
5. No budget transfers are to be made between the regular salaries and overtime and part-time budget or the operating expenditures budget in a department without Board approval.	
6. No budget transfers are to be made between the regular salaries and overtime and part-time budget or the capital budget in a department without Board approval.	

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the category level within departments.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 2. Budgetary Information (Continued)**

Formal budgetary integration is employed as a management control device during the year for the General and Debt Service Funds. Annual budgets are also adopted for the Fire District, Law Library, Community Services, Senior Services, Hotel/Motel Tax, Emergency 911, Parking Deck Facility and 800 MHZ Special Revenue Funds. Project length budgets are adopted for the Grant and Housing and Urban Development funds. Budgets for the General, Debt Service and certain Special Revenue funds are adopted on the modified accrual basis except that encumbrances are treated as budgetary expenditures in the year of the incurrence of the commitment to purchase. Actual GAAP expenditures have been adjusted to the non-GAAP budgetary basis for budgetary comparison within this report. Because there were no encumbrances outstanding at the end of the year in the Debt Service Fund, Community Services, Law Library, Hotel/Motel Tax, Parking Deck Facility and 800 MHZ Special Revenue funds, the budgets for these funds are presented on a GAAP basis.

Budgeted amounts are as originally adopted, or as amended, by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations that were amended. Unencumbered appropriations lapse at year-end. There were no material supplementary appropriations made during the year.

The actual results of operations on the budgetary basis are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) for the General, major and nonmajor Special Revenue funds in order to provide a meaningful comparison of actual results with the budget. Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual are presented as supplementary information for certain nonmajor governmental funds.

The major difference between the budget basis and GAAP is that encumbrances are recognized as expenditures for budgetary purposes. All encumbered appropriations are carried forward in the following year's budget. Accordingly, encumbrances are included as budgetary expenses in two different years.

Adjustments necessary to convert the results of operations and fund balances at the end of the year on the budgetary basis to the GAAP basis are as follows:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses		
	General Fund	Fire Fund	Nonmajor Special Revenue Funds
Budgetary Basis	\$ 606,596	\$ 2,527,016	\$ 3,777,766
Encumbrances 9/30/06	3,374,186	1,766,211	76,465
Grant-length Plans	-	-	(104,406)
GAAP Basis	\$ 3,980,782	\$ 4,293,227	\$ 3,749,825

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 2. Budgetary Information (Continued)**

	Fund Balances at End of Year		
	General Fund	Fire Fund	Nonmajor Special Revenue Funds
Budgetary Basis	\$ 57,237,326	\$ 20,954,434	\$ 8,419,772
Encumbrances 9/30/06	3,374,186	1,766,211	76,465
Grant-length Plans	-	-	982,729
GAAP Basis	\$ 60,611,512	\$ 22,720,645	\$ 9,478,966

Material excesses (if both over 5 percent and greater than \$25,000) of expenditures over appropriations at the object level within departments (the legal level of control) are presented below:

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Fund:				
Public Safety				
Sheriff				
Operating expenditures	\$ 946,324	\$ 824,251	\$ 1,031,747	\$ (207,496)

A biennial budget is prepared and presented for review and for adoption by the Board of Commissioners. The legal level of control for each legally adopted annual operating budget is at the category level within departments.

The budget has four categories: Personnel Services, Operating Expenditures, Capital Outlay and Contingency. In FY06, the Sheriff's Department had a (\$207,496) variance in their operating expenditures reflecting a material excess of expenditures over appropriations. This excess was due to rising fuel costs. The County has a contracted price each year which is included in the budget. However, when the fuel delivery system was disrupted in FY05, the suppliers cancelled all contracts causing delivery and price instability.

Budget adjustments are made once the budget is adopted for any subsequent changes during the year. For the future, the Finance Director and the Budget and Internal Audit Director will watch for significant deviations for these types of situations and will make adjustments so that the budget plan is consistent with revised expectations. Final adjustment will be made as appropriate.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 3. Cash and Cash Equivalents and Investments**

PRIMARY GOVERNMENT AND FIDUCIARY FUND:

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2006, \$9,818,151 of the agency funds deposits were exposed to custodial credit risk as uninsured and uncollateralized deposits.

As of September 30, 2006, the County's reporting entity had the following investments:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
<b>PRIMARY GOVERNMENT</b>					
Georgia Fund I	\$ 155,622,854	\$155,622,854	\$ -	\$ -	\$ -
U.S. Agencies	25,094,956	-	25,094,956	-	-
Money Market Mutual Funds	1,856,698	1,856,698			
<b>Total Primary Government (non-fiduciary)</b>	<b>\$ 182,574,508</b>	<b>\$157,478,552</b>	<b>\$25,094,956</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FIDUCIARY FUND</b>					
Pension Trust Fund:					
Common Stocks	\$123,288,618	n/a	n/a	n/a	n/a
Mutual Funds	50,025,380	50,025,380	-	-	-
Bond Mutual Funds	75,304,876	10,003,751	-	28,639,088	36,662,037
Group Annuity Contracts	38,799,119	5,254,670	33,544,449	-	-
Georgia Fund I	2,259,504	2,259,504	-	-	-
<b>Total Pension Trust Fund</b>	<b>\$289,677,497</b>	<b>\$67,543,305</b>	<b>\$33,544,449</b>	<b>\$28,639,088</b>	<b>\$36,662,037</b>

Investments of the primary government include \$157,479,552 grouped in cash and cash equivalents and exclude \$2,553,983 of nonnegotiable certificates of deposits.

*Credit Risk - Investments*

As of September 30, 2006 the County’s investments in Georgia Fund 1 were rated AAAM. Of the County’s investments in bond mutual funds \$38,642,839 were rated AA and the remaining \$36,662,037 were rated AAA.

*Interest Rate Risk - Investments*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy limits the pension investments to the following maximum percentages: Domestic securities 65%, Non-domestic securities 15%, and Fixed income investments and Cash 40%.

The Office of Treasury and Fiscal Services is the oversight agency for Georgia Fund 1.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 3. Cash and Cash Equivalents and Investments (Continued)**

**Component Units**

**A. Cobb-Marietta Coliseum and Exhibit Hall Authority**

*Custodial credit risk – deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of September 30, 2006, all of the Authority's deposits were insured or collateralized.

*Interest rate risk*

In accordance with its investment policy, the Authority manages its exposure to the risk of declines in fair values by limiting the maturities of its investments to a maximum of five years for the debt service reserve account, three years for the General Fund renewal and expansion account, and six months or less in the other accounts.

*Credit risk*

As of September 30, 2006, the Authority had the following investments:

Type of Investment	Rating	Investment Maturities (in Years)				Total Fair Value
		Less than 1	1-5	6-10	More than 10	
Georgia Fund 1	AAA	\$ 6,689,852	\$ -	\$ -	\$ -	\$ 6,689,852
Money market mutual funds	AAAm	535,567	-	-	-	535,567
FHLB obligations	AAA	5,889,360	-	-	-	5,889,360
Total investments		\$ 13,114,779	\$ -	\$ -	\$ -	\$ 13,114,779

At June 30, 2006 the Board's cash deposits were insured or collateralized with securities held by the Board or by its agent in the Board's name.

The following is a summary of the Board's investments at June 30, 2006:

Description	Rating	Fair Value	Weighted Average Maturity
Georgia Fund I	AAAm	\$2,071,705	32days

**Note 4. Restricted Assets**

**A. Cobb-Marietta Coliseum and Exhibit Hall Authority**

The Authority's restricted assets in the governmental funds include cash and investments held in separate accounts as required by the revenue bond ordinances, and interest and contributions receivable that are restricted in purpose.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 4. Restricted Assets (Continued)**

In the general fund, cash and investments held in the renewal and expansion account are restricted for renewal and replacement of assets, expansion projects, and contingencies. The general fund reports resources restricted for renewal and expansion in accordance with the revenue bond indenture.

Contributions received and pledged to the Performing Arts Centre Foundation that have purpose restrictions are reported as restricted assets.

In the debt service fund, the reserve account is required to be funded for the maximum debt service payment that will come due over the life of the senior lien bonds. Funds accumulated to pay current maturities are reported as unrestricted.

The general fund classifies as restricted cash funds that are required to be deposited in the renewal and expansion account after year-end in compliance with the revenue bond indenture. In the debt service fund, the reserve account is required to be funded for the maximum debt service payment that will come due over the life of the senior lien bonds.

<u>Governmental Funds</u>	<u>Cash</u>	<u>Investments</u>	<u>Receivable</u>	<u>Total</u>
General fund:				
Restricted for renewal and expansion	\$ 6,747,847	\$ 12,889,360	\$ 172,490	\$ 19,809,697
Performing Arts Centre Foundation:				
Restricted by donors	386,044	3,200,000	60,451	3,646,495
Debt service fund:				
Restricted for debt service	9,988,002	-	-	9,988,002
 Total governmental funds	 <u>\$ 17,121,893</u>	 <u>\$ 16,089,360</u>	 <u>\$ 232,941</u>	 <u>\$ 33,444,194</u>

In the governmental activities column of the statement of net assets, long-term contribution receivable of \$5,435,871 have been restricted by donors for the construction and operation of the Performing Arts Centre.

The Authority's restricted assets in the enterprise funds include refundable security deposits in the mall fund and an intergovernmental receivable from Cobb County that is restricted for debt service in the Performing Arts Centre fund. The current portion of the intergovernmental receivable is not restricted because it is used to pay current maturities.

<u>Enterprise Funds</u>	<u>Cash</u>	<u>Receivable</u>	<u>Total</u>
Galleria Mall:			
Security deposits	\$ 103,224	\$ -	\$ 103,224
Performing Arts Centre:			
Unspent bond proceeds	21,427	-	21,427
Due from primary government	-	55,844,897	55,844,897
 Total enterprise funds	 <u>\$ 124,651</u>	 <u>\$ 55,844,897</u>	 <u>\$ 55,969,548</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 5. Capital Assets**

Capital asset activity for the year ended September 30, 2006 was as follows:

**Primary Government:**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 744,324,242	\$ 11,676,523	\$ -	\$ 756,000,765
Construction in progress	30,739,266	25,510,017	(25,867,973)	30,381,310
Total capital assets, not being depreciated	<u>\$ 775,063,508</u>	<u>\$ 37,186,540</u>	<u>\$ (25,867,973)</u>	<u>\$ 786,382,075</u>
Capital assets, being depreciated:				
Buildings	\$ 275,499,839	\$ 10,554,317	\$ -	\$ 286,054,156
Improvements other than buildings	17,015,191	705,848	-	17,721,039
Machinery and equipment	177,971,344	18,306,712	(3,879,270)	192,398,786
Infrastructure	2,026,665,138	34,591,993	-	2,061,257,131
Total capital assets being depreciated	<u>2,497,151,512</u>	<u>64,158,870</u>	<u>(3,879,270)</u>	<u>2,557,431,112</u>
Less accumulated depreciation for:				
Buildings	\$ (61,587,256)	\$ (5,620,921)	\$ -	\$ (67,208,177)
Improvements other than buildings	(7,587,960)	(1,185,271)	-	(8,773,231)
Machinery and equipment	(121,954,205)	(15,121,585)	3,745,584	(133,330,206)
Infrastructure	(540,656,246)	(51,012,374)	-	(591,668,620)
Total accumulated depreciation	<u>\$ (731,785,667)</u>	<u>\$ (72,940,151)</u>	<u>\$ 3,745,584</u>	<u>\$ (800,980,234)</u>
Total capital assets, being depreciated, net	<u>1,765,365,845</u>	<u>(8,781,281)</u>	<u>(133,686)</u>	<u>1,756,450,878</u>
Governmental activities capital assets, net	<u><u>\$ 2,540,429,353</u></u>	<u><u>\$ 28,405,259</u></u>	<u><u>\$ (26,001,659)</u></u>	<u><u>\$ 2,542,832,953</u></u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 54,578,333	\$ 5,165,094	\$ -	\$ 59,743,427
Construction in progress	58,388,065	76,737,417	(27,533,773)	107,591,709
Total capital assets, not being depreciated	<u>\$ 112,966,398</u>	<u>\$ 81,902,511</u>	<u>\$ (27,533,773)</u>	<u>\$ 167,335,136</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 50,947,612	\$ 130,790	\$ -	\$ 51,078,402
Sewerage plants	675,364,829	6,466,050	-	681,830,879
Machinery and equipment	71,020,260	6,408,957	(947,575)	76,481,642
Infrastructure:				
Sewer lines	448,593,281	21,436,742	-	470,030,023
Water lines and meters	274,840,520	21,632,080	-	296,472,600
Total capital assets being depreciated	<u>\$ 1,520,766,502</u>	<u>\$ 56,074,619</u>	<u>\$ (947,575)</u>	<u>\$ 1,575,893,546</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 5. Capital Assets (Continued)**

Less accumulated depreciation for:

Buildings and structures	\$ (8,189,728)	\$ (1,240,080)	\$ -	\$ (9,429,808)
Sewerage plants	(149,932,624)	(18,261,593)	-	(168,194,217)
Machinery and equipment	(48,825,764)	(5,476,468)	947,575	(53,354,657)
Infrastructure:				
Sewer lines	(115,475,613)	(9,758,865)	-	(125,234,478)
Water lines and meters	(98,787,111)	(6,871,910)	-	(105,659,021)
Total accumulated depreciation	<u>\$ (421,210,840)</u>	<u>\$ (41,608,916)</u>	<u>\$ 947,575</u>	<u>\$ (461,872,181)</u>
Total capital assets, being depreciated, net	<u>1,099,555,662</u>	<u>14,465,703</u>	<u>-</u>	<u>1,114,021,365</u>
Business-type activities capital assets, net	<u>\$ 1,212,522,060</u>	<u>\$ 96,368,214</u>	<u>\$ (27,533,773)</u>	<u>\$ 1,281,356,501</u>

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

Governmental activities:

General government	\$ 6,118,874
Public safety	10,307,868
Public works	53,038,939
Health and welfare	935,517
Culture and recreation	2,460,931
Housing and development	78,022
Total depreciation expense - governmental activities	<u>\$ 72,940,151</u>

Business-type activities:

Water and sewer	\$ 37,623,887
Solid Waste	931,440
Golf Course	77,964
Amphitheatre	143,480
Transit System	2,832,145
Total depreciation expense - business-type activities	<u>\$ 41,608,916</u>

**Note 6. Risk Management**

The County established a risk management program for casualty, liability and medical claims in 1985. Premiums are paid into the Claims Internal Service Fund by other funds and are available to pay claims and administrative costs. The County is self-insured up to \$450,000 per occurrence for workers' compensation. Amounts exceeding this are covered by an excess workers' compensation policy. The County also maintains an excess coverage policy for medical claims that covers individual claims in excess of \$1,000,000. This policy provides for a \$200,000 deductible for each occurrence. The County has not experienced any significant decreases in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can reasonably be estimated. Liabilities include an amount for claims that have been incurred but not reported.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 6. Risk Management (Continued)**

Incurred but not reported claims of \$19,481,501 have been accrued as a liability in the Claims Internal Service Fund based primarily upon an actuary's estimate. Interfund premiums are based primarily upon the insured funds' claims experience.

<u>September 30</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
1997	\$ 5,561,433	\$ 15,617,131	\$ 14,581,040	\$ 6,597,524
1998	6,597,524	17,113,265	16,936,304	6,774,485
1999	6,774,485	16,991,724	16,868,424	6,897,785
2000	6,897,785	20,187,716	19,868,066	7,217,435
2001	7,217,435	22,521,847	21,685,709	8,053,573
2002	8,053,573	28,246,667	26,852,687	9,447,553
2003	9,447,553	32,360,331	30,576,030	11,231,854
2004	11,231,854	38,194,327	35,717,321	13,708,860
2005	13,708,860	40,961,207	38,035,702	16,634,365
2006	16,634,365	41,226,703	38,379,567	19,481,501

**Note 7. Leases**

**A. Operating Leases**

The County has several operating leases for equipment that are not material.

**B. Capital Leases**

Cobb County is obligated under capital leases initiated in current and prior years covering various types of equipment and building improvements.

The assets acquired through capital leases are as follows:

	<u>Total Governmental Activities</u>
Asset:	
Buildings	\$ 3,912,751
Machinery and equipment	26,374,422
Less: Accumulated depreciation	<u>(5,700,851)</u>
Total	<u>\$ 24,586,322</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 7. Leases (Continued)**

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of September 30, 2006:

	Total Governmental Activities	Total Business-type Activities
2007	10,090,246	40,613
2008	5,760,148	40,613
2009	3,620,245	40,612
2010	326,745	33,844
2011	326,384	-
2012-2016	1,637,250	-
2016-2019	973,688	-
Total minimum lease payments	<u>\$ 22,734,705</u>	<u>\$ 155,681</u>
Less: Amount		
representing interest	<u>2,133,836</u>	<u>11,300</u>
Present value of		
minimum lease payments	<u>\$ 20,600,870</u>	<u>\$ 144,381</u>

Governmental activities:

In October, 1997, a lease agreement was entered into with the Downtown Marietta Development Authority for the parking deck lease. This lease agreement is for 252 months with annual principal payments and semi-annual interest payments. The parking deck is used by Cobb County employees and the general public. The lease agreement qualifies as a capital lease and has been recorded in the Parking Deck Facility Special Revenue Fund.

In August, 2002, a lease agreement was entered into with GE Capital Public Finance, Inc. for the Central Aquatics Center. This lease agreement is for 60 months and has been recorded as a capital lease in the Public Facilities Fund.

In December, 2002, a lease agreement was entered into with GE Capital Public Finance, Inc. for the purchase of the Financial and Human Resource Information System and related equipment. This lease agreement is for 60 months and has been recorded as a capital lease in the Public Facilities Fund.

In July, 2003, a lease agreement was entered into with GE Capital Public Finance, Inc. for the Energy Efficient Lighting Project. The lease agreement is for 60 months and has been recorded as a capital lease in the Public Facilities Fund.

In October, 2003, a lease agreement was entered into with GE Capital Public Finance, Inc. for Datacom. The lease agreement is for 36 months. The lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In January, 2004, a lease agreement was entered into with Xerox Corporation for print shop equipment. The lease agreement is for 60 months. The lease agreement qualifies as a capital lease and has been recorded in the General Fund.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 7. Leases (Continued)**

In August, 2004, a lease agreement was entered into with Motorola, Inc. for 800 MHz Core equipment. This lease agreement is for 48 months with four annual principal and interest payments. This equipment will service numerous County departments including the Department of Public Safety, Sheriff's Department, Department of Transportation and the Water Department. This lease agreement qualifies as a capital lease and has been recorded in the Public Facilities Fund.

In March, 2006, a lease agreement was entered into with Bank of America Leasing and Capital, Inc. for a new digital radio system. This lease agreement is for 12 months with monthly principal and interest payments. This lease agreement qualifies as a capital lease and has been recorded in the 800 MHZ Fund.

In July, 2006, a lease agreement was entered into with Bank of America Leasing and Capital, Inc. for maintenance equipment. This lease agreement is for 48 months with monthly principal and interest payments. This lease agreement qualifies as a capital lease and has been recorded in the Golf Course Fund.

**Note 8. Long-Term Debt**

**A. Primary Government**

Bonds payable at September 30, 2006 are comprised of the following individual issues:

1. General Obligation Bonds

\$18,345,000 2005 refunding serial bonds due in annual installments of \$100,000 to \$2,200,000 through January 1, 2017; interest at 3.00 to 5.00 percent (\$18,245,000 outstanding). The Bonds were issued for the purpose of advance refunding, defeasing and optionally redeeming the County's outstanding Park and Recreation Bonds, Series 1996 and paying the cost of issuance of the Series 2005 Bonds.

\$31,640,000 2003 refunding serial bonds due in annual installments of \$3,600,000 to \$5,220,000 through January 1, 2010; interest at 3.00 to 5.00 percent (\$19,460,000 outstanding). The Bonds were issued to refund the County's Building and Facilities Bonds, Series 1993 and the Animal Control Center Bonds, Series 1993 and to pay expenses necessary to accomplish the foregoing.

\$30,000,000 1996 Parks and Recreation serial bonds due in annual installments of \$1,210,000 to \$2,310,000 through January 1, 2017; interest at 5.00 to 5.125 percent (\$1,390,000 outstanding). The Bonds were issued to finance the costs of acquiring, constructing, developing, improving, repairing, renovating, and equipping additional park and recreation areas and facilities of the County.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 8. Long-Term Debt (Continued)**

2. Revenue Bonds

a. Arts Center

\$890,000 1997 Authority refunding serial bonds due in annual installments of \$95,000 to \$110,000 through January 1, 2007; interest at 4.45 to 4.60 percent (\$110,000 outstanding). The Bonds were issued to provide funds to refund the Series 1989 Bonds and to pay expenses necessary to accomplish the foregoing.

b. Water and Sewerage

\$34,520,000 2004 refunding serial bonds due in annual installments of \$10,730,000 to \$6,925,000 through July 1, 2008; interest at 2.00 to 5.00 percent (\$13,405,000 outstanding). The Bonds were issued to refund the Water and Sewerage Revenue Refunding Bonds, Series 1996 and pay expense necessary to accomplish the foregoing.

\$36,545,000 2003 refunding serial bonds due in annual installments of \$7,590,000 to \$9,405,000 through July 1, 2008; interest at 3.00 to 5.00 percent (\$18,875,000 outstanding). The Bonds were issued to provide funds to refund a portion of the Water and Sewerage Revenue Improvement Bonds, Series 1993, and pay expenses necessary to accomplish the foregoing.

\$100,000,000 2003 serial bonds due in annual installments of \$5,135,000 to \$8,740,000 through July 1, 2023; interest at 4.00 to 5.00 percent (\$100,000,000 outstanding). The Bonds were issued to provide funds to finance a portion of certain additions, betterments, replacements, extensions and improvements to the County's water and sewerage facilities and to pay expenses necessary to accomplish the foregoing.

c. Solid Waste Disposal

\$19,285,000 2004 refunding serial bonds due in annual installments of \$1,720,000 to \$2,000,000 through January 1, 2015; interest at 2.75 to 5.00 percent (\$17,565,000 outstanding). The Bonds were issued for the purpose of refunding, defeasing and optionally redeeming all of the Authority's outstanding Revenue Bonds, Series 1995 and paying the costs of issuance of the Series 2004 Bonds.

d. Cobblestone Golf Course

\$6,905,000 1997 Recreation Authority refunding serial bonds due in annual installments of \$355,000 to \$570,000 through January 1, 2014; interest at 4.45 to 5.00 percent (\$3,880,000 outstanding). The Bonds were issued to provide funds to refund the Series 1992 Bonds and to pay expenses necessary to accomplish the foregoing.

The annual requirements to amortize all General Obligation and Revenue bonds outstanding at September 30, 2006 including interest payments of \$61,975,352 are as follows:

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 8. Long-Term Debt (Continued)**

Year Ending September	Governmental Activities					
	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 6,025,000	\$ 1,656,075	\$ 110,000	\$ 2,530	\$ 6,135,000	\$ 1,658,605
2008	6,255,000	1,365,175	-	-	6,255,000	1,365,175
2009	6,515,000	1,076,575	-	-	6,515,000	1,076,575
2010	6,820,000	772,750	-	-	6,820,000	772,750
2011	1,660,000	583,050	-	-	1,660,000	583,050
2012-2016	9,620,000	1,631,725	-	-	9,620,000	1,631,725
2017	2,200,000	55,000	-	-	2,200,000	55,000
	<u>\$ 39,095,000</u>	<u>\$ 7,140,350</u>	<u>\$ 110,000</u>	<u>\$ 2,530</u>	<u>\$ 39,205,000</u>	<u>\$ 7,142,880</u>

Year Ending September 30	Business Type Activities		Component Units	
	Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 18,160,000	\$ 6,963,248	\$ 3,215,000	\$ 6,599,763
2008	18,615,000	6,089,069	3,405,000	6,473,143
2009	7,495,000	5,195,258	3,600,000	6,337,284
2010	7,710,000	4,860,503	3,800,000	6,186,506
2011	7,955,000	4,503,205	4,025,000	6,023,613
2012-2016	39,885,000	16,690,226	24,165,000	27,125,922
2017-2021	36,810,000	9,003,800	32,740,000	20,428,744
2022-2026	17,095,000	1,527,163	43,965,000	11,125,838
2027-2029	-	-	19,170,000	1,475,693
	<u>\$ 153,725,000</u>	<u>\$ 54,832,472</u>	<u>\$ 138,085,000</u>	<u>\$ 91,776,506</u>

The annual requirements to amortize all Water and Sewer Revenue Bonds outstanding at September 30, 2006 are as follows:

	Outstanding Parity Bonds		
	Principal	Interest	Total
2007	\$ 15,950,000	\$ 6,103,350	\$ 22,053,350
2008	16,330,000	5,305,850	21,635,850
2009	5,135,000	4,489,350	9,624,350
2010	5,275,000	4,232,600	9,507,600
2011	5,435,000	3,968,850	9,403,850
2012-2016	30,250,000	15,755,100	46,005,100
2017-2021	36,810,000	9,003,800	45,813,800
2022-2024	17,095,000	1,527,163	18,622,163
Total	<u>\$ 132,280,000</u>	<u>\$ 50,386,063</u>	<u>\$ 182,666,063</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 8. Long-Term Debt (Continued)**

The proceeding information is presented in order to meet continuing disclosure requirements as set forth in the Security and Exchange Commission's Rule 15c2-12(b)(5).

3. Compliance

The 1985 Series Water and Sewerage Bond Resolution requires the establishment of a Debt Service Reserve Account within the Water and Sewerage Sinking Fund in an amount at least equal to the highest annual debt service on the Series 1985 Bonds. The Resolution also authorizes Cobb County to obtain a surety bond in place of funding the Debt Service Reserve Account. The County has obtained a Municipal Bond Insurance Association bond for this purpose. However, the Series 2003 Resolution amends the Prior Resolutions and provides that commencing on December 1, 2003, there shall no longer be a Debt Service Reserve Requirement for any Bonds then outstanding.

There are a number of limitations and restrictions contained in the various bond indentures. The County is in compliance with all significant limitations and restrictions.

\$8,366,821 is available in the Debt Service Fund to service the general obligation bonds.

4. Prior Years' Advance Refundings

In prior years, the County advance refunded certain water and sewerage revenue and recreation authority 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 assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2006, \$49,430,000 of bonds outstanding are considered defeased.

G.O. Bonds:

During the fiscal year ending September 30, 2003, the County issued Series 2003 General Obligation Refunding Bonds of \$31,640,000 with interest rates of 3.0 percent to 5.0 percent to advance refund \$32,490,000 of the 1993 Detention Facility and Animal Control Center serial bonds with interest rates of 4.70 to 5.50 percent. The 2003 General Obligation Refunding Bonds were issued at a premium of \$2,495,009, less an underwriting discount of \$13,531, plus accrued interest on the Bonds from their dated date to the date of delivery of \$83,172. After paying the issuance costs of \$66,960 the net proceeds were \$33,808,908. The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the 1993 bond issue maturing in 2010. The advance refunding met the requirements of an in-substance defeasance, thus the refunded portions of the 1993 bonds are no longer included in the Governmental Activities Statement of Net Assets bond payable balance. As a result of the advanced refunding, the County reduced its total debt service requirements by \$2,570,241 that resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,351,427.

The \$18,345,000 2005 Parks and Recreation Refunding Bonds were issued at a premium of \$900,880 less an underwriting discount of \$29,750 and issuance costs of \$72,000 resulting in net proceeds of \$19,144,130.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 8. Long-Term Debt (Continued)**

These net proceeds, together with \$321,704 of sinking funds monies available to pay interest accrued on the Series 1996 Refunding Bonds, were deposited into an irrevocable trust with a defeasance escrow agent to satisfy the defeasance requirement on January 1, 2007. As a result of the refunding and defeasance, the County reduced its total debt service requirement by \$1,284,390 which resulted in an economic gain (difference between the present value of the debt service payments on the Refunded Bonds and the 2005 Bonds) of \$1,020,494.

Revenue Bonds:

During the fiscal year ending September 30, 2003, the County issued Series 2003 Water and Sewer Refunding Revenue Bonds of \$36,545,000 with interest rates of 3.0 percent to 5.0 percent to advance refund \$49,430,000 of the 1993 Water and Sewer Revenue bonds with interest rates of 4.75 to 5.40 percent. The 2003 Water and Sewer Refunding Revenue Bonds were issued at a premium of \$3,149,556, less an underwriting discount of \$52,259, plus accrued interest on the Bonds from their dated date to the date of delivery of \$97,735. After paying the issuance costs of \$81,931 the net proceeds were \$51,460,128. The net proceeds from the issuance were used to purchase U.S. government securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments on the 1993 bond issue maturing in 2008. The advance refunding met the requirements of an in-substance defeasance, thus the refunded portions of the 1993 bonds are no longer included in the Water and Sewer Fund Statement of Net Assets bond payable balance. As a result of the advanced refunding, the County reduced its total debt service requirements by \$2,899,909, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2,683,436.

During the fiscal year ending September 30, 2004, the County issued Series 2004 Water and Sewer Revenue Refunding Bonds in the aggregate principal amount of \$34,520,000 with interest rates of 2.0 percent to 5.0 percent. The 2004 Bonds were issued to provide funds to be used, together with other funds available for such purpose, to refund upon optional redemption on July 1, 2004 the outstanding Cobb County Water and Sewerage Revenue Refunding Bonds, Series 1996 (the "Refunded Bonds"), maturing July 1 in each of the years 2005 through and including 2008, outstanding in the aggregate principal amount of \$34,380,000 with interest at 5.125% and pay expenses to accomplish the foregoing. In connection such refunding, the County defeased all outstanding Series 1996 Bonds, including the Refunded Bonds and the Series 1996 Bonds maturing on July 1, 2004.

The \$34,520,000 2004 Bonds were issued at a premium of \$2,514,153 less an underwriter's discount of \$59,054 and issuance costs of \$172,600 resulting in total net proceeds of \$36,802,499. The net proceeds from the issuance were used, together with \$6,239,089 of sinking fund monies available for the July 1, 2004 maturity of the unrefunded portion of the Series 1996 Bonds, to purchase U.S. Government securities that were deposited into an irrevocable trust with a defeasance escrow agent to satisfy the defeasance requirement on July 1, 2004.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 8. Long-Term Debt (Continued)**

As a result of the refunding and defeasance, the County reduced its total debt service requirements by \$1,776,986, which resulted in an economic gain (difference between the present value of the debt service payments on the Refunded Bonds and 2004 Bonds) of \$1,737,545.

In December 2004, the County issued Series 2004 Solid Waste Management Authority Revenue Bonds in the amount of \$19,285,000. The bond is repayable over 10 years with the principal payment beginning January 1, 2006 and bears interest at a rate of 3.0 to 5.0 percent which is payable semiannually over 10 years on July 1 and January 1 of each year beginning July 1, 2005.

5. Notes Payable

Solid Waste Disposal

\$895,321 Note payable due in quarterly installments of \$28,314 beginning January 1997 through October 2006; interest at 4.8 percent.

The annual requirements to amortize the Georgia Environmental Facilities Authority Note Payable at September 30, 2006 are as follows:

	Interest	Principal	Totals
2007	\$ 336	\$ 27,978	\$ 28,314

**B. Component Unit: Cobb-Marietta Coliseum and Exhibit Hall Authority**

Bonds payable are comprised of the following individual issues at September 30, 2006:

\$7,315,000 series 1993 serial bonds, of which \$3,720,000 was outstanding at September 30, 2006. The serial bonds are due in future annual installments of \$1,175,000 to \$1,305,000 through October 1, 2008, with interest at fixed rates from 5.3 percent to 5.5 percent.

\$40,650,000 series 1993 term bonds, all of which was outstanding at September 30, 2006, that come due with the applicable fixed rates as follows:

October 1, 2012	\$ 5,975,000	5.5%
October 1, 2018	11,735,000	5.5%
October 1, 2026	<u>22,940,000</u>	5.625%
	<u>\$ 40,650,000</u>	

The purpose of the 1993 issue was to refund a portion of the series 1991 bonds, which were issued to finance the construction of the convention centre.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 8. Long-Term Debt (Continued)**

\$19,000,000 series 1996 A serial bonds, of which \$16,635,000 was outstanding at September 30, 2006. The bonds are due in annual installments of \$445,000 to \$1,235,000, with variable interest rates that are reset weekly. Estimated future debt service requirements for the variable interest rate debt are calculated using the interest rate in effect at September 30, 2006 of 2.75 percent. The purpose of the Series 1996A Bonds was to finance the purchase of approximately eleven acres of land for future expansion capabilities.

\$7,220,000 series 1999 serial bonds, of which \$16,210,000 was outstanding at September 30, 2006. The serial bonds are due in annual installments of \$585,000 to \$705,000 through October 1, 2010; interest at 4.50 to 5.50 percent.

\$16,730,000 series 1999 serial bonds, of which \$3,240,000 was unrefunded and outstanding at September 30, 2006. These bonds are subject to mandatory redemption requirements beginning October 1, 2011. The unrefunded term bonds come due October 1, 2014 at a fixed rate of 6 percent.

The purpose of the 1999 issue was to finance the expansion of the Cobb Galleria Centre and the construction of a new parking deck. These bonds were partially advance refunded by the series 2005 revenue refunding bonds.

\$2,120,000 series 2005 serial bonds, all of which was outstanding at September 30, 2006. The serial bonds are due in future annual installments of \$15,000 to \$990,000 through October 1, 2016, with interest at fixed rates from 3.0 to 4.0 percent.

\$13,255,000 series 2005 term bonds, all of which was outstanding at September 30, 2006, that subject to mandatory redemption requirements beginning October 1, 2017. The term bonds come due with the applicable fixed rates as follows:

October 1, 2019	\$ 3,255,000	5.25%
October 1, 2026	10,000,000	5.50%
	\$ 13,255,000	

The purpose of the 2005 issue was to refund a portion of the series 1999 bonds.

\$44,180,000 series 2004 serial bonds, of which \$42,435,000 was outstanding at September 30, 2006. The serial bonds are due in future annual installments of \$905,000 to \$3,790,000 through January 1, 2026 with interest at fixed rates from 2.0 to 5.0 percent.

\$12,820,000 series 2004 term bonds, all of which was outstanding at September 30, 2006, that subject to mandatory redemption requirements beginning January 1, 2027. The term bonds come due on January 1, 2029 at a fixed rate of 4.375 percent.

The purpose of the 2004 issue was to finance the construction of a new Performing Arts Centre and parking garage. The debt service requirements for the 2004 revenue bonds are to be funded through an intergovernmental contract with Cobb County over the term of the debt.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 8. Long-Term Debt (Continued)**

Advance refundings

During the fiscal year, the Authority issued \$15,375,000 of revenue refunding bonds in order to provide resources for the purchase of U.S. government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$15,400,000 of outstanding revenue bonds. As a result, the refunded bonds are considered to be defeased for accounting purposes and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price of the new debt exceeded the net carrying amount of the old debt by \$1,417,645. This amount is being netted against the new debt and will be amortized over the life of the new debt, which is the same as the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by approximately \$1,159,265 and resulted in an economic gain of \$727,520.

The total amount of in-substance defeased debt outstanding that is not reported in the Authority's financial statements as of September 30, 2006 is \$15,400,000.

Compliance

There are a number of limitations and restrictions contained in the revenue bond indentures. The Authority is in compliance with all significant limitations and restrictions.

The following is a summary of changes in long-term obligations of the County's and the Component Unit's Governmental Activities and Business-type Activities for the fiscal year September 30, 2006:

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 8. Long-Term Debt (Continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
GO Bonds:					
2005 Refunding	\$ 18,345,000	\$ -	\$ (100,000)	\$ 18,245,000	\$ 100,000
2003 Refunding	23,830,000	-	(4,370,000)	19,460,000	4,535,000
1996 Recreation Authority	2,720,000	-	(1,330,000)	1,390,000	1,390,000
Revenue Bonds:					
1997 Recreation Authority Refunding	210,000	-	(100,000)	110,000	110,000
Total Bonds before discounts and premiums	<u>\$ 45,105,000</u>	<u>\$ -</u>	<u>\$ (5,900,000)</u>	<u>\$ 39,205,000</u>	<u>\$ 6,135,000</u>
Less:					
Original issuance discounts	\$ (411,308)	\$ -	\$ 55,914	\$ (355,394)	\$ -
Deferred amounts on refunding	(984,812)	-	133,668	(851,144)	-
Add:					
Bond premiums	2,385,189	-	(386,949)	1,998,240	-
Total bonds payable	<u>\$ 46,094,069</u>	<u>\$ -</u>	<u>\$ (6,097,367)</u>	<u>\$ 39,996,702</u>	<u>\$ 6,135,000</u>
Capital Leases before discounts	\$ 17,744,916	\$ 7,019,390	\$ (4,163,436)	\$ 20,600,870	\$ 9,248,609
Less:					
Original issuance discounts	(195,670)	-	65,224	(130,446)	-
Total Capital Lease Payable	<u>\$ 17,549,246</u>	<u>\$ 7,019,390</u>	<u>\$ (4,098,212)</u>	<u>\$ 20,470,424</u>	<u>\$ 9,248,609</u>
Intergovernmental contract payable	\$ 56,160,000	\$ -	\$ (905,000)	\$ 55,255,000	\$ 975,000
Compensated Absences	\$ 16,013,951	\$ 12,340,241	\$ (11,195,741)	\$ 17,158,451	\$ 11,195,741
Total Other Liabilities	<u>\$ 89,723,197</u>	<u>\$ 19,359,631</u>	<u>\$ (16,198,953)</u>	<u>\$ 92,883,875</u>	<u>\$ 21,419,350</u>
Governmental Activities Long-term Liabilities	<u>\$ 135,817,266</u>	<u>\$ 19,359,631</u>	<u>\$ (22,296,320)</u>	<u>\$ 132,880,577</u>	<u>\$ 27,554,350</u>
<b>Business-type Activities:</b>					
Revenue Bonds:					
2004 Water & Sewer Refunding	\$ 23,790,000	\$ -	\$ (10,385,000)	\$ 13,405,000	\$ 6,480,000
2003 Water & Sewer Serial Bond	100,000,000	-	-	100,000,000	-
2003 Water & Sewer Refunding	24,260,000	-	(5,385,000)	18,875,000	9,470,000
1997 Refunding Recreation Authority	4,270,000	-	(390,000)	3,880,000	410,000
2004 Solid Waste Management Authority Refunding	19,285,000	-	(1,720,000)	17,565,000	1,800,000
Total Bonds before discounts and premiums	<u>\$ 171,605,000</u>	<u>\$ -</u>	<u>\$ (17,880,000)</u>	<u>\$ 153,725,000</u>	<u>\$ 18,160,000</u>
Add: Bond premiums	7,092,560	-	(1,466,029)	5,626,531	-
Less:					
Original issuance discount	\$ (15,140)	\$ -	\$ 1,697	\$ (13,443)	\$ -
Deferred amount on refunding	(2,834,083)	-	838,527	(1,995,556)	-
Total bonds payable	<u>\$ 175,848,337</u>	<u>\$ -</u>	<u>\$ (18,505,805)</u>	<u>\$ 157,342,532</u>	<u>\$ 18,160,000</u>
Capital Leases	\$ -	\$ 150,183	\$ (5,802)	\$ 144,381	\$ 35,612
Closure and postclosure	27,143,333	-	(58,115)	27,085,218	-
Note Payable	136,615	-	(108,637)	27,978	27,978
Compensated Absences	1,374,859	1,446,653	(1,374,859)	1,446,653	1,000,594
Total Other Liabilities	<u>\$ 28,654,807</u>	<u>\$ 1,596,836</u>	<u>\$ (1,547,413)</u>	<u>\$ 28,704,230</u>	<u>\$ 1,064,184</u>
Business-type Activities Long-term Liabilities	<u>\$ 204,503,144</u>	<u>\$ 1,596,836</u>	<u>\$ (20,053,218)</u>	<u>\$ 186,046,762</u>	<u>\$ 19,224,184</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 8. Long-Term Debt (Continued)**

**Component Units**

**Cobb-Marietta Coliseum and Exhibit Hall Authority**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
Revenue Bonds:	\$ 84,950,000	\$ -	\$ (2,120,000)	\$ 82,830,000	\$ 2,240,000
Add: Unamortized issuance premium	1,980,363	-	(60,653)	1,919,710	-
Less deferred amounts:					
On refunding	(4,359,373)	-	280,710	(4,078,663)	-
For issuance discount	(383,382)	-	30,435	(352,947)	-
Total bonds payable	<u>82,187,608</u>	<u>-</u>	<u>(1,869,508)</u>	<u>80,318,100</u>	<u>2,240,000</u>
Compensated absences	<u>116,216</u>	<u>250,223</u>	<u>(230,899)</u>	<u>135,540</u>	<u>135,540</u>
Governmental Activities Long-term Liabilities	<u>\$ 82,303,824</u>	<u>\$ 250,223</u>	<u>\$ (2,100,407)</u>	<u>\$ 80,453,640</u>	<u>\$ 2,375,540</u>
<b>Business-type Activities:</b>					
Bonds payable:					
Revenue bonds	\$ 56,160,000	\$ -	\$ (905,000)	\$ 55,255,000	\$ 975,000
Add: Unamortized issuance premium	1,387,881	-	(113,311)	1,274,570	-
Total bonds payable	<u>57,547,881</u>	<u>-</u>	<u>(1,018,311)</u>	<u>56,529,570</u>	<u>975,000</u>
Unearned revenue	<u>1,000,000</u>	<u>4,200,000</u>	<u>-</u>	<u>5,200,000</u>	<u>-</u>
Business-type Activities Long-term Liabilities	<u>\$ 58,547,881</u>	<u>\$ 4,200,000</u>	<u>\$ (1,018,311)</u>	<u>\$ 61,729,570</u>	<u>\$ 975,000</u>
<b>Cobb County Board of Health</b>					
<b>Governmental Activities:</b>					
Compensated absences	<u>\$ 648,055</u>	<u>\$ 597,395</u>	<u>\$ (556,886)</u>	<u>\$ 688,564</u>	<u>\$ 556,886</u>

**Note 9. Short-Term Tax Anticipation Notes**

In April 2006, the County issued \$83 million in tax anticipation notes to finance the general operations of the County through October 2006. The notes bear interest at a rate of 4.5 percent and are due on December 31, 2006. These notes were paid on December 29, 2006 from 2006 property tax revenues collected between September and December. Total payments of principal and interest on December 31, 2006 amounted to \$85,728,625.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 9. Short-Term Tax Anticipation Notes (Continued)**

The borrowings were allocated to the General Fund and Fire District Special Revenue Fund as follows:

	<u>Principal</u>	<u>Outstanding Premium</u>	<u>Total</u>
General Fund	\$54,000,000	\$ 138,801	\$54,138,801
Fire District Special Revenue Fund	<u>29,000,000</u>	<u>74,584</u>	<u>29,074,584</u>
	<u>\$83,000,000</u>	<u>\$ 213,385</u>	<u>\$83,213,385</u>

Short-term debt activity for the year ended September 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ 83,500,000	\$ 83,000,000	\$ (83,500,000)	\$ 83,000,000
Premium on notes	<u>220,592</u>	<u>630,800</u>	<u>(638,007)</u>	<u>213,385</u>
Total tax anticipation notes payable	<u>\$ 83,720,592</u>	<u>\$ 83,630,800</u>	<u>\$ (84,138,007)</u>	<u>\$ 83,213,385</u>

**Note 10. Fund Balances Reserves and Designations**

**A. Primary Government:**

Reserves are used to indicate that a portion of the fund balance is not appropriable for expenditures or is legally segregated for a special future use. Designations of fund balances represents tentative management plans that are subject to change. The following reserves and designations are used by the County:

1. General, Special Revenue, Debt Service, and Capital Projects Funds:
  - a. Reserved for encumbrances – reserved for payment of open commitments.
  - b. Reserved for inventories and prepaid expenditures – reserved for inventory and contracts already purchased.
  - c. Reserved for debt service – reserved for payment of bond principal and interest.
  - d. Reserved for advances – reserved for payment of advance funding.
  - e. Designation for construction and capital outlay – designated for projects financed by general obligation bond proceeds, sales tax revenues and transfers from the General Fund and the Fire District Special Revenue Fund.
  - f. Designation for debt service – designated for payment of long-term debt principal and interest.
  
1. Fiduciary Funds:
  - a. Reserved for employees' pension benefit – restricted for payment of future employee pension benefit distributions.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 10. Fund Balances Reserves and Designations (Continued)**

**B. Component Units:**

Reserves represent those portions of the fund equity not appropriated for expenditure or legally segregated for a specific future use. The following are used by the Authority and the Board of Health:

1. General, Debt Service, Special Revenue and Capital Projects Funds:
  - a. Reserved for encumbrances – reserved for payment of open commitments.
  - b. Reserved for inventory – reserved for inventory already purchased.
  - c. Reserved for renewal and expansion – restricted for construction, operation and maintenance.
  - d. Reserved for debt service – restricted for payment of bond principal and interest.
2. Fiduciary Funds:

Reserved for employees' pension benefit – restricted for payment of future employee pension benefit distributions.

**Note 11. Property Taxes**

The County bills and collects its own property taxes and those taxes for the Cobb County School System and some municipalities within the County. Collections of the County taxes and remittance of them to the General Fund, Fire District Fund, Debt Service Fund, the school system and municipalities are accounted for in the Tax Commissioner Agency Fund. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied each July based on values as of January 1<sup>st</sup> and are due on October 15<sup>th</sup> each year. FY06 property taxes were levied on July 29, 2006 with taxes being due on October 15<sup>th</sup> of the same year. Collections of property taxes are made throughout the year. Liens may attach to the property for unpaid taxes at any time within three years after the due date of October 15<sup>th</sup>.

Property tax collections will be used primarily to pay off outstanding tax anticipation notes that were issued in April 2006 to provide for financing of County operations for the fiscal year ended September 30, 2006.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 12. Interfund Balances and Transfers**

**A. Primary Government**

Individual fund interfund receivable and payable balances for the fiscal year ended September 30, 2006 are as follows:

**Due to / from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	2006 SPLOST Fund	\$ 2,540,918
	Solid Waste Fund	1,187,603
	Nonmajor Governmental Funds	713,750
	Nonmajor Business-Type Funds	3,574,431
		8,016,702
Fire District Fund	2006 SPLOST Fund	414,714
	Nonmajor Governmental Funds	31,200
		445,914
Water and Sewer Fund	2006 SPLOST Fund	269,021
	Solid Waste Fund	21,475,701
		21,744,722
Nonmajor Governmental Funds	General Fund	18,934,784
	Fire District Fund	926,085
	2006 SPLOST Fund	52,298
	Nonmajor Governmental Funds	2,166
		19,915,333
Internal Service Fund	General Fund	4,605,258
	Fire District Fund	714,061
	2006 SPLOST Fund	3,842
	Water and Sewer Fund	662,284
	Solid Waste Fund	108,514
	Nonmajor Governmental Funds	193,713
	6,287,672	
Fiduciary Fund	General Fund	555,085
		\$ 56,965,428

All interfund balances are due either to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending September 30, 2007.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 12. Interfund Balances and Transfers (Continued)**

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 1,476,219
	Nonmajor Business-Type Funds	600,000
		\$ 2,076,219

The amounts payable to the General Fund relate to financing for cash purposes and are not subject to be repaid in the subsequent year.

	Transfer In								Total
	General Fund	Fire District Fund	2006 SPLOST Fund	Water and Sewer Fund	Solid Waste Fund	Internal Service Fund	Nonmajor Governmental Funds	Nonmajor Business-Type Funds	
Transfer out:									
General Fund	\$ -	\$ -	\$ -	\$ 25,103	\$ 6,681,792	\$ -	\$ 27,677,599	\$ 6,600,000	\$ 40,984,494
Fire District Fund	78,441	-	-	-	-	-	3,340,466	-	3,418,907
2006 SPLOST Fund	2,540,918	414,714	-	269,021	-	3,842	52,298	-	3,280,793
Water and Sewer Fund	17,316,988	-	125,000	-	-	-	1,344,549	-	18,786,537
Solid Waste Fund	-	-	-	-	-	-	26,394	-	26,394
Nonmajor Governmental Funds	938,657	-	444,371	619,015	-	-	3,686,338	2,022,412	7,710,793
Nonmajor Business-Type Funds	-	-	-	-	-	-	47,750	-	47,750
Internal Service Fund	88,960	16,431	-	-	-	-	7,117	-	112,508
Total transfer out	\$ 20,963,964	\$ 431,145	\$ 569,371	\$ 913,139	\$ 6,681,792	\$ 3,842	\$ 36,182,511	\$ 8,622,412	\$ 74,368,176

Interfund transfers are used to (1) mover revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) mover receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues in the general fund to finance various program accounted for in other funds in accordance with budgetary authorizations.

**Note 13. Segment Information – Nonmajor Enterprise Fund**

The County issued revenue bonds to finance its golf course. However, investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the golf course at September 30, 2006:

	Cobblestone Golf Course Fund
<b>Condensed Statement of Net Assets</b>	
Assets:	
Current assets	\$ 673,963
Noncurrent assets:	
Capital assets	6,560,617
Other assets	28,741
Total assets	\$ 7,263,321

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 13. Segment Information – Nonmajor Enterprise Fund (Continued)**

Liabilities:	
Current liabilities	\$ 1,885,563
Noncurrent liabilities	3,289,271
Total liabilities	<u>\$ 5,174,834</u>

Net Assets:	
Invested in capital assets, net of related debt	\$ 2,854,475
Unrestricted	(765,988)
Total net assets	<u>\$ 2,088,487</u>

**Condensed Statement of Revenues, Expenses and Changes in Net Assets**

Operating revenues	\$ 2,163,725
Operating expenses	<u>1,364,593</u>
Operating income	
before depreciation	<u>\$ 799,132</u>
Depreciation	<u>\$ (77,964)</u>
Operating income	\$ 721,168
Nonoperating revenues, (expenses), net	<u>(225,721)</u>
Net income (loss) before transfers	\$ 495,447
Transfers in (out), net	<u>(3,031)</u>
Changes in net assets	\$ 492,416
Beginning net assets	<u>1,596,071</u>
Ending net assets	<u>\$ 2,088,487</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by:	
Operating activities	\$ 1,004,424
Noncapital financing activities	(3,031)
Capital and related financing activities	(594,665)
Investing activities	<u>63,519</u>
Net increase (decrease)	470,247
Beginning cash and cash equivalents	<u>\$ 200,353</u>
Ending cash and cash equivalents	<u>\$ 670,600</u>

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 14. Deficit Fund Balances/Net Assets of Individual Funds**

<u>Fund</u>	<u>Deficit Fund Balance/ Net Assets</u>
Solid Waste Disposal Enterprise Fund	\$ 56,608,988
Internal Service Fund	\$ 1,974,687

The deficit in the Solid Waste Disposal Enterprise Fund arises because of the application of generally accepted accounting principles to the financial reporting for enterprise funds in which an expense provision and related liability are being recognized based on the future closure and postclosure care costs. For the past few years, revenues have remained steady and a management plan was adopted so that expenses would not rise above the normal operational costs to run the facilities. Although the total equity of the Solid Waste Disposal Fund at September 30, 2006 was a deficit of \$56,608,988, the estimate for the required landfill closure and postclosure costs represents \$27,085,218 of this amount.

The deficit in the Internal Service Fund arises from the application of generally accepted accounting principles in which an expense provision and related liability are being recognized based on estimated future claims costs. The estimated liability for claims and judgments at September 30, 2006 was \$19,481,501, which resulted in a deficit of \$1,974,687.

**Note 15. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amount, if any, to be immaterial.

The Single Audit, as required by OMB Circular A-133, including the independent auditor's reports on compliance and internal controls, is presented in the compliance section.

Cobb County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**Note 16. Deferred Compensation Plan**

**Primary Government:**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all County employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 16. Deferred Compensation Plan (Continued)**

Investments are managed by the Plan's trustee under one of the investment options, or a combination thereof. The participants make the choice of the investment option(s).

The County has adopted GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which rescinded GASB Statement No. 2.

The County has only minor administrative involvement and does not perform any investing for the plan. Due to the fact the County's role in management of the plan assets is basically limited to transmitting amounts withheld from payroll to an outside party responsible for administering the plan, the County does not report the assets of the Deferred Compensation Plan in the County's financial statements.

**Note 17. Due From Other Governments and Agencies**

General Fund:

Cobb County Board of Education	\$	32,724	
Cobb County Board of Health		772	
City of Acworth, Georgia		10,000	
City of Austell, Georgia		1,183,538	
City of Marietta, Georgia		127,396	
City of Smyrna, Georgia		10,000	
Chattahoochee Tech		4,185	
State of Georgia, Department of Human Resources		<u>2250</u>	
Total General Fund			<u>\$ 1,370,865</u>

Special Revenue Funds:

Community Services Fund:

State of Georgia, Department of Human Resources	\$	93,119	
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Grant Fund:

United States, Department of Justice	\$	9,627	
State of Georgia, Council of Juvenile Court Judges		3,100	
State of Georgia, Criminal Justice Coordinating Council		14,096	
State of Georgia, Department of Technical and Adult Education		223,673	
State of Georgia, Department of Human Resources		235,785	
State of Georgia, Department of Transportation		1,073,377	
State of Georgia, Emergency Management Agency		106,018	
State of Georgia, Office of Highway Safety Council		<u>525,952</u>	
	\$		2,191,628

Housing and Urban Development Fund:

United States, Department of Housing and Urban Development		694,369	
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Senior Services Fund:

Atlanta Regional Commission		<u>151,208</u>	
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Total Special Revenue Funds			<u>\$ 3,130,324</u>
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**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 17. Due From Other Governments and Agencies (Continued)**

Capital Projects Funds:

Road Sales Tax 1994 Fund:

City of Acworth, Georgia	\$ 75,836		
City of Austell, Georgia	75,262	\$	151,098

2006 SPLOST Fund:

State of Georgia, Department of Transportation			26,589,860
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Public Facilities Fund:

City of Acworth, Georgia	\$ 72,301		
City of Austell, Georgia	59,088		
City of Powder Springs, Georgia	21,558		
State of Georgia, Department of Transportation	662,711	\$	815,658

Total Capital Projects Funds			\$ 27,556,616
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Proprietary Funds:

Water System Fund:

City of Powder Springs, Georgia		\$	103,049
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Public Transit System Fund:

Federal Transit Administration	\$ 1,523,584		
State of Georgia, Department of Transportation	458,246	\$	1,981,830

Total Proprietary Funds			\$ 2,084,879
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Total Due from Other Governments and Agencies - Primary Government			\$ 34,142,684
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**Note 18. Post Employment Health Care Benefits**

In addition to providing pension benefits, the County provides certain health care benefits for retired employees as per the requirement of a local ordinance. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age while working for the County with a minimum of ten years of service. At September 30, 2006, there were 848 retirees eligible for the benefits. The cost of retiree health care benefits is recognized as an expense as claims are incurred. For fiscal year 2006, those costs were approximately \$9 million.

**Note 19. Employee Retirement System**

**A. Primary Government**

The County maintains a single-employer, contributory, defined benefit pension plan, the Cobb County Employees' Retirement System Pension Plan (the "Plan"), covering the Board of Commissioners and their direct appointees and substantially all other full-time employees. The pension plan financial statements are included in this report. No stand-alone financial report is issued. Pension costs are recorded in the amount of the County's contributions to the Pension Trust Fund. Oversight of the Plan is by a five member Board of Trustees composed of appointees by the Board of Commissioners who represents the interest of the employees and taxpayers of the County. The Board of Trustees provides an annual report to the Board of Commissioners.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 19. Employee Retirement System (Continued)**

1. Summary of Significant Accounting Policies and Plan Asset Matters:

Basis of Accounting:

The Plan's financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments:

Plan investments are valued at fair value. Short-term investments are reported at cost that approximates fair value. Fixed income and equity securities are valued at the last reported sales price.

2. Plan Description and Provisions:

County Commissioners, their direct appointees, and substantially all other full-time employees participate in the Plan, a single-employer, and contributory, defined benefit pension plan. The payroll for employees covered by the Retirement System for the plan year ended December 31, 2005 was \$182,934,101. Current membership in the plan is comprised of the following:

<u>Group</u>	<u>January 1, 2006</u>
Retirees and beneficiaries	
currently receiving benefits	1,113
Vested terminated employees	675
Fully vested and non-vested active employees	4,066

Actuarial assumptions used in the valuation:

Valuation date:	01/01/06
Actuarial cost method:	Projected unit credit cost method
Amortization method:	Level percentage of projected payroll
Remaining amortization period:	15-30 years
Asset valuation method:	5 year smoothed market value method

The amortization period for this plan is open.

Actuarial Assumptions Utilized:

Investment rate of return:	8.0%
Projected salary increases:	3.0 % to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 19. Employee Retirement System (Continued)**

3. Contributions:

The County's funding policy is to provide for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contribution is determined using the Projected Unit Credit method. The unfunded accrued liability is amortized based on the requirements of the Georgia Public Retirement Systems Standard law (Georgia Code Title 47, Article 20), which sets forth minimum funding requirements for public plans in the state. In addition to the actuarially determined contribution requirement, the County may also make discretionary contributions to the Plan.

In accordance with the recommendation of its actuary, pursuant to their plan evaluation as of January 1, 2006, the County contributed \$19,034,416 to the Plan. This contribution consisted of \$9,585,747 (5.24% of covered payroll) for normal costs, \$8,579,609 (4.69% of covered payroll) for amortization of the unfunded actuarial accrued liability, and a discretionary contribution of \$869,060.

Pursuant to plan enhancements adopted by the Board of Commissioners, as of April 1, 1998, all existing employees were given the option to contribute and all new employees were required to contribute 4% of their basic annual compensation in return for improved pension benefits as explained below. Effective October 1, 2005 the employee contribution amount was increased to 4.50%. For fiscal year 2006, these contributions totaled \$8,169,010. Effective February 12, 2006 and February 11, 2007 the rate will increase to 4.75 and 5.00 respectively.

The authority for the plan, benefits, vesting and contributions is established and can be amended by the Board of Commissioners.

Administrative costs of the plan are paid out of investment earnings.

Pension Benefits:

For those participants not electing to contribute 4% of their salaries to the plan on April 1, 1998, the benefit formula is 1.5% of final earnings (as defined) multiplied by years of credited service to January 1, 1989 plus 1.9% of final earnings (as defined) multiplied by years of credited service after January 1, 1989.

Benefit Formula

For those employees electing to contribute 4.25-5.00%, of their salaries to the plan on April 1, 1998, and for those employees hired after April 1, 1998, the benefit formula is 2.5% of final earnings (as defined) multiplied by years of credited service, up to a maximum of 35 years. Unreduced early retirement is offered to participants with age and service totaling 80.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 19. Employee Retirement System (Continued)**

<p>Minimum Benefits:  Early:</p>	<p>\$76 times years of credited service.  Eligibility Age 55 with 7 years of service.</p>
<p style="padding-left: 40px;">Benefit Formula</p>	<p>Normal Retirement Benefit accrued to early retirement actuarially reduced for the number of months Annuity Commencement Date precedes Normal Retirement Date.</p>
<p style="padding-left: 40px;">Special Provision</p>	<p>Participant age 60 and has 25 years of service or is 60 and disabled with consent of the Board of Commissioners may retire early. Normal retirement benefit accrued to early retirement, reduced 1/12 of 1% for each month that Annuity Commencement Date precedes Normal Retirement Date.</p>
<p>Vested:</p>	<p>Eligibility – 7 years of service equals 100% vested.</p>
<p style="padding-left: 40px;">Benefit Formula</p>	<p>Benefit accrued to date of termination.</p>
<p>Supplemental Benefits:  Pre-Retirement Spouse Benefits:  Active Employees</p>	
<p style="padding-left: 40px;">Eligibility</p>	<p>Age 30 with 7 years of service; married one full year prior to death. Immediate eligibility if participant killed in the line of duty.</p>
<p style="padding-left: 40px;">Benefit Formula</p>	<p>45% of Projected Normal Retirement Benefit unreduced commencing immediately. Benefit is reduced if the spouse is more than ten years younger than the participant.</p>
<p>Terminated Vested Participant</p>	
<p style="padding-left: 40px;">Eligibility</p>	<p>Terminated participant who had a vested right to retirement income and has attained age 21, married one full year prior to death.</p>
<p style="padding-left: 40px;">Benefit Formula</p>	<p>Less than 15 years of service, the yearly amount will be 30% of the retirement income which the participant had accrued to date of death payable when participant could have first retired.</p> <p>More than 15 years of service, the yearly amount will be 45% of the retirement income that the participant had accrued to date of death payable when the participant could have first retired.</p>



**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 19. Employee Retirement System (Continued)**

The employer has elected to contribute 7.5% of each participant's wages, or such amount so as to meet the requirement to qualify for exclusion from participating in Social Security. The Authority made actual contributions during the year of \$395,391. The plan held no securities of the Authority or other related parties during the year.

The Authority also contributes to the Cobb-Marietta Coliseum and Exhibit Hall Authority Eligible Deferred Compensation Plan, which is a defined contribution plan under Section 457 of the Internal Revenue Code. The Plan is administered by the ICMA-Retirement Corporation. At September 30, 2006, there were 19 plan members. Plan provisions and contribution requirements are established and amended by the Authority. The plan consists primarily of employee contributions, with employer contributions for key employees. All employees who have performed one (1) hour of service are eligible to participate in the plan, and there are no vesting provisions. The employer contribution to key employees for each plan year is discretionary, with no required minimum contribution. The Authority made actual contributions during the year of \$27,044. The plan held no securities of the Authority or other related parties during the year.

**Note 20. Arbitrage Liability**

Section 148 of the Internal Revenue Code requires that, with certain exceptions, any arbitrage earned on the investment of bond proceeds be paid to the federal government. The term "arbitrage" refers to the ability to invest the proceeds of a relatively low interest rate state or municipal obligation in taxable market securities that bear a higher interest rate. The County has recorded a liability for "arbitrage" in the following fund:

Water and Sewer Enterprise Fund	\$54,882
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**Note 21. Capital Contributions**

As reported in Note 1, beginning October 1, 2001, with the implementation of GASB 33, the County now recognizes capital contributions as non-operating revenues in the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Capital Contributions recognized as revenue for the fiscal year ending September 30, 2006 are presented below:

Source:	
Developers	\$17,697,554
Donations	<u>9,675,362</u>
Total Capital Contributions	<u>\$27,372,916</u>

**Note 22. Closure and Postclosure Care Costs**

State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the future postclosure care costs that are being incurred now that the landfills are no longer accepting waste. Two landfill sites reached capacity on September 6, 2001. The third landfill site reached capacity on September 8, 2002. As of September 30, 2006, Cobb County has incurred a liability totaling \$27,085,218.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

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**Note 22. Closure and Postclosure Care Costs (Continued)**

This liability is recorded in the Solid Waste Disposal Fund and represents the amount of costs reported to date based on 100% of the original landfill capacity. The estimated remaining time for the landfills to be monitored and maintained is 25 years. In accordance with GASB 18, the estimated total current cost is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of September 30, 2006. However, the actual cost may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

The County will fund the closure and postclosure care costs with subsidies from the General Fund. As of September 30, 2006, no amount of assets have been restricted for the payment of closure and postclosure care costs. The remaining portion of anticipated future inflation costs and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**Note 23. Hotel/Motel Lodging Tax**

Cobb County has levied an 8% lodging tax. A summary of the transactions for the year ending September 30, 2006 follows:

Lodging tax receipts	\$ 10,452,605
Disbursements to bond Trustee on behalf of the Cobb-Marietta Coliseum and Exhibit Hall Authority	<u>(6,532,878)</u>
Balance of lodging tax was expended for the promotion of tourism and payment of debt service requirements of the Cobb-Marietta Coliseum and Exhibit Hall Authority as required by OCGA 48-13-51	<u>\$ 3,919,727</u>

Cobb County has received an audit report from the Cobb-Marietta Coliseum and Exhibit Hall Authority covering the lodging tax monies. The receipts from Cobb County less 37.5% are pledged as a revenue source for debt service requirements of the Coliseum and Exhibit Hall as required by OCGA 48-13-51.

**Note 24. Other Commitments**

Commitments for water and sewerage system improvements at September 30, 2006 total approximately \$42,440,870.

**COBB COUNTY, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2006**

**Note 25. Joint Venture**

Under Georgia law, the County, in conjunction with other cities and counties in the ten county metropolitan Atlanta, Georgia area, are members of the Atlanta Regional Commission (ARC). Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The County paid dues in the amount of \$694,418 to the ARC for the year ended September 30, 2006. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland Street N.E., Atlanta, Georgia 30303.

**Note 26. Related Organization**

The Housing Authority of Cobb County is a related organization of Cobb County. The Housing Authority of Cobb County is excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations.

**Note 27. Restatement of Fund Balances and Net Assets**

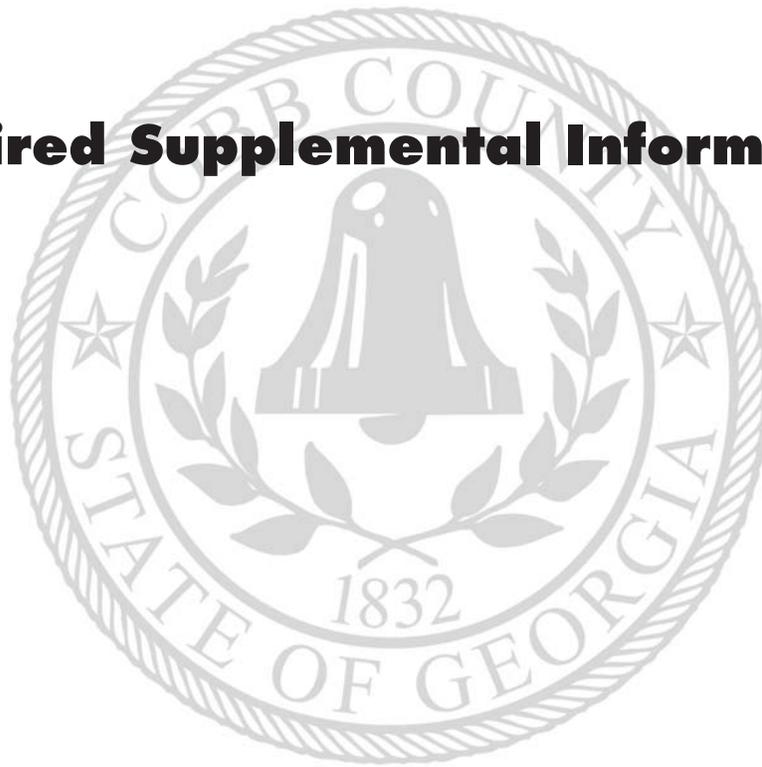
The County made a prior period adjustment to fund balances and net assets as previously stated at September 30, 2006:

	Governmental Activities	Internal Service Funds
Net Assets/Fund Balance as previously reported	\$ 2,551,303,173	\$ (3,432,455)
To properly record liability for claims and judgements	(1,391,003)	(1,391,003)
Net Assets/Fund Balance as adjusted	\$ 2,549,912,170	\$ (4,823,458)
 Net Change in Net Assets/Fund Balance as previously reported in FY05	 10,063,964	 (946,838)
Effect of restatements	(1,391,003)	(1,391,003)
Net Change in Net Assets/Fund Balance as restated for FY05	\$ 8,672,961	\$ (2,337,841)

**Note 28. Subsequent Event**

The County voters approved in November 2006, the issuance of a parks and recreation bond for \$40 million. The bond proceeds will be used to purchase park land. The County will receive the money in two installments, \$25 million in fiscal year 2007 and the second installment of \$15 million in fiscal year 2008.

# **Required Supplemental Information**



**COBB COUNTY, GEORGIA  
EMPLOYEE RETIREMENT SYSTEM  
Required Supplementary Information  
September 30, 2006**

*ANALYSIS OF FUNDING PROGRESS*

<b>Valuation Date</b>	<b>Actuarial Value Of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Unfunded Actuarial Liability (UAL)</b>	<b>Annual Covered Payroll</b>	<b>UAL As A % Of Covered Payroll</b>
01/01/01	206,583,782	278,247,428	74.2%	71,663,646	139,614,800	51.3%
01/01/02	225,817,894	304,281,994	74.2%	78,464,100	147,495,869	53.2%
01/01/03	235,567,228	338,233,628	69.6%	102,666,400	155,793,500	65.9%
01/01/04	254,922,779	370,880,412	68.7%	115,957,633	161,900,582	71.6%
01/01/05	277,615,138	381,925,386	72.7%	104,310,248	163,790,058	63.7%
01/01/06	300,073,081	425,334,915	70.6%	125,261,834	182,934,101	68.5%

*SCHEDULE OF FUNDING PROGRESS*

Annual Pension Cost (APC)

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>% Of APC Contributed</b>	<b>Net Pension Obligation</b>
09/30/01	11,436,463	5,820,896	101%	(2,276,600)
09/30/02	12,481,461	6,131,527	101%	(2,336,600)
09/30/03	14,013,022	6,466,423	100%	(2,387,600)
09/30/04	16,099,061	7,080,907	101%	(2,464,000)
09/30/05	17,571,300	7,872,015	107%	(3,502,200)
09/30/06	19,034,416	8,169,010	118%	(6,087,706)

**COBB COUNTY, GEORGIA  
EMPLOYEE RETIREMENT SYSTEM  
Required Supplementary Information  
September 30, 2006**

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***NOTES TO REQUIRED SUPPLEMENTARY INFORMATION***

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	01/01/06
Actuarial cost method:	Projected unit credit cost method
Amortization method:	Level percentage of projected payroll
Remaining amortization period:	15 - 30 years
Asset valuation method:	5 year smoothed market value method

The amortization period for this plan is open.

Actuarial Assumptions Utilized:

Investment rate of return:	8.0%
Projected salary increases:	3.0 % to 5.0%
Includes inflation at	3.0%
Cost-of-living adjustments	None

With the exception of the plan years listed below, there were no plan amendments.

In plan year 1995, the plan changed from the “market value” method to the “asset smoothing” method for valuing plan assets. This change in assumption had no effect on the pension benefit obligation but did result in a contribution decrease of \$473,922 for that year. Also effective January 1, 1995, the plan was amended to allow for an early retirement window incentive through the period ended December 31, 1994. This incentive allowed for the waiver of the early retirement reduction factor for all eligible members. This amendment had no effect on the pension benefits obligation but did result in a contribution increase of \$276,783 for that year.

In plan year 1998, the Board of Commissioners adopted certain changes to the Plan, the most significant of which included the adoption of a “Rule of 80” (combination of years of service and age) and an increase in the benefit formula to 2.5% of final average salary multiplied by years of service from the current 1.5% per year (for service before January 1, 1989). These changes became effective on April 1, 1998.

Employees of the County provide the required additional funding to the Plan. For all employees hired after April 1, 1998, participation is mandatory and requires a contribution of 4% of their salary. For existing employees, a one-time enrollment option was provided, the exercise of which requires a contribution of 4% of their salary. If an existing employee chose not to exercise this one-time option, their retirement benefits remained at the pre-April 1, 1998 level as explained above.

In plan year 2003, the Board of Commissioners adopted an increase of the County’s contribution to the plan of .31% becoming effective October 1, 2002. This increased the County’s total contribution to 8.56%. For plan year 2004 beginning October 1, 2003, the County’s contribution rate increased by an additional .75% bringing the County’s total contribution to 9.31%. In addition, effective January 1, 2004 the employees’ contribution amount increased by .25% increasing the employees’ total contribution to 4.25%. October 1, 2005 the County increased contributions from 9.75% to 10.00% and February 12, 2006 the employees’ contributions increased from 4.25 to 4.50.

**COBB COUNTY, GEORGIA  
EMPLOYEE RETIREMENT SYSTEM  
Required Supplementary Information  
September 30, 2006**

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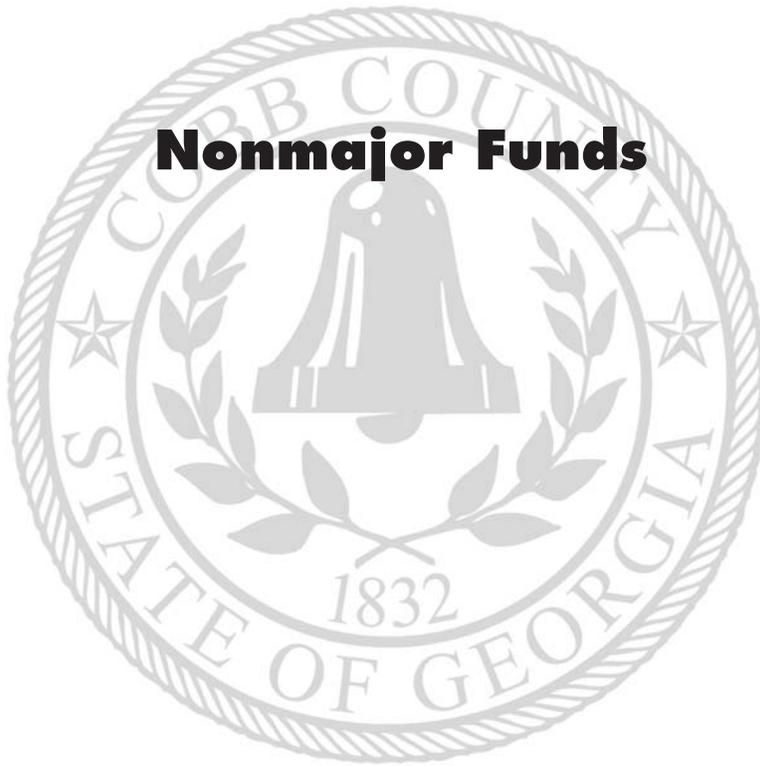
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The Board of Commissioners has approved a two-year incremental increase in the retirement contributions. The schedule of the incremental increase is as follows:

<u>Effective Date</u>	<u>County %</u>	<u>Effective Date</u> <u>Merit Payday</u>	<u>Employee %</u>
Oct. 1, 2006	10.00 to 10.25	Feb. 11, 2007	4.50 to 4.75
Oct. 1, 2007	10.25 to 10.50	Feb. 08, 2008	4.75 to 5.00

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# **Nonmajor Funds**



**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to the expenditures for specific purposes.

The **Law Library Fund** provides for the operation and maintenance of the County's law library.

The **Community Services Fund** accounts for the grant monies received from the Georgia Department of Human Resources.

The **Grant Fund** accounts for grant monies received from various federal and state agencies.

The **Housing and Urban Development Grant Fund** accounts for monies received from the Department of Housing and Urban Development under the Community Development Block Grant Program.

The **Cobb Senior Services Fund** accounts for funds received from various state and local agencies to be expended for social welfare programs including services for senior citizens.

The **Hotel/Motel Tax Fund** accounts for the collection of taxes for a special taxing district.

The **Emergency 911 Fund** accounts for fee collection and the operation of the Emergency 911 system within the County.

The **Parking Deck Facility Fund** accounts for the operation and maintenance of the Marietta Square parking deck.

The **800 MHz Fund** accounts for the operation, maintenance and collection of monies for the 800 MHz core system.

**Capital Projects Funds**

Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities and improvements – other than those financed by Proprietary Funds.

The **Road Sales Tax Extension 1994 Fund** accounts for the proceeds of a 1 percent local option sales tax approved in 1994 for construction and improvements of roads throughout the County.

The **Public Facilities** Fund accounts for monies transferred for various governmental funds for the purpose of the construction of public facilities throughout the County.

**Debt Service Fund**

The **Debt Service Fund** is utilized to account for the accumulation and disbursement of money needed to comply with the interest and principal redemption requirements of the governmental fund type general obligation bonds.

**NONMAJOR BUSINESS-TYPE FUNDS**

**Enterprise Funds**

The Enterprise Funds account for the activities that are usually self-sustaining, principally through user charges for services rendered. The accounting records are maintained on the same basis as a commercial business.

The **Cobblestone Golf Course Fund** accounts for the operation and maintenance of the Cobblestone Golf Course.

The **Mable House Barnes Amphitheatre Fund** accounts for the operation and maintenance of an outdoor entertainment facility.

The **Public Transit System Fund** accounts for the operation and maintenance of the local public transit system and accounts for the monies received from the Federal Transit Authority.

**Internal Service Funds**

The Internal Service Funds account for services performed by a central service department for other departments or agencies of the governmental unit.

The **Claims Internal Service Fund** provides self-funding for casualty, liability, medical and dental claims and workmen's compensation.

**Fiduciary Funds**

**Agency Funds**

**Agency Funds** account for assets held by the County as an agent for individuals, private organizations, other governments and other County departments.

**Cobb County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 9,381,945	\$ 25,481,363	\$ 3,643,660	\$ 38,506,968
Receivables:				
Taxes	-	-	4,909,563	4,909,563
Accrued interest	985	-	1,028	2,013
Other	2,139,585	1,458,375	77,007	3,674,967
Due from other funds	52,298	19,730,792	132,243	19,915,333
Due from component units	342,689	-	-	342,689
Due from other governments and agencies	3,130,324	966,756	-	4,097,080
Prepaid expenditures	4,855	500	-	5,355
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 15,052,681</u>	<u>\$ 47,637,786</u>	<u>\$ 8,763,501</u>	<u>\$ 71,453,968</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 2,457,288	\$ 2,519,034	\$ 10	\$ 4,976,332
Accrued payroll	182,279	-	-	182,279
Due to other funds	940,829	-	-	940,829
Due to others	24,384	-	-	24,384
Deferred revenue	1,968,935	182,380	396,670	2,547,985
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 5,573,715</u>	<u>\$ 2,701,414</u>	<u>\$ 396,680</u>	<u>\$ 8,671,809</u>
Fund balances:				
Reserved for:				
Encumbrances	\$ 3,100,687	\$ 24,627,997	\$ -	\$ 27,728,684
Inventories and prepaid expenditures	4,855	-	-	4,855
Debt service	-	-	8,366,821	8,366,821
Unreserved designated for:				
Construction and capital outlay	4,412,685	20,308,375	-	24,721,060
Debt service	257,568	-	-	257,568
Unreserved undesignated	1,703,171	-	-	1,703,171
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>\$ 9,478,966</u>	<u>\$ 44,936,372</u>	<u>\$ 8,366,821</u>	<u>\$ 62,782,159</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 15,052,681</u>	<u>\$ 47,637,786</u>	<u>\$ 8,763,501</u>	<u>\$ 71,453,968</u>

**Cobb County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2006**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 10,452,605	\$ 52,752	\$ 6,343,511	\$ 16,848,868
Intergovernmental	18,848,152	5,438,884	-	24,287,036
Charges for services	10,993,794	-	188,516	11,182,310
Fines and forfeits	-	-	1,521,653	1,521,653
Interest earned	651,178	1,119,166	143,765	1,914,109
Miscellaneous	1,440,979	1,607,827	112,548	3,161,354
	<u>\$ 42,386,708</u>	<u>\$ 8,218,629</u>	<u>\$ 8,309,993</u>	<u>\$ 58,915,330</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 4,632,330	\$ 8,252,813	\$ 136,476	\$ 13,021,619
Public safety	20,805,547	1,035,889	-	21,841,436
Public works	4,728,745	14,951,234	-	19,679,979
Health and welfare	5,358,508	-	-	5,358,508
Culture and recreation	7,279,068	3,170,717	-	10,449,785
Housing and development	7,544,433	-	-	7,544,433
<b>Debt Service:</b>				
Principal	1,085,000	3,831,372	5,900,000	10,816,372
Interest and fiscal charges	2,527,823	545,117	1,965,279	5,038,219
	<u>\$ 53,961,454</u>	<u>\$ 31,787,142</u>	<u>\$ 8,001,755</u>	<u>\$ 93,750,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (11,574,746)</u>	<u>\$ (23,568,513)</u>	<u>\$ 308,238</u>	<u>\$ (34,835,021)</u>
<b>Other financing sources (uses):</b>				
Transfers in	\$ 10,106,320	\$ 26,076,191	\$ -	\$ 36,182,511
Transfers out	(1,801,139)	(5,909,654)	-	(7,710,793)
Gain from sale of capital assets	-	412,426	-	412,426
Capital lease proceeds	7,019,390	-	-	7,019,390
	<u>\$ 15,324,571</u>	<u>\$ 20,578,963</u>	<u>\$ -</u>	<u>\$ 35,903,534</u>
Net change in fund balances	\$ 3,749,825	\$ (2,989,550)	\$ 308,238	\$ 1,068,513
Fund balances at beginning of year	<u>5,729,141</u>	<u>47,925,922</u>	<u>8,058,583</u>	<u>61,713,646</u>
Fund balances at end of year	<u>\$ 9,478,966</u>	<u>\$ 44,936,372</u>	<u>\$ 8,366,821</u>	<u>\$ 62,782,159</u>

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**Cobb County, Georgia**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

	Law Library Fund	Community Services Fund	Grant Fund	Housing & Urban Development Grant Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 217,898	\$ 7,685	\$ 1,327,362	\$ 296,386
Receivables:				
Accrued interest	-	29	-	956
Other	43,844	-	711,274	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Due from other governments and agencies	-	93,119	2,191,628	694,369
Prepaid expenditures	-	-	-	-
<b>Total assets</b>	<b>\$ 261,742</b>	<b>\$ 100,833</b>	<b>\$ 4,230,264</b>	<b>\$ 991,711</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 41,347	\$ 55,924	\$ 1,157,383	\$ 773,874
Accrued payroll	1,526	-	63,926	-
Due to other funds	-	7,820	273,833	2,166
Due to others	-	24,384	-	-
Deferred revenue	-	-	1,819,638	148,426
<b>Total liabilities</b>	<b>\$ 42,873</b>	<b>\$ 88,128</b>	<b>\$ 3,314,780</b>	<b>\$ 924,466</b>
Fund balances:				
Reserved for encumbrances	\$ -	\$ -	\$ 2,943,833	\$ 80,389
Reserved for inventories and prepaid expenditures	-	-	-	-
Unreserved designated for:				
Construction and capital outlay	-	-	-	-
Debt service	-	-	-	-
Undesignated	218,869	12,705	(2,028,349)	(13,144)
<b>Total fund balances</b>	<b>\$ 218,869</b>	<b>\$ 12,705</b>	<b>\$ 915,484</b>	<b>\$ 67,245</b>
<b>Total liabilities and fund balances</b>	<b>\$ 261,742</b>	<b>\$ 100,833</b>	<b>\$ 4,230,264</b>	<b>\$ 991,711</b>

Cobb Senior Services Fund	Hotel/Motel Tax Fund	Emergency 911 Fund	Parking Deck Facility Fund	800 MHz Fund	Total Nonmajor Special Revenue Funds
\$ 8,634	\$ 263,401	\$ 5,028,852	\$ 340,978	\$ 1,890,749	\$ 9,381,945
-	-	-	-	-	985
8,921	-	1,087,597	62	287,887	2,139,585
-	-	52,298	-	-	52,298
-	342,689	-	-	-	342,689
151,208	-	-	-	-	3,130,324
3,170	-	1,685	-	-	4,855
<u>\$ 171,933</u>	<u>\$ 606,090</u>	<u>\$ 6,170,432</u>	<u>\$ 341,040</u>	<u>\$ 2,178,636</u>	<u>\$ 15,052,681</u>
\$ 13,881	\$ -	\$ 414,846	\$ 33	\$ -	\$ 2,457,288
41,026	-	75,325	476	-	182,279
50,920	606,090	-	-	-	940,829
-	-	-	-	-	24,384
616	-	-	255	-	1,968,935
<u>\$ 106,443</u>	<u>\$ 606,090</u>	<u>\$ 490,171</u>	<u>\$ 764</u>	<u>\$ -</u>	<u>\$ 5,573,715</u>
\$ 72,984	\$ -	\$ 3,481	\$ -	\$ -	\$ 3,100,687
3,170	-	1,685	-	-	4,855
-	-	2,395,968	22,000	1,994,717	4,412,685
-	-	-	257,568	-	257,568
(10,664)	-	3,279,127	60,708	183,919	1,703,171
<u>\$ 65,490</u>	<u>\$ -</u>	<u>\$ 5,680,261</u>	<u>\$ 340,276</u>	<u>\$ 2,178,636</u>	<u>\$ 9,478,966</u>
<u>\$ 171,933</u>	<u>\$ 606,090</u>	<u>\$ 6,170,432</u>	<u>\$ 341,040</u>	<u>\$ 2,178,636</u>	<u>\$ 15,052,681</u>

**Cobb County, Georgia**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2006**

	Law Library Fund	Community Services Fund	Grant Fund	Housing & Urban Development Grant Fund
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	363,892	10,509,861	6,842,866
Charges for services	493,465	-	28,429	-
Interest earned	16,235	304	261,386	23,930
Miscellaneous	4,845	-	764,557	411,637
<b>Total revenues</b>	<b>\$ 514,545</b>	<b>\$ 364,196</b>	<b>\$ 11,564,233</b>	<b>\$ 7,278,433</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 468,423	\$ -	\$ 4,163,907	\$ -
Public safety	-	-	3,304,292	-
Public works	-	-	4,605,587	-
Health and welfare	-	314,199	30,000	-
Culture and recreation	-	-	706,191	-
Housing and development	-	-	104,427	7,440,006
<b>Debt service:</b>				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>\$ 468,423</b>	<b>\$ 314,199</b>	<b>\$ 12,914,404</b>	<b>\$ 7,440,006</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 46,122</b>	<b>\$ 49,997</b>	<b>\$ (1,350,171)</b>	<b>\$ (161,573)</b>
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ -	\$ 2,035,758	\$ -
Transfers out	(109,840)	(46,000)	(626,254)	(2,166)
Capital leases proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ (109,840)</b>	<b>\$ (46,000)</b>	<b>\$ 1,409,504</b>	<b>\$ (2,166)</b>
<b>Net change in fund balances</b>	<b>\$ (63,718)</b>	<b>\$ 3,997</b>	<b>\$ 59,333</b>	<b>\$ (163,739)</b>
Fund balances at beginning of year,	282,587	8,708	856,151	230,984
Fund balances at end of year	<u>\$ 218,869</u>	<u>\$ 12,705</u>	<u>\$ 915,484</u>	<u>\$ 67,245</u>

Cobb Senior Services Fund	Hotel/Motel Tax Fund	Emergency 911 Fund	Parking Deck Facility Fund	800 MHz Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ 10,452,605	\$ -	\$ -	\$ -	\$ 10,452,605
1,126,667	-	4,866	-	-	18,848,152
80,017	-	9,650,355	453,641	287,887	10,993,794
-	-	288,515	15,385	45,423	651,178
223,176	-	35,318	1,446	-	1,440,979
<u>\$ 1,429,860</u>	<u>\$ 10,452,605</u>	<u>\$ 9,979,054</u>	<u>\$ 470,472</u>	<u>\$ 333,310</u>	<u>\$ 42,386,708</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,632,330
-	-	7,962,507	-	9,538,748	20,805,547
-	-	-	123,158	-	4,728,745
5,014,309	-	-	-	-	5,358,508
-	6,572,877	-	-	-	7,279,068
-	-	-	-	-	7,544,433
-	905,000	-	180,000	-	1,085,000
-	2,368,638	-	159,185	-	2,527,823
<u>\$ 5,014,309</u>	<u>\$ 9,846,515</u>	<u>\$ 7,962,507</u>	<u>\$ 462,343</u>	<u>\$ 9,538,748</u>	<u>\$ 53,961,454</u>
<u>\$ (3,584,449)</u>	<u>\$ 606,090</u>	<u>\$ 2,016,547</u>	<u>\$ 8,129</u>	<u>\$ (9,205,438)</u>	<u>\$ (11,574,746)</u>
\$ 3,653,580	\$ -	\$ 52,298	\$ -	\$ 4,364,684	\$ 10,106,320
(33,977)	(606,090)	(376,546)	(266)	-	(1,801,139)
-	-	-	-	7,019,390	7,019,390
<u>\$ 3,619,603</u>	<u>\$ (606,090)</u>	<u>\$ (324,248)</u>	<u>\$ (266)</u>	<u>\$ 11,384,074</u>	<u>\$ 15,324,571</u>
\$ 35,154	\$ -	\$ 1,692,299	\$ 7,863	\$ 2,178,636	\$ 3,749,825
30,336	-	3,987,962	332,413	-	5,729,141
<u>\$ 65,490</u>	<u>\$ -</u>	<u>\$ 5,680,261</u>	<u>\$ 340,276</u>	<u>\$ 2,178,636</u>	<u>\$ 9,478,966</u>

**Cobb County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

	Road Sales Tax Extension 1994	Public Facilities	Total Nonmajor Capital Project Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 17,267,075	\$ 8,214,288	\$ 25,481,363
Receivables:			
Other	78,441	1,379,934	1,458,375
Due from other funds	-	19,730,792	19,730,792
Due from other governments and agencies	151,098	815,658	966,756
Prepaid expenditures	-	500	500
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 17,496,614</u>	<u>\$ 30,141,172</u>	<u>\$ 47,637,786</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 97,822	\$ 2,421,212	\$ 2,519,034
Deferred revenue	96,970	85,410	182,380
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 194,792</u>	<u>\$ 2,506,622</u>	<u>\$ 2,701,414</u>
Fund balances:			
Reserved for encumbrances	\$ 9,706,185	\$ 14,921,812	\$ 24,627,997
Designated for construction and capital outlay	7,595,637	12,712,738	20,308,375
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>\$ 17,301,822</u>	<u>\$ 27,634,550</u>	<u>\$ 44,936,372</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 17,496,614</u>	<u>\$ 30,141,172</u>	<u>\$ 47,637,786</u>

**Cobb County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2006**

	Road Sales Tax Extension 1994	Public Facilities	Total Nonmajor Capital Project Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Taxes	\$ 52,752	\$ -	\$ 52,752
Intergovernmental	641,170	4,797,714	5,438,884
Interest earned	1,046,417	72,749	1,119,166
Miscellaneous	<u>1,363,967</u>	<u>243,860</u>	<u>1,607,827</u>
Total revenues	<u>\$ 3,104,306</u>	<u>\$ 5,114,323</u>	<u>\$ 8,218,629</u>
Expenditures - capital projects:			
Current:			
General government	\$ -	\$ 8,252,813	\$ 8,252,813
Public safety	-	1,035,889	1,035,889
Public works	4,013,992	10,937,242	14,951,234
Culture and recreation	-	3,170,717	3,170,717
Debt Service:			
Principal	-	3,831,372	3,831,372
Interest and fiscal charges	<u>-</u>	<u>545,117</u>	<u>545,117</u>
Total expenditures	<u>\$ 4,013,992</u>	<u>\$ 27,773,150</u>	<u>\$ 31,787,142</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (909,686)</u>	<u>\$ (22,658,827)</u>	<u>\$ (23,568,513)</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ 26,076,191	\$ 26,076,191
Transfers out	-	(5,909,654)	(5,909,654)
Gain from sale of capital assets	<u>-</u>	<u>412,426</u>	<u>412,426</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 20,578,963</u>	<u>\$ 20,578,963</u>
Net change in fund balances	\$ (909,686)	\$ (2,079,864)	\$ (2,989,550)
Fund balances at beginning of year	<u>18,211,508</u>	<u>29,714,414</u>	<u>47,925,922</u>
Fund balances at end of year	<u><u>\$ 17,301,822</u></u>	<u><u>\$ 27,634,550</u></u>	<u><u>\$ 44,936,372</u></u>

**Cobb County, Georgia**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 6,177,878	\$ 6,177,878	\$ 6,343,511	\$ 165,633
Charges for services	200,000	200,000	188,516	(11,484)
Fines and forfeits	1,478,381	1,478,381	1,521,653	43,272
Interest earned	105,918	105,918	143,765	37,847
Miscellaneous	111,188	111,188	112,548	1,360
<b>Total revenues</b>	<b>\$ 8,073,365</b>	<b>\$ 8,073,365</b>	<b>\$ 8,309,993</b>	<b>\$ 236,628</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	\$ 136,581	\$ 136,581	\$ 136,476	\$ 105
<b>Debt service:</b>				
Principal retirement	6,025,000	5,945,285	5,900,000	45,285
Interest and fiscal charges	1,885,565	1,963,445	1,965,279	(1,834)
<b>Total expenditures</b>	<b>\$ 8,047,146</b>	<b>\$ 8,045,311</b>	<b>\$ 8,001,755</b>	<b>\$ 43,556</b>
<b>Net change in fund balance</b>	<b>\$ 26,219</b>	<b>\$ 28,054</b>	<b>\$ 308,238</b>	<b>\$ 280,184</b>
Fund balance at beginning of year			8,058,583	
Fund balance at end of year - budgetary basis			\$ 8,366,821	
<b>Reconciliation to GAAP basis:</b>				
Elimination of encumbrances outstanding at end of year			-	
Fund balance at end of year - GAAP basis			<b>\$ 8,366,821</b>	

**Cobb County, Georgia**  
**Law Library Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 470,000	\$ 470,000	\$ 493,465	\$ 23,465
Interest earned	3,500	3,500	16,235	12,735
Miscellaneous	4,521	4,521	4,845	324
Total revenues	<u>\$ 478,021</u>	<u>\$ 478,021</u>	<u>\$ 514,545</u>	<u>\$ 36,524</u>
Expenditures:				
Current:				
Personal services	\$ 85,390	\$ 104,027	\$ 103,935	\$ 92
Operating expenditures	267,150	364,523	364,488	35
Capital outlay	25,641	-	-	-
Total expenditures	<u>\$ 378,181</u>	<u>\$ 468,550</u>	<u>\$ 468,423</u>	<u>\$ 127</u>
Excess of revenues over expenditures	<u>\$ 99,840</u>	<u>\$ 9,471</u>	<u>\$ 46,122</u>	<u>\$ 36,651</u>
Other financing sources (uses):				
Transfers out	<u>\$ (99,840)</u>	<u>\$ (109,840)</u>	<u>\$ (109,840)</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (99,840)</u>	<u>\$ (109,840)</u>	<u>\$ (109,840)</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (100,369)</u>	<u>\$ (63,718)</u>	<u>\$ 36,651</u>
Fund balance at beginning of year			<u>282,587</u>	
Fund balance at end of year - budgetary basis			\$ 218,869	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			<u>-</u>	
Fund balance at end of year-GAAP basis			<u>\$ 218,869</u>	

**Cobb County, Georgia**  
**Community Services Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 275,671	\$ 392,640	\$ 363,892	\$ (28,748)
Interest earned	-	-	304	304
Total revenues	<u>\$ 275,671</u>	<u>\$ 392,640</u>	<u>\$ 364,196</u>	<u>\$ (28,444)</u>
Expenditures:				
Current:				
Operating expenditures	\$ 231,770	\$ 345,987	\$ 314,199	\$ 31,788
Capital outlay	-	653	-	653
Total expenditures	<u>\$ 231,770</u>	<u>\$ 346,640</u>	<u>\$ 314,199</u>	<u>\$ 32,441</u>
Excess of revenues over expenditures	<u>\$ 43,901</u>	<u>\$ 46,000</u>	<u>\$ 49,997</u>	<u>\$ 3,997</u>
Other financing sources (uses):				
Transfers out	<u>\$ (43,901)</u>	<u>\$ (46,000)</u>	<u>\$ (46,000)</u>	<u>\$ -</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>\$ 3,997</u>	<u><u>\$ 3,997</u></u>
Fund balance at beginning of year			<u>8,708</u>	
Fund balance at end of year - budgetary basis			\$ 12,705	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			<u>-</u>	
Fund balance at end of year - GAAP basis			<u><u>\$ 12,705</u></u>	

**Cobb County, Georgia**  
**Cobb Senior Services Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,042,178	\$ 1,099,880	\$ 1,126,667	\$ 26,787
Charges for services	77,300	77,300	80,017	2,717
Miscellaneous	178,125	201,829	223,176	21,347
<b>Total revenues</b>	<b>\$ 1,297,603</b>	<b>\$ 1,379,009</b>	<b>\$ 1,429,860</b>	<b>\$ 50,851</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Personnel services	\$ 3,220,859	\$ 3,314,766	\$ 3,280,876	\$ 33,890
Operating expenditures	1,621,381	1,782,624	1,761,891	20,733
Capital outlay	147,263	122,512	44,526	77,986
<b>Total expenditures</b>	<b>\$ 4,989,503</b>	<b>\$ 5,219,902</b>	<b>\$ 5,087,293</b>	<b>\$ 132,609</b>
(Deficiency) of revenues (under) expenditures	\$ (3,691,900)	\$ (3,840,893)	\$ (3,657,433)	\$ 183,460
<b>Other financing sources (uses):</b>				
Transfers in	\$ 3,725,877	\$ 3,808,457	\$ 3,653,580	\$ (154,877)
Transfers out	(33,977)	(33,977)	(33,977)	-
<b>Total other financing sources (uses)</b>	<b>\$ 3,691,900</b>	<b>\$ 3,774,480</b>	<b>\$ 3,619,603</b>	<b>\$ (154,877)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (66,413)</b>	<b>\$ (37,830)</b>	<b>\$ 28,583</b>
Fund balance at beginning of year			30,336	
Fund balance at end of year - budgetary basis			\$ (7,494)	
<b>Reconciliation to GAAP basis:</b>				
Elimination of encumbrances outstanding at end of year			72,984	
Fund balance at end of year - GAAP basis			<b>\$ 65,490</b>	

**Cobb County, Georgia**  
**Hotel/Motel Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,353,638	\$ 10,452,605	\$ 10,452,605	\$ -
Total revenues	<u>\$ 3,353,638</u>	<u>\$ 10,452,605</u>	<u>\$ 10,452,605</u>	<u>\$ -</u>
Expenditures:				
Current:				
Operating expenditures	\$ 70,950	\$ 6,563,827	\$ 6,572,877	\$ (9,050)
Debt service:				
Principal retirement	905,000	905,000	905,000	-
Interest and fiscal charges	2,377,688	2,377,688	2,368,638	9,050
Total expenditures	<u>\$ 3,353,638</u>	<u>\$ 9,846,515</u>	<u>\$ 9,846,515</u>	<u>\$ -</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ 606,090</u>	<u>\$ 606,090</u>	<u>\$ -</u>
Other financing sources (uses):				
Transfers out	-	(606,090)	(606,090)	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (606,090)</u>	<u>\$ (606,090)</u>	<u>\$ -</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund balance at beginning of year			-	
Fund balance at end of year - budgetary basis			\$ -	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			-	
Fund balance at end of year - GAAP basis			<u><u>\$ -</u></u>	

**Cobb County, Georgia**  
**Emergency 911 Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 4,866	\$ 4,866
Charges for services	9,200,289	9,200,289	9,650,355	450,066
Interest earned	-	-	288,515	288,515
Miscellaneous	-	-	35,318	35,318
	<u>-</u>	<u>-</u>	<u>35,318</u>	<u>35,318</u>
Total revenues	\$ 9,200,289	\$ 9,200,289	\$ 9,979,054	\$ 778,765
<b>Expenditures:</b>				
Current:				
Personnel services	\$ 6,202,854	\$ 6,261,477	\$ 5,309,062	\$ 952,415
Operating expenditures	2,216,526	2,872,314	2,626,926	245,388
Capital outlay	438,605	433,613	30,000	403,613
	<u>438,605</u>	<u>433,613</u>	<u>30,000</u>	<u>403,613</u>
Total expenditures	\$ 8,857,985	\$ 9,567,404	\$ 7,965,988	\$ 1,601,416
Excess (deficiency) of revenues over (under) expenditures	\$ 342,304	\$ (367,115)	\$ 2,013,066	\$ 2,380,181
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ -	\$ 52,298	\$ 52,298
Transfers out	(342,304)	(376,546)	(376,546)	-
	<u>(342,304)</u>	<u>(376,546)</u>	<u>(376,546)</u>	<u>-</u>
Total other financing sources (uses)	\$ (342,304)	\$ (376,546)	\$ (324,248)	\$ 52,298
Net change in fund balance	<u>\$ -</u>	<u>\$ (743,661)</u>	\$ 1,688,818	<u>\$ 2,432,479</u>
Fund balance at beginning of year			<u>3,987,962</u>	
Fund balance at end of year - budgetary basis			\$ 5,676,780	
<b>Reconciliation to GAAP basis:</b>				
Elimination of encumbrances outstanding at end of year			<u>3,481</u>	
Fund balance at end of year - GAAP basis			<u>\$ 5,680,261</u>	

**Cobb County, Georgia**  
**Parking Deck Facility Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 476,728	\$ 476,728	\$ 453,641	\$ (23,087)
Interest earned	2,500	4,526	15,385	10,859
Miscellaneous	160	160	1,446	1,286
<b>Total Revenues</b>	<b>\$ 479,388</b>	<b>\$ 481,414</b>	<b>\$ 470,472</b>	<b>\$ (10,942)</b>
Expenditures:				
Current:				
Personnel services	\$ 38,117	\$ 40,617	\$ 32,256	\$ 8,361
Operating expenditures	76,782	91,858	90,902	956
Capital outlay	27,063	46,237	-	46,237
Debt service:				
Principal	180,000	180,000	180,000	-
Interest and fiscal charges	157,160	159,186	159,185	1
<b>Total expenditures</b>	<b>\$ 479,122</b>	<b>\$ 517,898</b>	<b>\$ 462,343</b>	<b>\$ 55,555</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 266	\$ (36,484)	\$ 8,129	\$ 44,613
Other financing sources (uses):				
Transfers out	\$ (266)	\$ (266)	\$ (266)	\$ -
<b>Total other financing sources (uses)</b>	<b>\$ (266)</b>	<b>\$ (266)</b>	<b>\$ (266)</b>	<b>\$ -</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (36,750)</b>	<b>\$ 7,863</b>	<b>\$ 44,613</b>
Fund balance at beginning of year			332,413	
Fund balance at end of year - budgetary basis			\$ 340,276	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			-	
<b>Fund balance at end of year - GAAP basis</b>			<b>\$ 340,276</b>	

**Cobb County, Georgia**  
**800 MHz Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ 287,887	\$ 287,887	\$ -
Interest earned	-	45,423	45,423	-
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 333,310</b>	<b>\$ 333,310</b>	<b>\$ -</b>
Expenditures:				
Current:				
Capital outlay	\$ 11,384,075	\$ 11,384,075	\$ 9,538,748	\$ 1,845,327
<b>Total expenditures</b>	<b>\$ 11,384,075</b>	<b>\$ 11,384,075</b>	<b>\$ 9,538,748</b>	<b>\$ 1,845,327</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (11,384,075)	\$ (11,050,765)	\$ (9,205,438)	\$ 1,845,327
Other financing sources (uses):				
Transfers in	\$ 4,364,684	\$ 4,364,684	\$ 4,364,684	\$ -
Proceeds from capital lease	7,019,391	7,019,391	7,019,390	(1)
<b>Total other financing sources (uses)</b>	<b>\$ 11,384,075</b>	<b>\$ 11,384,075</b>	<b>\$ 11,384,074</b>	<b>\$ (1)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 333,310</b>	<b>\$ 2,178,636</b>	<b>\$ 1,845,326</b>
Fund balance at beginning of year			-	
Fund balance at end of year - budgetary basis			\$ 2,178,636	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			-	
<b>Fund balance at end of year - GAAP basis</b>			<b>\$ 2,178,636</b>	

**Cobb County, Georgia**  
**Nonmajor Business-Type Enterprise Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

	Cobblestone Golf Course Fund	Mable House Barnes Amphitheatre Fund	Public Transit System Fund	Totals
<b>Assets</b>				
Current assets:				
Cash	\$ 670,600	\$ 523	\$ 5,202,113	\$ 5,873,236
Receivables:				
Other	3,363	190	193,605	197,158
Due from other governments and agencies	-	-	1,981,830	1,981,830
Prepaid items	-	-	625	625
	<u>\$ 673,963</u>	<u>\$ 713</u>	<u>\$ 7,378,173</u>	<u>\$ 8,052,849</u>
Property, plant and equipment:				
Capital assets not being depreciated	\$ 5,453,615	\$ 210	\$ 4,900,456	\$ 10,354,281
Capital assets being depreciated, net	1,107,002	6,624,565	28,565,666	36,297,233
	<u>\$ 6,560,617</u>	<u>\$ 6,624,775</u>	<u>\$ 33,466,122</u>	<u>\$ 46,651,514</u>
Net property, plant and equipment				
Unamortized bond costs	\$ 28,741	\$ -	\$ -	\$ 28,741
	<u>\$ 6,589,358</u>	<u>\$ 6,624,775</u>	<u>\$ 33,466,122</u>	<u>\$ 46,680,255</u>
Total noncurrent assets				
Total assets	<u>\$ 7,263,321</u>	<u>\$ 6,625,488</u>	<u>\$ 40,844,295</u>	<u>\$ 54,733,104</u>

Continued on next page.

**Cobb County, Georgia**  
**Nonmajor Business-Type Enterprise Funds**  
**Combining Balance Sheet**  
**September 30, 2006**

	Cobblestone Golf Course Fund	Mable House Barnes Amphitheatre Fund	Public Transit System Fund	Totals
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	\$ 57,335	\$ 41,801	\$ 1,265,734	\$ 1,364,870
Accrued payroll	-	-	6,373	6,373
Due to other funds	1,300,000	2,274,431	-	3,574,431
Due to other governments and agencies	2,634	10,475	-	13,109
Accrued interest payable	47,304	-	-	47,304
Deferred revenues	32,678	-	-	32,678
Current portion of revenue bonds	410,000	-	-	410,000
Current portion of compensated absences	-	-	9,516	9,516
Current portion of capital lease payable	35,612	-	-	35,612
Total current liabilities	<u>\$ 1,885,563</u>	<u>\$ 2,326,707</u>	<u>\$ 1,281,623</u>	<u>\$ 5,493,893</u>
Long-term liabilities:				
Revenue bonds (net of current portion, bond discount, and loss on refunding)	\$ 3,180,502	\$ -	\$ -	\$ 3,180,502
Advances from other funds	-	600,000	-	600,000
Capital lease payable (net of current portion)	108,769	-	-	108,769
Total long-term liabilities	<u>\$ 3,289,271</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 3,889,271</u>
Total liabilities	<u>\$ 5,174,834</u>	<u>\$ 2,926,707</u>	<u>\$ 1,281,623</u>	<u>\$ 9,383,164</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 2,854,475	\$ 6,624,775	\$ 33,466,122	\$ 42,945,372
Unrestricted	(765,988)	(2,925,994)	6,096,550	2,404,568
Total net assets	<u>\$ 2,088,487</u>	<u>\$ 3,698,781</u>	<u>\$ 39,562,672</u>	<u>\$ 45,349,940</u>

Continued from preceding page.

**Cobb County, Georgia**  
**Nonmajor Business-Type Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2006**

	Cobblestone Golf Course Fund	Mable House Barnes Amphitheatre Fund	Public Transit System Fund	Totals
Operating revenues:				
Charges for services	\$ 2,160,557	\$ 625,294	\$ 3,703,228	\$ 6,489,079
Miscellaneous income	3,168	99,298	-	102,466
Total operating revenues	<u>\$ 2,163,725</u>	<u>\$ 724,592</u>	<u>\$ 3,703,228</u>	<u>\$ 6,591,545</u>
Operating expenses:				
Personnel services	\$ -	\$ -	\$ 404,910	\$ 404,910
Other operating expenses	1,364,593	1,478,418	14,269,738	17,112,749
Total operating expenses	<u>\$ 1,364,593</u>	<u>\$ 1,478,418</u>	<u>\$ 14,674,648</u>	<u>\$ 17,517,659</u>
Operating income (loss) before depreciation	\$ 799,132	\$ (753,826)	\$ (10,971,420)	\$ (10,926,114)
Less depreciation	<u>(77,964)</u>	<u>(143,480)</u>	<u>(2,832,145)</u>	<u>(3,053,589)</u>
Operating income (loss)	<u>\$ 721,168</u>	<u>\$ (897,306)</u>	<u>\$ (13,803,565)</u>	<u>\$ (13,979,703)</u>
Nonoperating revenues (expenses):				
Interest income	\$ 8,800	\$ -	\$ 117,248	\$ 126,048
Intergovernmental	-	-	8,974,184	8,974,184
Interest and fiscal charges	(194,917)	-	-	(194,917)
Gain from sale of capital assets	539	-	29,578	30,117
Amortization of bond costs	<u>(40,143)</u>	<u>-</u>	<u>-</u>	<u>(40,143)</u>
Total nonoperating revenues (expenses)	<u>\$ (225,721)</u>	<u>\$ -</u>	<u>\$ 9,121,010</u>	<u>\$ 8,895,289</u>
Net income (loss) before transfers	<u>\$ 495,447</u>	<u>\$ (897,306)</u>	<u>\$ (4,682,555)</u>	<u>\$ (5,084,414)</u>
Transfers:				
Transfers in	\$ -	\$ -	\$ 8,622,412	\$ 8,622,412
Transfers out	<u>(3,031)</u>	<u>-</u>	<u>(44,719)</u>	<u>(47,750)</u>
Total transfers	<u>\$ (3,031)</u>	<u>\$ -</u>	<u>\$ 8,577,693</u>	<u>\$ 8,574,662</u>
Net change in net assets	<u>\$ 492,416</u>	<u>\$ (897,306)</u>	<u>\$ 3,895,138</u>	<u>\$ 3,490,248</u>
Total net assets - beginning	<u>\$ 1,596,071</u>	<u>\$ 4,596,087</u>	<u>\$ 35,667,534</u>	<u>\$ 41,859,692</u>
Total net assets - ending	<u><u>\$ 2,088,487</u></u>	<u><u>\$ 3,698,781</u></u>	<u><u>\$ 39,562,672</u></u>	<u><u>\$ 45,349,940</u></u>

**Cobb County, Georgia**  
**Nonmajor Business-Type Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2006**

	Cobblestone Golf Course Fund	Mable House Barnes Amphitheatre Fund	Public Transit System Fund	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,167,034	\$ 724,402	\$ 3,749,742	\$ 6,641,178
Cash payments for goods and services	(1,162,610)	(830,072)	(14,133,199)	(16,125,881)
Cash payments for employee services and fringe benefits	-	-	(409,406)	(409,406)
Net cash from operating activities	<u>\$ 1,004,424</u>	<u>\$ (105,670)</u>	<u>\$ (10,792,863)</u>	<u>\$ (9,894,109)</u>
Cash flows from noncapital financing activities:				
Transfers in	\$ -	\$ -	\$ 8,622,412	\$ 8,622,412
Transfers out	(3,031)	-	(44,719)	(47,750)
Federal/State Grants	-	-	9,270,120	9,270,120
Net cash from noncapital financing activities	<u>\$ (3,031)</u>	<u>\$ -</u>	<u>\$ 17,847,813</u>	<u>\$ 17,844,782</u>
Cash flows from capital and related financing activities:				
Payments on capital leases	\$ (5,802)	\$ -	\$ -	\$ (5,802)
Proceeds from sale of fixed assets	539	-	29,578	30,117
Payments for capital acquisitions	-	-	(5,451,710)	(5,451,710)
Bond principal payments	(390,000)	-	-	(390,000)
Bond interest and fiscal charges	(199,402)	-	-	(199,402)
Net cash from capital and related financing activities	<u>\$ (594,665)</u>	<u>\$ -</u>	<u>\$ (5,422,132)</u>	<u>\$ (6,016,797)</u>
Cash flows from investing activities:				
Proceeds from investment maturities	\$ 54,719	\$ -	\$ 681,111	\$ 735,830
Interest received	8,800	-	117,248	126,048
Net cash from investing activities	<u>\$ 63,519</u>	<u>\$ -</u>	<u>\$ 798,359</u>	<u>\$ 861,878</u>
Net increase (decrease) in cash and cash equivalents	\$ 470,247	\$ (105,670)	\$ 2,431,177	\$ 2,795,754
Cash and cash equivalents at beginning of year	<u>200,353</u>	<u>106,193</u>	<u>2,770,936</u>	<u>3,077,482</u>
Cash and cash equivalents at end of year	<u><u>\$ 670,600</u></u>	<u><u>\$ 523</u></u>	<u><u>\$ 5,202,113</u></u>	<u><u>\$ 5,873,236</u></u>

Continued on next page.

**Cobb County, Georgia**  
**Nonmajor Business-Type Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2006**

	Cobblestone Golf Course Fund	Mable House Barnes Amphitheatre Fund	Public Transit System Fund	Total
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 721,168	\$ (897,306)	\$ (13,803,565)	\$ (13,979,703)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	\$ 77,964	\$ 143,480	\$ 2,832,145	\$ 3,053,589
Change in assets and liabilities:				
Decrease (increase) in other receivables	3,309	(189)	(109,786)	(106,666)
Increase (decrease) in accounts payable	(6,396)	(4,878)	311,110	299,836
Increase (decrease) in prepaid expenses	-	-	(625)	(625)
Increase (decrease) in accrued liabilities	-	-	924	924
Increase (decrease) in accrued vacation payable	-	-	(5,420)	(5,420)
Increase (decrease) in due to other funds	197,834	654,180	(17,646)	834,368
Increase (decrease) in due to other governments	(7,810)	(957)	-	(8,767)
Increase (decrease) in deferred revenues	18,355	-	-	18,355
Total adjustments	\$ 283,256	\$ 791,636	\$ 3,010,702	\$ 4,085,594
Net cash provided by operating activities	<u>\$ 1,004,424</u>	<u>\$ (105,670)</u>	<u>\$ (10,792,863)</u>	<u>\$ (9,894,109)</u>

Continued from preceding page.

**Cobb County, Georgia**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended September 30, 2006**

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
<b>Clerk of State Court</b>				
Assets				
Cash and cash equivalents	\$ 7,569,470	\$ 50,775,316	\$ 51,703,980	\$ 6,640,806
Liabilities				
Funds held in trust for others	\$ 7,569,470	\$ 50,775,316	\$ 51,703,980	\$ 6,640,806
<b>Clerk of Juvenile Court</b>				
Assets				
Cash	\$ 4,574	\$ 37,404	\$ 38,241	\$ 3,737
Liabilities				
Funds held in trust for others	\$ 4,574	\$ 37,404	\$ 38,241	\$ 3,737
<b>Sheriff</b>				
Assets				
Cash and cash equivalents	\$ 5,280,503	\$ 4,197,759	\$ 4,303,747	\$ 5,174,515
Liabilities				
Funds held in trust for others	\$ 5,280,503	\$ 4,197,759	\$ 4,303,747	\$ 5,174,515
<b>Clerk of Superior Court</b>				
Assets				
Cash and cash equivalents	\$ 12,612,459	\$ 99,545,265	\$ 94,538,764	\$ 17,618,960
Liabilities				
Funds held in trust for others	\$ 12,612,459	\$ 99,545,265	\$ 94,538,764	\$ 17,618,960
<b>Clerk of Probate Court</b>				
Assets				
Cash	\$ -	\$ 868,190	\$ 868,190	\$ -
Liabilities				
Due to other funds	\$ -	\$ 868,190	\$ 868,190	\$ -
<b>Tax Commissioner</b>				
Assets				
Cash	\$ 39,848,480	\$ 1,467,709,028	\$ 1,460,133,093	\$ 47,424,415
Taxes and penalties receivable	491,108,396	606,760,360	588,192,834	509,675,922
	<u>\$ 530,956,876</u>	<u>\$ 2,074,469,388</u>	<u>\$ 2,048,325,927</u>	<u>\$ 557,100,337</u>
Liabilities				
Unremitted tax collections	\$ 39,848,480	\$ 1,467,709,028	\$ 1,460,133,093	\$ 47,424,415
Taxes payable to others upon collection	491,108,396	606,760,360	588,192,834	509,675,922
	<u>\$ 530,956,876</u>	<u>\$ 2,074,469,388</u>	<u>\$ 2,048,325,927</u>	<u>\$ 557,100,337</u>

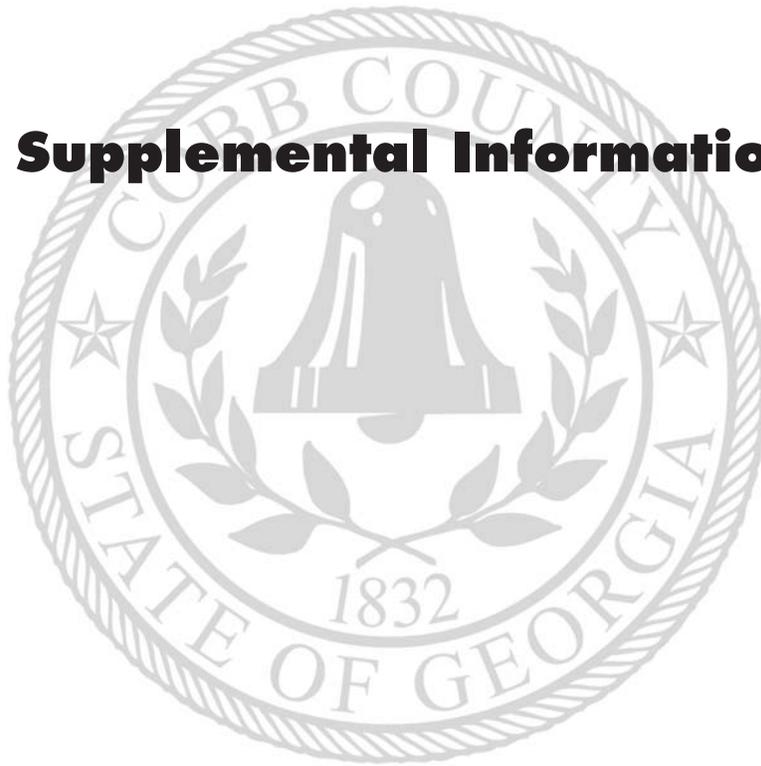
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**Cobb County, Georgia**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended September 30, 2006**

	Balance October 1, 2005	Additions	Deductions	Balance September 30, 2006
<b>Accounts Payable Fund</b>				
Assets				
Accounts receivable	\$ 210,391	\$ 30,544,392	\$ 29,493,100	\$ 1,261,683
Liabilities				
Bank overdraft	\$ 210,391	\$ 30,544,392	\$ 29,493,100	\$ 1,261,683
<b>Payroll Fund</b>				
Assets				
Cash and cash equivalents	\$ 975,465	\$ 215,829,648	\$ 216,565,793	\$ 239,320
Accounts receivable	1,791,202	-	1,791,202	-
	<u>\$ 2,766,667</u>	<u>\$ 215,829,648</u>	<u>\$ 218,356,995</u>	<u>\$ 239,320</u>
Liabilities				
Unremitted payroll tax and withholdings	\$ 2,766,667	\$ 215,829,648	\$ 218,356,995	\$ 239,320
<b>Child Support, Witness and Jurors' Fees</b>				
Assets				
Cash	\$ 29,041	\$ 3,761,282	\$ 3,773,300	\$ 17,023
Liabilities				
Funds held in trust for others	\$ 29,041	\$ 3,761,282	\$ 3,773,300	\$ 17,023
 Total assets	 <u>\$ 559,429,981</u>	 <u>\$ 2,480,028,644</u>	 <u>\$ 2,451,402,244</u>	 <u>\$ 588,056,381</u>
 Total liabilities	 <u>\$ 559,429,981</u>	 <u>\$ 2,480,028,644</u>	 <u>\$ 2,451,402,244</u>	 <u>\$ 588,056,381</u>

Continued from preceding page.

# **Supplemental Information**



**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 197,692,007	\$ 199,453,844	\$ 190,180,565	\$ (9,273,279)
Licenses and permits	21,079,434	21,153,122	21,474,631	321,509
Intergovernmental	3,832,102	3,933,014	12,215,390	8,282,376
Charges for services	41,814,323	42,232,385	44,487,410	2,255,025
Fines and forfeits	16,211,756	17,143,100	15,815,556	(1,327,544)
Interest earned	812,696	1,635,457	3,139,285	1,503,828
Miscellaneous	1,573,192	2,837,436	5,773,737	2,936,301
<b>Total revenues</b>	<b>\$ 283,015,510</b>	<b>\$ 288,388,358</b>	<b>\$ 293,086,574</b>	<b>\$ 4,698,216</b>
<b>Expenditures:</b>				
<b>Current</b>				
<b>General government:</b>				
<b>Legislative:</b>				
<b>Board of Commissioners</b>				
Personnel services	\$ 727,765	\$ 777,844	\$ 774,760	\$ 3,084
Operating expenditures	61,096	61,096	58,228	2,868
	<u>788,861</u>	<u>838,940</u>	<u>832,988</u>	<u>5,952</u>
<b>Other Governmental</b>				
Operating expenditures	1,876,921	1,606,261	1,566,498	39,763
<b>Non-Profit</b>				
Operating expenditures	1,105,722	1,111,931	1,127,468	(15,537)
Capital outlay	9,688	13,376	-	13,376
	<u>1,115,410</u>	<u>1,125,307</u>	<u>1,127,468</u>	<u>(2,161)</u>
<b>Total legislative</b>	<b>3,781,192</b>	<b>3,570,508</b>	<b>3,526,954</b>	<b>43,554</b>
<b>Judicial:</b>				
<b>Clerk of State Court</b>				
Personnel services	3,480,624	3,659,813	3,659,812	1
Operating expenditures	147,626	147,376	119,025	28,351
Capital outlay	9,125	9,375	9,326	49
	<u>3,637,375</u>	<u>3,816,564</u>	<u>3,788,163</u>	<u>28,401</u>
<b>Clerk of Superior Court</b>				
Personnel services	4,464,694	4,460,694	4,398,731	61,963
Operating expenditures	174,383	189,193	188,587	606
Capital outlay	16,760	21,406	7,227	14,179
	<u>4,655,837</u>	<u>4,671,293</u>	<u>4,594,545</u>	<u>76,748</u>
<b>District Attorney</b>				
Personnel services	5,246,148	6,134,343	5,592,301	542,042
Operating expenditures	214,644	445,513	441,238	4,275
Capital outlay	-	882,303	-	882,303
	<u>5,460,792</u>	<u>7,462,159</u>	<u>6,033,539</u>	<u>1,428,620</u>
<b>Chief Magistrate</b>				
Personnel services	2,729,322	2,772,020	2,772,019	1
Operating expenditures	120,280	127,064	100,136	26,928
Capital outlay	24,000	17,670	14,057	3,613
	<u>2,873,602</u>	<u>2,916,754</u>	<u>2,886,212</u>	<u>30,542</u>

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**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Juvenile Court				
Personnel services	3,878,578	4,305,427	4,304,133	1,294
Operating expenditures	164,247	378,044	375,562	2,482
Capital outlay	-	148,600	-	148,600
	<u>4,042,825</u>	<u>4,832,071</u>	<u>4,679,695</u>	<u>152,376</u>
State Court Division II				
Personnel services	971,647	1,316,316	1,315,170	1,146
Operating expenditures	135,251	139,332	118,355	20,977
Capital outlay	2,400	1,319	-	1,319
	<u>1,109,298</u>	<u>1,456,967</u>	<u>1,433,525</u>	<u>23,442</u>
Probate Court				
Personnel services	852,962	878,965	878,963	2
Operating expenditures	69,467	79,366	79,396	(30)
	<u>922,429</u>	<u>958,331</u>	<u>958,359</u>	<u>(28)</u>
Solicitor				
Personnel services	3,639,935	4,618,645	4,583,482	35,163
Operating expenditures	41,661	87,082	86,865	217
Capital outlay	14,969	333,133	11,808	321,325
	<u>3,696,565</u>	<u>5,038,860</u>	<u>4,682,155</u>	<u>356,705</u>
State Court				
Personnel services	3,902,235	4,130,352	4,129,206	1,146
Operating expenditures	483,529	481,050	395,663	85,387
Capital outlay	10,700	5,179	72	5,107
	<u>4,396,464</u>	<u>4,616,581</u>	<u>4,524,941</u>	<u>91,640</u>
Superior Court				
Personnel services	3,595,201	3,809,032	3,807,885	1,147
Operating expenditures	900,719	935,160	862,838	72,322
Capital outlay	27,507	357,038	23,508	333,530
	<u>4,523,427</u>	<u>5,101,230</u>	<u>4,694,231</u>	<u>406,999</u>
Circuit Defender				
Personnel services	558,221	581,061	579,000	2,061
Operating expenditures	4,217,975	5,385,654	5,385,617	37
Capital outlay	-	-	-	-
	<u>4,776,196</u>	<u>5,966,715</u>	<u>5,964,617</u>	<u>2,098</u>
Total judicial	<u>40,094,810</u>	<u>46,837,525</u>	<u>44,239,982</u>	<u>2,597,543</u>
Executive and administrative:				
County Manager				
Personnel services	596,940	663,210	662,536	674
Operating expenditures	39,700	42,900	40,968	1,932
Capital outlay	-	42,501	-	42,501
	<u>636,640</u>	<u>748,611</u>	<u>703,504</u>	<u>45,107</u>

Continued on next page.

**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Administrative				
Personnel services	28,000	28,000	-	28,000
Operating expenditures	4,164,690	6,507,390	6,400,400	106,990
Capital outlay	11,533,252	2,351,622	-	2,351,622
	<u>15,725,942</u>	<u>8,887,012</u>	<u>6,400,400</u>	<u>2,486,612</u>
Information Services				
Personnel services	7,924,137	8,057,888	7,787,544	270,344
Operating expenditures	4,516,942	4,530,421	3,938,352	592,069
Capital outlay	30,022	102,685	-	102,685
	<u>12,471,101</u>	<u>12,690,994</u>	<u>11,725,896</u>	<u>965,098</u>
Drug Treatment				
Personnel services	249,270	249,270	238,521	10,749
Operating expenditures	235,062	236,714	225,492	11,222
Capital outlay	57,232	11,463	-	11,463
	<u>541,564</u>	<u>497,447</u>	<u>464,013</u>	<u>33,434</u>
Finance				
Personnel services	2,199,845	2,199,851	2,178,893	20,958
Operating expenditures	249,155	249,149	216,135	33,014
Capital outlay	-	646,286	-	646,286
	<u>2,449,000</u>	<u>3,095,286</u>	<u>2,395,028</u>	<u>700,258</u>
Purchasing				
Personnel services	3,137,646	3,157,297	3,071,312	85,985
Operating expenditures	2,617,905	2,799,619	2,860,112	(60,493)
Capital outlay	3,017,846	3,487,508	2,914,615	572,893
	<u>8,773,397</u>	<u>9,444,424</u>	<u>8,846,039</u>	<u>598,385</u>
Tax Assessor				
Personnel services	2,978,575	3,095,329	3,016,979	78,350
Operating expenditures	2,828,361	3,242,583	2,533,878	708,705
Capital outlay	27,000	26,920	-	26,920
	<u>5,833,936</u>	<u>6,364,832</u>	<u>5,550,857</u>	<u>813,975</u>
Internal Audit				
Personnel services	635,172	635,172	568,746	66,426
Operating expenditures	22,689	22,689	19,249	3,440
	<u>657,861</u>	<u>657,861</u>	<u>587,995</u>	<u>69,866</u>
Human Resources				
Personnel services	1,664,210	1,702,612	1,702,600	12
Operating expenditures	465,896	541,652	500,539	41,113
Capital outlay	-	114,302	9,915	104,387
	<u>2,130,106</u>	<u>2,358,566</u>	<u>2,213,054</u>	<u>145,512</u>
Ethics Board				
Operating expenditures	1,130	1,130	1,077	53
	<u>1,130</u>	<u>1,130</u>	<u>1,077</u>	<u>53</u>
Property Management				
Personnel services	3,529,216	3,655,775	3,497,632	158,143
Operating expenditures	4,558,530	4,700,353	4,423,551	276,802
Capital outlay	158,864	27,791	20,132	7,659
	<u>8,246,610</u>	<u>8,383,919</u>	<u>7,941,315</u>	<u>442,604</u>

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**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Tax Commissioner				
Personnel services	4,994,635	5,357,538	5,349,733	7,805
Operating expenditures	464,470	452,617	460,779	(8,162)
Capital outlay	26,285	37,753	37,751	2
	<u>5,485,390</u>	<u>5,847,908</u>	<u>5,848,263</u>	<u>(355)</u>
Public Services				
Personnel services	217,350	225,608	225,242	366
Operating expenditures	5,084	5,084	4,056	1,028
	<u>222,434</u>	<u>230,692</u>	<u>229,298</u>	<u>1,394</u>
Communications				
Personnel services	831,598	843,896	843,860	36
Operating expenditures	311,867	348,367	298,196	50,171
Capital outlay	305,254	390,787	305,254	85,533
	<u>1,448,719</u>	<u>1,583,050</u>	<u>1,447,310</u>	<u>135,740</u>
Support Services				
Personnel services	721,312	729,837	726,762	3,075
Operating Services	1,705,911	1,674,575	1,044,032	630,543
Capital outlay	872	32,208	28,557	3,651
	<u>2,428,095</u>	<u>2,436,620</u>	<u>1,799,351</u>	<u>637,269</u>
Elections & Registration				
Personnel services	2,095,536	2,051,744	1,573,567	478,177
Operating expenditures	658,330	730,798	735,831	(5,033)
Capital outlay	433,231	615,765	195,556	420,209
	<u>3,187,097</u>	<u>3,398,307</u>	<u>2,504,954</u>	<u>893,353</u>
County Clerk				
Personnel services	277,193	278,315	278,293	22
Operating expenditures	53,429	51,831	50,514	1,317
Capital outlay	-	1,598	1,598	-
	<u>330,622</u>	<u>331,744</u>	<u>330,405</u>	<u>1,339</u>
Law Department				
Personnel services	1,329,538	1,380,437	1,380,143	294
Operating expenditures	473,313	1,020,215	1,019,646	569
Capital outlay	-	-	-	-
	<u>1,802,851</u>	<u>2,400,652</u>	<u>2,399,789</u>	<u>863</u>
Total executive and administrative	<u>72,372,495</u>	<u>69,359,055</u>	<u>61,388,548</u>	<u>7,970,507</u>
Total general government	<u>116,248,497</u>	<u>119,767,088</u>	<u>109,155,484</u>	<u>10,611,604</u>
Public Safety:				
P S Training Center				
Personnel services	1,413,423	1,416,903	1,409,656	7,247
Operating expenditures	249,436	260,871	224,598	36,273
Capital outlay	52,004	42,994	37,695	5,299
	<u>1,714,863</u>	<u>1,720,768</u>	<u>1,671,949</u>	<u>48,819</u>
Police Department				
Personnel services	41,833,762	42,427,950	41,555,501	872,449
Operating expenditures	4,055,094	3,665,001	3,662,068	2,933
Capital outlay	379,700	285,324	238,963	46,361
	<u>46,268,556</u>	<u>46,378,275</u>	<u>45,456,532</u>	<u>921,743</u>

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**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Countywide-800MHZ				
Personnel services	205,803	218,249	218,247	2
Operating expenditures	1,214,552	1,176,495	744,415	432,080
Capital outlay	-	646,936	19,990	626,946
	<u>1,420,355</u>	<u>2,041,680</u>	<u>982,652</u>	<u>1,059,028</u>
Animal Control				
Personnel services	1,714,548	1,769,478	1,769,474	4
Operating expenditures	406,005	429,991	434,102	(4,111)
Capital outlay	2,113	29,765	-	29,765
	<u>2,122,666</u>	<u>2,229,234</u>	<u>2,203,576</u>	<u>25,658</u>
Public Safety				
Personnel services	1,187,940	1,228,909	1,228,859	50
Operating expenditures	79,720	77,880	69,469	8,411
Capital outlay	-	-	-	-
	<u>1,267,660</u>	<u>1,306,789</u>	<u>1,298,328</u>	<u>8,461</u>
Sheriff				
Personnel services	15,225,425	15,277,247	15,398,038	(120,791)
Operating expenditures	946,324	835,111	1,042,607	(207,496)
Capital outlay	71,105	53,584	53,084	500
	<u>16,242,854</u>	<u>16,165,942</u>	<u>16,493,729</u>	<u>(327,787)</u>
Corrections				
Personnel services	23,615,975	23,673,329	23,495,588	177,741
Operating expenditures	11,763,772	12,382,980	12,226,252	156,728
Capital outlay	34,595	162,048	156,789	5,259
	<u>35,414,342</u>	<u>36,218,357</u>	<u>35,878,629</u>	<u>339,728</u>
Medical Examiner				
Personnel services	451,288	476,990	476,978	12
Operating expenditures	457,514	457,515	452,268	5,247
	<u>908,802</u>	<u>934,505</u>	<u>929,246</u>	<u>5,259</u>
Total public safety	<u>105,360,098</u>	<u>106,995,550</u>	<u>104,914,641</u>	<u>2,080,909</u>
Public works:				
Department of Transportation				
Personnel services	9,323,623	9,251,209	9,251,206	3
Operating expenditures	9,761,001	10,305,417	9,573,578	731,839
Capital outlay	235,739	399,493	204,184	195,309
	<u>19,320,363</u>	<u>19,956,119</u>	<u>19,028,968</u>	<u>927,151</u>
Total public works	<u>19,320,363</u>	<u>19,956,119</u>	<u>19,028,968</u>	<u>927,151</u>
Culture and Recreation				
Extension Service				
Personnel services	454,340	454,081	403,931	50,150
Operating expenditures	31,161	31,420	31,417	3
	<u>485,501</u>	<u>485,501</u>	<u>435,348</u>	<u>50,153</u>

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**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Library				
Personnel services	7,179,162	7,545,419	7,545,415	4
Operating expenditures	2,395,451	2,808,872	2,785,831	23,041
Capital outlay	-	39,509	-	39,509
	<u>9,574,613</u>	<u>10,393,800</u>	<u>10,331,246</u>	<u>62,554</u>
Parks and Recreation				
Personnel services	11,867,647	11,876,412	11,652,039	224,373
Operating expenditures	6,569,312	6,684,117	6,680,047	4,070
Capital outlay	107,285	957,757	460,086	497,671
	<u>18,544,244</u>	<u>19,518,286</u>	<u>18,792,172</u>	<u>726,114</u>
Total culture and recreation	<u>28,604,358</u>	<u>30,397,587</u>	<u>29,558,766</u>	<u>838,821</u>
Health and welfare:				
Cobb County Board of Health				
Operating expenditures	1,193,277	1,220,332	1,220,332	-
Total health and welfare	<u>1,193,277</u>	<u>1,220,332</u>	<u>1,220,332</u>	<u>-</u>
Housing and development:				
Economic Development				
Personnel services	242,981	242,981	232,239	10,742
Operating expenditures	142,938	175,438	166,868	8,570
Capital outlay	-	25,000	-	25,000
	<u>385,919</u>	<u>443,419</u>	<u>399,107</u>	<u>44,312</u>
Community Development				
Personnel services	6,546,678	6,703,958	6,703,957	1
Operating expenditures	340,166	461,544	444,776	16,768
Capital outlay	61,945	380,749	16,280	364,469
	<u>6,948,789</u>	<u>7,546,251</u>	<u>7,165,013</u>	<u>381,238</u>
Total housing and development	<u>7,334,708</u>	<u>7,989,670</u>	<u>7,564,120</u>	<u>425,550</u>
Total current	<u>\$ 278,061,301</u>	<u>\$ 286,326,346</u>	<u>\$ 271,442,311</u>	<u>\$ 14,884,035</u>
Debt service:				
Principal retirement	\$ 152,065	\$ 158,119	\$ 127,852	\$ 30,267
Interest and fiscal charges	1,253,404	1,328,588	1,278,773	49,815
Total debt service	<u>\$ 1,405,469</u>	<u>\$ 1,486,707</u>	<u>\$ 1,406,625</u>	<u>\$ 80,082</u>
Total expenditures	<u>\$ 279,466,770</u>	<u>\$ 287,813,053</u>	<u>\$ 272,848,936</u>	<u>\$ 14,964,117</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 3,548,740</u>	<u>\$ 575,305</u>	<u>\$ 20,237,638</u>	<u>\$ 19,662,333</u>

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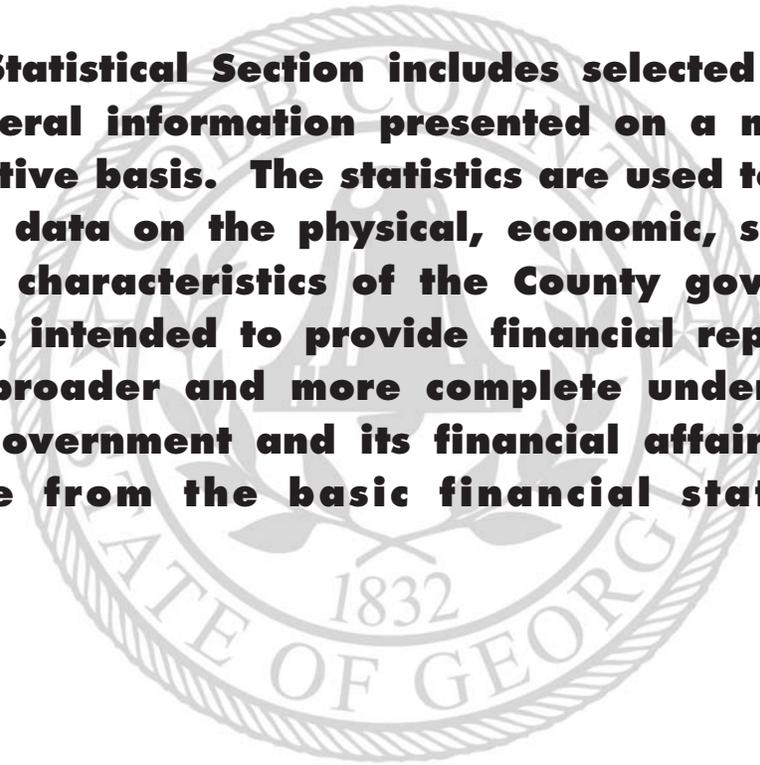
**Cobb County, Georgia**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ 18,280,803	\$ 18,871,395	\$ 20,963,964	\$ 2,092,569
Sale of capital assets	308,430	308,430	389,488	81,058
Transfers out	<u>(25,600,447)</u>	<u>(41,566,863)</u>	<u>(40,984,494)</u>	<u>582,369</u>
Total other financing sources (uses)	<u>\$ (7,011,214)</u>	<u>\$ (22,387,038)</u>	<u>\$ (19,631,042)</u>	<u>\$ 2,755,996</u>
Net change in fund balance	<u>\$ (3,462,474)</u>	<u>\$ (21,811,733)</u>	\$ 606,596	<u>\$ 22,418,329</u>
Fund balance at beginning of year			<u>56,630,730</u>	
Fund balance at end of year - budgetary basis			\$ 57,237,326	
Reconciliation to GAAP basis:				
Elimination of encumbrances outstanding at end of year			<u>3,374,186</u>	
Fund balance at end of year - GAAP basis			<u>\$ 60,611,512</u>	

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## **Statistical Section**

**The Statistical Section includes selected financial and general information presented on a multi-year comparative basis. The statistics are used to provide detailed data on the physical, economic, social and political characteristics of the County government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements.**



Cobb County, Georgia  
Net Assets by Component  
Unaudited

	2006	2005	2004	2003	2002
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 2,480,941,152	\$ 2,476,786,038	\$ 2,462,887,568	\$ 2,443,180,328	\$ 2,448,721,064
Restricted	85,045,197	4,501,533	102,020,091	75,568,888	82,922,156
Unrestricted	82,350,806	70,015,602	29,981,942	58,464,900	45,642,328
<b>Total governmental activities net assets</b>	<b>\$ 2,648,337,155</b>	<b>\$ 2,551,303,173</b>	<b>\$ 2,594,889,601</b>	<b>\$ 2,577,214,116</b>	<b>\$ 2,577,285,548</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 1,160,044,646	\$ 1,113,718,561	\$ 959,605,058	\$ 949,944,450	\$ 815,807,798
Restricted	-	-	144,528,897	111,445,686	177,793,801
Unrestricted	4,806,173	2,306,436	(25,510,809)	(39,411,425)	(42,748,221)
<b>Total business-type activities net assets</b>	<b>\$ 1,164,850,819</b>	<b>\$ 1,116,024,997</b>	<b>\$ 1,078,623,146</b>	<b>\$ 1,021,978,711</b>	<b>\$ 950,853,378</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 3,640,985,798	\$ 3,590,504,599	\$ 3,422,492,626	\$ 3,393,124,778	\$ 3,264,528,862
Restricted	85,045,197	4,501,533	246,548,988	187,014,574	260,715,957
Unrestricted	87,156,979	72,322,038	4,471,133	19,053,475	2,894,107
<b>Total primary government net assets</b>	<b>\$ 3,813,187,974</b>	<b>\$ 3,667,328,170</b>	<b>\$ 3,673,512,747</b>	<b>\$ 3,599,192,827</b>	<b>\$ 3,528,138,926</b>

**Source:** Basic Financial Statements

**Note:** Accrual-basis financial information for Cobb County as a whole is available back to 2002 only, the year GASB 34 was implemented.

Cobb County, Georgia  
Changes in Net Assets  
Unaudited

	2006	2005	2004	2003	2002
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 115,843,895	\$ 107,749,514	\$ 108,191,828	\$ 99,766,869	\$ 95,009,466
Public safety	178,947,049	168,711,238	163,535,307	154,774,012	139,360,166
Public works	90,377,404	69,421,056	66,385,387	66,256,600	68,070,044
Health and welfare	7,478,849	6,684,836	5,919,160	4,932,192	5,073,402
Culture and recreation	39,071,797	30,582,562	30,360,077	28,921,885	27,798,680
Housing and development	13,609,064	16,930,505	14,232,310	15,213,345	15,953,347
Interest on long-term debt	6,592,636	6,300,694	3,135,529	3,319,712	4,743,966
<b>Total governmental activities expenses</b>	<b>\$ 451,920,694</b>	<b>\$ 406,380,405</b>	<b>\$ 391,759,598</b>	<b>\$ 373,184,615</b>	<b>\$ 356,009,071</b>
<b>Business-type activities:</b>					
Water and sewer	\$ 144,457,437	\$ 123,198,230	\$ 121,115,557	\$ 112,023,923	\$ 112,263,460
Solid waste	11,095,700	12,179,338	13,346,843	13,678,893	13,900,762
Transit	17,477,215	15,362,394	14,073,213	10,685,976	12,014,385
Cobblestone Golf Course	1,677,078	1,881,091	1,792,480	1,703,874	1,871,441
Mable House Barnes Amphitheater	1,621,898	1,370,258	1,294,694	1,213,026	-
<b>Total business-type activities expenses</b>	<b>\$ 176,329,328</b>	<b>\$ 153,991,311</b>	<b>\$ 151,622,787</b>	<b>\$ 139,305,692</b>	<b>\$ 140,050,048</b>
<b>Total primary government expenses</b>	<b>\$ 628,250,022</b>	<b>\$ 560,371,716</b>	<b>\$ 543,382,385</b>	<b>\$ 512,490,307</b>	<b>\$ 496,059,119</b>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 51,709,360	\$ 44,800,932	\$ 49,574,327	\$ 52,953,905	\$ 49,078,823
Public safety	14,469,395	13,425,582	12,138,789	11,960,137	12,280,544
Public works	5,320,149	4,796,608	4,463,356	4,448,905	4,481,838
Health and welfare	80,017	79,569	72,894	73,935	68,902
Culture and recreation	3,219,150	3,266,955	3,078,532	3,052,475	2,907,402
Housing and development	21,724,082	22,130,157	20,197,584	18,098,184	17,757,681
Operating grants and contributions	16,342,417	16,700,061	16,131,983	8,539,450	10,107,108
Capital grants and contributions	39,290,010	32,790,400	46,758,335	11,975,118	17,723,508
<b>Total governmental activities program revenues</b>	<b>\$ 152,154,580</b>	<b>\$ 137,990,264</b>	<b>\$ 152,415,800</b>	<b>\$ 111,102,109</b>	<b>\$ 114,405,806</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water and sewer	\$ 167,580,879	\$ 143,171,222	\$ 141,959,651	\$ 133,266,282	\$ 158,358,196
Solid waste	5,868,070	5,929,112	5,994,436	5,609,955	4,829,398
Transit	3,703,228	3,297,030	2,796,707	3,003,725	2,792,849
Cobblestone Golf Course	2,160,557	1,955,870	1,922,315	1,799,798	1,816,019
Mable House Barnes Amphitheater	625,294	591,996	392,400	255,109	-
Operating grants and contributions	1,445,712	-	-	-	248,932
Capital grants and contributions	39,555,767	38,670,446	53,387,271	65,726,743	10,874,104
<b>Total business-type activities program revenues</b>	<b>\$ 220,939,507</b>	<b>\$ 193,615,676</b>	<b>\$ 206,452,780</b>	<b>\$ 209,661,612</b>	<b>\$ 178,919,498</b>
<b>Total primary government program revenues</b>	<b>\$ 373,094,087</b>	<b>\$ 331,605,940</b>	<b>\$ 358,868,580</b>	<b>\$ 320,763,721</b>	<b>\$ 293,325,304</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (299,766,114)	\$ (268,390,141)	\$ (239,343,798)	\$ (262,082,506)	\$ (241,603,265)
Business-type activities	44,610,179	39,624,365	54,829,993	70,355,920	38,869,450
<b>Total primary government net (expense)/revenue</b>	<b>\$ (255,155,935)</b>	<b>\$ (228,765,776)</b>	<b>\$ (184,513,805)</b>	<b>\$ (191,726,586)</b>	<b>\$ (202,733,815)</b>

General Revenues and Other Changes in Net Assets

Governmental activities					
Property taxes	\$ 218,244,514	\$ 214,511,969	\$ 195,394,493	\$ 181,170,485	\$ 190,948,717
Sales taxes	100,562,325	161,617	485,445	150,785	1,335,432
Insurance and premium tax	20,050,624	18,776,151	17,352,880	16,180,639	14,653,816
Alcoholic beverage tax	4,115,598	4,524,862	4,548,280	4,378,044	4,552,006
Hotel/Motel tax	10,452,605	3,327,163	3,038,009	3,021,223	3,194,741
Real estate transfer tax	2,565,691	2,449,347	1,908,363	3,962,093	1,421,517
Miscellaneous taxes	11,190,228	8,990,786	10,570,872	9,209,203	6,996,745
Miscellaneous	9,046,114	4,090,731	7,651,872	5,134,596	2,770,196
Grant and contributions not restricted to specific programs	11,256,630	12,289,502	12,594,993	14,044,620	12,533,276
Gain or (loss) on sale of capital assets	812,344	392,556	166,281	(81,086)	74,463
Increase/decrease in fair market value	-	-	(1,319)	2,038	(84,471)
Unrestricted investment earnings	7,251,088	2,881,915	1,745,217	1,903,733	3,309,033
Extraordinary gain - donated roads	-	-	-	21,939,200	88,998,000
Extraordinary gain - capital contributions	-	-	-	769,129	-
Transfers	2,643,338	6,057,506	1,563,897	226,372	(785,032)
Total governmental activities	<u>\$ 398,191,099</u>	<u>\$ 278,454,105</u>	<u>\$ 257,019,283</u>	<u>\$ 262,011,074</u>	<u>\$ 329,918,439</u>
Business-type activities					
Miscellaneous	\$ 1,487,088	\$ -	\$ -	\$ -	\$ -
Gain or (loss) on sale of capital assets	-	157,878	985,040	(143,065)	79,951
Increase/decrease in fair market value	-	(18)	(2,543)	7,325	(275,732)
Unrestricted investment earnings	5,371,893	3,677,132	2,395,842	2,295,482	5,842,748
Transfers	(2,643,338)	(6,057,506)	(1,563,897)	(1,290,340)	(507,300)
Total business-type activities	<u>\$ 4,215,643</u>	<u>\$ (2,222,514)</u>	<u>\$ 1,814,442</u>	<u>\$ 869,402</u>	<u>\$ 5,139,667</u>
Total primary government	<u>\$ 402,406,742</u>	<u>\$ 276,231,591</u>	<u>\$ 258,833,725</u>	<u>\$ 262,880,476</u>	<u>\$ 335,058,106</u>
Change in Net Assets Before Restatement					
Governmental activities	\$ 98,424,985	\$ 10,063,964	\$ 17,675,485	\$ (71,432)	\$ 88,315,174
Business-type activities	48,825,822	37,401,851	56,644,435	71,225,322	44,009,117
Total primary government	<u>\$ 147,250,807</u>	<u>\$ 47,465,815</u>	<u>\$ 74,319,920</u>	<u>\$ 71,153,890</u>	<u>\$ 132,324,291</u>
Restatement					
Governmental activities	\$ (1,391,003)	\$ (53,650,392)	\$ -	\$ -	\$ -
Business-type activities	-	-	-	(99,989)	-
Total primary government	<u>\$ (1,391,003)</u>	<u>\$ (53,650,392)</u>	<u>\$ -</u>	<u>\$ (99,989)</u>	<u>\$ -</u>
Change in Net Assets After Restatement					
Governmental activities	\$ 97,033,982	\$ (43,586,428)	\$ 17,675,485	\$ (71,432)	\$ 88,315,174
Business-type activities	48,825,822	37,401,851	56,644,435	71,125,333	44,009,117
Total primary government	<u>\$ 145,859,804</u>	<u>\$ (6,184,577)</u>	<u>\$ 74,319,920</u>	<u>\$ 71,053,901</u>	<u>\$ 132,324,291</u>

**Source:** Basic Financial Statements

**Note:** Accrual-basis financial information for Cobb County as a whole is available back to 2002 only, the year GASB 34 was implemented.

**Restatement:** See note in financial statements #27

Cobb County, Georgia  
Fund Balances, Governmental Funds  
Unaudited

	2006	2005	2004	2003	2002
General Fund					
Reserved	\$ 6,763,639	\$ 6,893,207	\$ 5,632,515	\$ 5,097,575	\$ 5,059,721
Unreserved	53,847,873	49,737,523	40,439,209	63,125,053	39,395,452
Total General Fund	\$ 60,611,512	\$ 56,630,730	\$ 46,071,724	\$ 68,222,628	\$ 44,455,173
All Other Governmental Funds					
Reserved	\$ 56,453,588	\$ 8,678,307	\$ 2,060,457	\$ 6,074,340	\$ 63,336,996
Unreserved					
Special Revenue Funds	27,327,858	23,536,835	17,698,893	17,290,675	10,680,024
Capital Projects Funds	78,621,544	47,925,922	73,864,196	43,870,351	-
Total all other governmental funds	\$ 162,402,990	\$ 80,141,064	\$ 93,623,546	\$ 67,235,366	\$ 74,017,020
General Fund					
Reserved	\$ 3,573,365	\$ 3,353,902	\$ 3,014,874	\$ 3,051,960	\$ 2,700,607
Unreserved	27,570,731	27,853,746	31,253,962	22,258,775	33,872,845
Total General Fund	\$ 31,144,096	\$ 31,207,648	\$ 34,268,836	\$ 25,310,735	\$ 36,573,452
All Other Governmental Funds					
Reserved	\$ 94,433,901	\$ 136,405,334	\$ 192,100,593	\$ 245,656,460	\$ 245,352,938
Unreserved					
Special Revenue Funds	5,837,419	8,916,601	8,257,793	5,492,801	13,097,195
Capital Projects Funds	-	-	-	-	-
Total all other governmental funds	\$ 100,271,320	\$ 145,321,935	\$ 200,358,386	\$ 251,149,261	\$ 258,450,133

**Source:** Basic Financial Statements

**Note:** The change in fund balance report for fiscal year 2002 does not account for the entire change in fund balance from 2001 to 2002. Prior to fiscal year 2002, the Transit fund was reported as a governmental fund, but the County changed the fund from a governmental fund to an enterprise fund to comply with the State of Georgia uniform chart of accounts in 2002. The Transit Fund had a fund balance of \$2,813,937 at the end of fiscal year 2001.

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Cobb County, Georgia  
Changes in Fund Balances, Governmental Funds  
Unaudited

	2006	2005	2004	2003
Revenues				
Taxes	\$ 365,649,916	\$ 243,253,752	\$ 233,912,522	\$ 219,514,807
Licenses and permits	21,477,431	21,952,259	20,081,455	18,073,485
Intergovernmental	40,119,513	45,972,924	45,024,359	33,188,602
Charges for services	57,707,513	53,948,110	51,881,834	55,541,607
Fines and forfeits	17,337,209	19,439,582	16,781,751	16,307,448
Interest earned	6,717,914	2,684,393	1,679,490	1,903,733
Contributions	-	73,565	230,213	190,505
Increase (decrease) in fair value of investments	-	-	(1,319)	2,038
Miscellaneous	9,046,114	6,249,544	8,560,148	7,029,846
Total revenues	<u>\$ 518,055,610</u>	<u>\$ 393,574,129</u>	<u>\$ 378,150,453</u>	<u>\$ 351,752,071</u>
Expenditures				
General government	\$ 121,042,343	\$ 136,122,674	\$ 108,899,536	\$ 97,376,226
Public safety	184,595,327	167,931,065	164,439,721	144,972,677
Public works	57,385,232	40,980,529	47,421,144	42,145,316
Health and welfare	6,578,840	6,284,246	5,118,992	4,708,724
Culture and recreation	39,809,495	32,471,529	33,045,343	28,915,435
Housing and development	15,105,680	16,859,368	17,401,587	17,335,630
Debt service				
Principal retirement	10,944,224	7,123,315	7,614,617	7,607,097
Interest and fiscal charges	6,963,792	3,859,569	3,310,637	3,560,168
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 442,424,933</u>	<u>\$ 411,632,295</u>	<u>\$ 387,251,577</u>	<u>\$ 346,621,273</u>
Excess of revenues over (under) expenditures	<u>\$ 75,630,677</u>	<u>\$ (18,058,166)</u>	<u>\$ (9,101,124)</u>	<u>\$ 5,130,798</u>
Other Financing Sources (Uses)				
Transfers in	\$ 58,146,991	\$ 41,216,609	\$ 80,629,289	\$ 45,041,284
Transfers out	(55,394,987)	(34,830,124)	(79,635,859)	(37,383,272)
Capital lease proceeds	7,019,390	-	12,344,970	3,787,719
Sale of capital assets	840,637	1,515,000	-	-
Refunding bonds issued	-	19,245,880	-	34,218,180
Payment to refund bond escrow agent	-	(19,144,311)	-	(33,808,908)
Total other financing sources (uses)	<u>\$ 10,612,031</u>	<u>\$ 8,003,054</u>	<u>\$ 13,338,400</u>	<u>\$ 11,855,003</u>
Net change in fund balances before restatement	\$ 86,242,708	\$ (10,055,112)	\$ 4,237,276	\$ 16,985,801
Restatement	<u>\$ -</u>	<u>\$ 7,131,636</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances after restatement	<u>\$ 86,242,708</u>	<u>\$ (2,923,476)</u>	<u>\$ 4,237,276</u>	<u>\$ 16,985,801</u>
Debt service as a percentage of noncapital expenditures	4.79%	4.25%	3.41%	3.74%

Source: Basic Financial Statements

	2002	2001	2000	1999	1998	1997
\$	209,332,705	\$ 187,468,350	\$ 185,316,379	\$ 246,570,918	\$ 262,097,869	\$ 249,344,925
	17,714,856	16,527,532	16,466,884	16,195,202	15,153,427	14,547,554
	39,870,040	37,460,731	34,713,764	30,026,775	18,623,949	18,815,730
	52,303,368	45,993,473	41,042,206	38,664,865	35,725,892	36,397,319
	15,738,490	14,469,760	12,812,943	12,020,994	10,482,786	9,993,814
	3,114,946	9,138,181	12,896,557	14,076,119	16,704,168	16,781,344
	79,018	97,096	228,815	1,344,564	131,272	956,892
	(84,471)	778,462	346,610	(1,045,164)	523,699	-
	5,890,938	5,061,806	3,989,120	3,863,712	3,875,845	1,597,698
\$	<u>343,959,890</u>	<u>\$ 316,995,391</u>	<u>\$ 307,813,278</u>	<u>\$ 361,717,985</u>	<u>\$ 363,318,907</u>	<u>\$ 348,435,276</u>
\$	97,303,459	\$ 132,410,718	\$ 117,019,474	\$ 101,166,544	\$ 95,719,214	\$ 88,267,648
	135,378,095	93,595,649	85,536,444	82,485,052	78,337,654	73,606,150
	58,546,137	32,963,840	32,686,109	29,450,882	23,684,350	21,158,382
	4,919,873	5,576,896	4,417,217	4,091,201	4,153,017	4,731,091
	33,029,275	24,353,465	23,047,102	20,711,238	19,918,809	16,223,875
	15,906,049	8,854,555	5,776,927	5,417,513	5,655,067	7,864,126
	6,297,335	10,146,064	9,556,015	10,361,624	9,815,115	9,159,810
	4,682,003	5,603,367	6,135,259	5,869,954	6,237,655	6,481,563
	-	59,663,116	84,950,291	150,725,145	141,114,942	120,305,700
\$	<u>356,062,226</u>	<u>\$ 373,167,670</u>	<u>\$ 369,124,838</u>	<u>\$ 410,279,153</u>	<u>\$ 384,635,823</u>	<u>\$ 347,798,345</u>
\$	<u>(12,102,336)</u>	<u>\$ (56,172,279)</u>	<u>\$ (61,311,560)</u>	<u>\$ (48,561,168)</u>	<u>\$ (21,316,916)</u>	<u>\$ 636,931</u>
\$	33,954,139	\$ 46,392,091	\$ 39,908,587	\$ 47,179,578	\$ 50,521,567	\$ 18,860,173
	(34,729,810)	(35,333,979)	(36,694,666)	(41,740,220)	(51,305,867)	(13,860,085)
	2,748,771	-	-	1,289,036	3,407,318	-
	-	-	-	-	-	-
	-	-	-	-	-	30,589,809
	-	-	-	-	-	(876,948)
\$	<u>1,973,100</u>	<u>\$ 11,058,112</u>	<u>\$ 3,213,921</u>	<u>\$ 6,728,394</u>	<u>\$ 2,623,018</u>	<u>\$ 34,712,949</u>
\$	<u>(10,129,236)</u>	<u>\$ (45,114,167)</u>	<u>\$ (58,097,639)</u>	<u>\$ (41,832,774)</u>	<u>\$ (18,693,898)</u>	<u>\$ 35,349,880</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>(10,129,236)</u>	<u>\$ (45,114,167)</u>	<u>\$ (58,097,639)</u>	<u>\$ (41,832,774)</u>	<u>\$ (18,693,898)</u>	<u>\$ 35,349,880</u>
	19.47%	26.40%	18.47%	10.77%	11.38%	13.00%

Cobb County, Georgia  
Assessed Value and Actual Value  
Unaudited

Fiscal Year	Real Property						Personal Property		Total Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Residential Property		Commercial Property		Other		Assessed Value	Estimated Actual Value				
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
1997	\$ 7,381,148,208	\$ 18,452,870,520	\$ 3,694,008,027	\$ 9,235,020,068	\$ 1,850,359,553	\$ 4,625,898,883	\$ 1,962,692,250	\$ 4,906,730,625	\$ 14,888,208,038	\$ 37,220,520,095	40%	
1998	8,150,559,733	20,376,399,333	3,727,600,972	9,319,002,430	1,970,688,971	4,926,722,428	2,256,591,821	5,641,479,553	16,105,441,497	40,263,603,743	40%	
1999	8,979,775,004	22,449,437,510	4,560,618,309	11,401,545,773	1,953,645,259	4,884,113,148	2,240,042,924	5,600,107,310	17,734,081,496	44,335,203,740	40%	
2000	10,000,341,450	25,000,853,625	4,559,910,665	11,399,776,663	2,144,374,530	5,360,936,325	2,224,706,597	5,561,766,493	18,929,333,242	47,323,333,105	40%	
2001	11,228,268,662	28,070,671,655	4,643,927,963	11,609,819,908	2,354,497,123	5,886,242,808	2,301,589,509	5,753,973,773	20,528,283,257	51,320,708,143	40%	
2002	13,095,676,643	32,739,191,608	5,841,482,874	14,603,707,185	2,411,250,813	6,028,127,033	2,366,090,193	5,915,225,483	23,714,500,523	59,286,251,308	40%	
2003	13,869,536,368	34,673,840,920	5,680,625,084	14,201,562,710	2,695,204,513	6,738,011,283	2,374,834,364	5,937,085,910	24,620,200,329	61,550,500,823	40%	
2004	14,958,680,641	37,396,701,603	5,838,567,796	14,596,419,490	2,672,153,123	6,680,382,808	2,619,127,023	6,547,817,558	26,088,528,583	65,221,321,458	40%	
2005	16,509,842,871	41,274,607,178	6,468,662,962	16,171,657,405	2,341,387,292	5,853,468,230	2,782,135,693	6,955,339,233	28,102,028,818	70,255,072,045	40%	
2006	18,163,497,752	45,408,744,380	6,908,697,628	17,271,744,070	2,314,114,953	5,785,287,383	2,900,098,221	7,250,445,553	30,286,408,554	75,716,021,385	40%	

Source: Cobb County Tax Digest  
Note: (1) Per \$1,000 of assessed value.

Cobb County, Georgia  
Direct and Overlapping Property Tax Rates  
Unaudited

	Year Taxes Are Payable									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Cobb County Direct Rates</b>										
General	6.82	6.85	6.85	6.85	6.80	6.57	6.57	6.57	6.57	6.87
Fire District	2.56	2.65	2.65	2.65	2.65	2.65	2.77	2.77	2.77	2.97
Debt Service	0.22	0.22	0.22	0.22	0.27	0.50	0.50	0.63	0.78	0.78
Total direct rates	9.60	9.72	9.72	9.72	9.72	9.72	9.84	9.97	10.12	10.62
<b>City Rates</b>										
Acworth	37.44	37.74	37.24	37.32	37.37	37.75	36.94	37.17	39.60	40.40
Austell	30.31	30.34	30.34	30.34	30.72	30.73	29.87	30.00	32.68	33.53
Kennesaw	38.00	36.62	36.62	36.62	36.62	36.77	35.89	36.02	38.45	39.25
Marietta	29.94	29.97	29.97	29.97	29.47	26.97	27.04	27.18	27.68	28.38
Powder Springs	38.25	38.37	38.37	36.87	36.87	37.02	36.14	36.27	38.70	39.50
Smyrna	36.36	36.79	36.87	37.07	37.07	37.47	36.82	37.20	40.13	40.83
<b>School District</b>										
Cobb County Board of Education	19.90	19.90	19.90	19.90	19.90	20.05	19.05	19.05	21.33	21.63
<b>Community Improvement District</b>										
Town Center Community Improvement District	34.75	34.87	34.87	34.87	34.87	35.02	34.14	34.27	36.70	37.50
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

**Source:** Cobb County Tax Commissioner's Office

Cobb County, Georgia  
Principal Property Tax Payers  
Unaudited

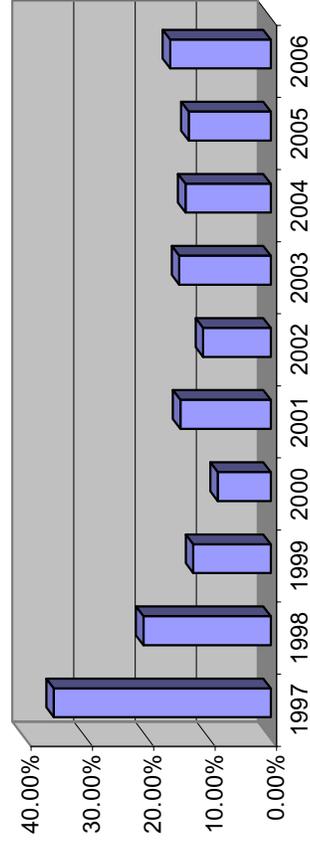
Taxpayer	Fiscal Year 2006			Fiscal Year 1997		
	Taxes Levied	Rank	Percentage of Total County Taxes Levied	Taxes Levied	Rank	Percentage of Total County Taxes Levied
320 Windy Hill Road Investments	\$ 1,815,734	9	0.86%	\$ 1,514,579	7	1.33%
Atlanta Gas & Light	3,400,138	2	1.62%	3,166,008	3	2.79%
BellSouth Telecommunication	2,535,366	6	1.21%	1,287,350	9	1.13%
Cobb EMC	1,765,120	10	0.84%			
Cousins Properties				1,287,020	10	1.13%
Crow Companies				1,335,763	8	1.18%
Equitable Life				3,102,750	4	2.73%
Georgia Power Co.	2,826,135	5	1.34%	2,162,151	5	1.90%
Home Depot	5,650,575	1	2.69%			
Inland Properties	1,989,471	8	0.95%			
Lockheed Martin Corp	2,311,856	7	1.10%	3,505,308	2	3.09%
Post Properties	3,118,884	3	1.48%	1,924,790	6	1.70%
Wildwood Properties	3,035,124	4	1.44%	5,389,644	1	4.75%

Source: Cobb County Tax Commissioner's Office

Cobb County, Georgia  
Property Tax Levies and Collections  
Unaudited

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	\$			Adjusted Levy	Amount	Percentage of Original Levy	Amount		Percentage of Adjusted Levy	
1997	\$ 115,877,624		\$ (2,353,141)	\$ 113,524,483	\$ 41,027,339	35.41%	\$ 71,581,001	\$ 112,608,340	99.19%	
1998	120,561,981		(4,397,429)	116,164,552	25,056,512	20.78%	90,193,825	115,250,337	99.21%	
1999	132,259,856		(5,116,684)	127,143,172	16,721,611	12.64%	110,094,803	126,816,414	99.74%	
2000	140,808,137		(3,688,616)	137,119,521	12,175,099	8.65%	124,291,733	136,466,832	99.52%	
2001	147,388,883		(2,929,393)	144,459,490	21,751,878	14.76%	121,482,596	143,234,474	99.15%	
2002	168,071,481		(5,028,006)	163,043,475	18,581,936	11.06%	143,532,191	162,114,127	99.43%	
2003	173,817,379		(2,783,868)	171,033,511	25,963,777	14.94%	143,915,258	169,879,035	99.33%	
2004	182,667,127		(2,080,556)	180,586,571	25,450,248	13.93%	154,086,935	179,537,183	99.42%	
2005	197,751,595		(1,841,598)	195,909,997	26,498,532	13.40%	167,501,781	194,000,313	99.03%	
2006	211,393,308		(1,137,603)	210,255,705	34,705,014	16.42%	-	34,705,014	16.51%	

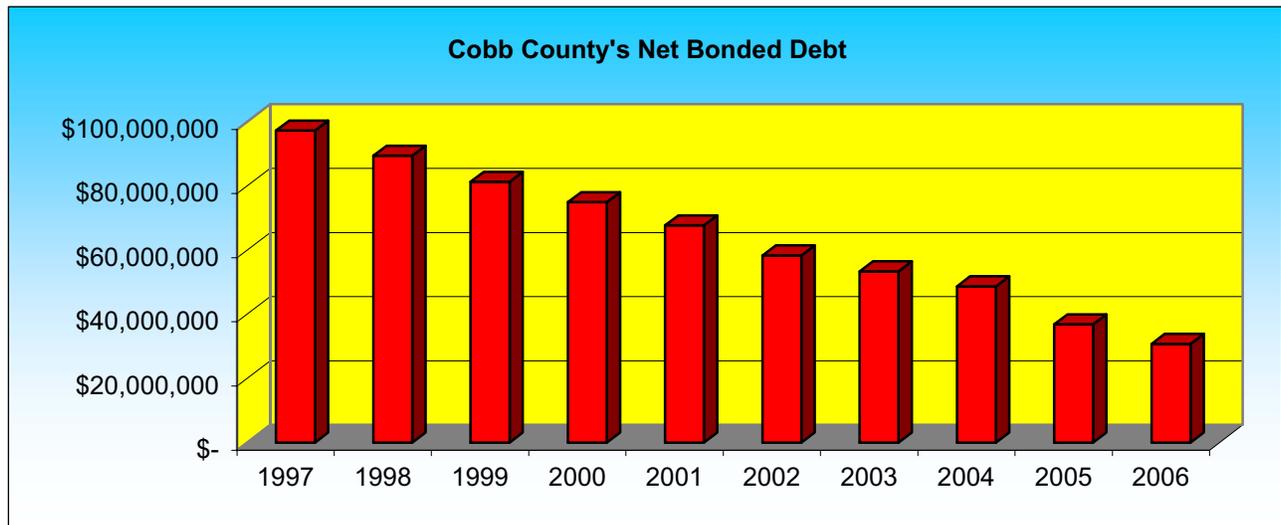
**Percentage of Collections within the Fiscal Year of the Levy**



Source: Cobb County Tax Commissioner's Office

Cobb County, Georgia  
 Ratios of General Bonded Debt Outstanding  
 Unaudited

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income	Percentage Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net Bonded Debt			
1997	\$ 99,500,000	\$ 2,239,448	\$ 97,260,552	0.57%	0.26%	\$ 181.80
1998	92,555,000	3,110,930	89,444,070	0.48%	0.22%	162.60
1999	85,260,000	3,962,938	81,297,062	0.41%	0.18%	143.18
2000	77,585,000	2,638,987	74,946,013	0.36%	0.16%	123.32
2001	69,440,000	1,751,265	67,688,735	0.32%	0.13%	106.46
2002	60,785,000	2,459,518	58,325,482	0.28%	0.10%	89.53
2003	55,355,000	1,985,667	53,369,333	0.26%	0.09%	81.98
2004	50,545,000	1,863,735	48,681,265	0.22%	0.07%	72.95
2005	44,895,000	8,058,583	36,836,417	0.16%	0.05%	55.49
2006	39,095,000	8,366,821	30,728,179	0.13%	0.04%	45.61



Source: Basic Financial Statements

Cobb County, Georgia  
Direct and Overlapping Governmental Activities Debt  
As of September 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities			
Austell	\$ 7,095,000	100%	\$ 7,095,000
Kennesaw	14,625,000	100%	14,625,000
Marietta	59,895,000	100%	59,895,000
Powder Springs	5,515,230	100%	5,515,230
Total cities			<u>\$ 87,130,230</u>
School District			
Cobb County Board of Education	\$ 42,103,000	100%	\$ 42,103,000
Development Authorities			
Acworth	\$ 25,360,000	100%	\$ 25,360,000
Marietta	29,351,585	100%	29,351,585
Smyrna	41,905,000	100%	41,905,000
Total development authorities			<u>\$ 96,616,585</u>
Subtotal, overlapping debt			<u>\$ 225,849,815</u>
Total direct debt			<u>\$ 202,065,000</u>
Total direct and overlapping debt			<u><u>\$ 427,914,815</u></u>

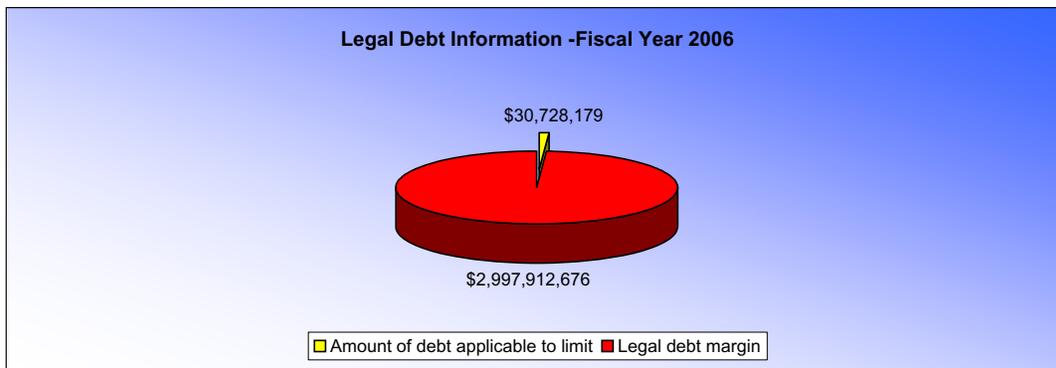
Cobb County, Georgia  
Legal Debt Margin Information  
Unaudited

	Fiscal Year				
	2006	2005	2004	2003	2002
Assessed value of property	\$ 30,286,408,554	\$ 28,102,028,818	\$ 26,088,528,583	\$ 24,620,200,329	\$ 23,714,500,523
Debt limit, 10% of assessed value	3,028,640,855	2,810,202,882	2,608,852,858	2,462,020,033	2,371,450,052
Amount of debt applicable to limit	30,728,179	36,836,417	48,681,265	53,369,333	58,325,482
General Obligation Bonds	39,095,000	44,895,000	50,545,000	55,355,000	60,785,000
Less: Resources restricted to paying principal	(8,366,821)	(8,058,583)	(1,863,735)	(1,985,667)	(2,459,518)
Total net debt applicable to limit	30,728,179	36,836,417	48,681,265	53,369,333	58,325,482
Legal debt margin	\$ 2,997,912,676	\$ 2,773,366,465	\$ 2,560,171,593	\$ 2,408,650,700	\$ 2,313,124,570
Total net debt applicable to the limit as a percentage of debt limit	1.01%	1.31%	1.87%	2.17%	2.46%

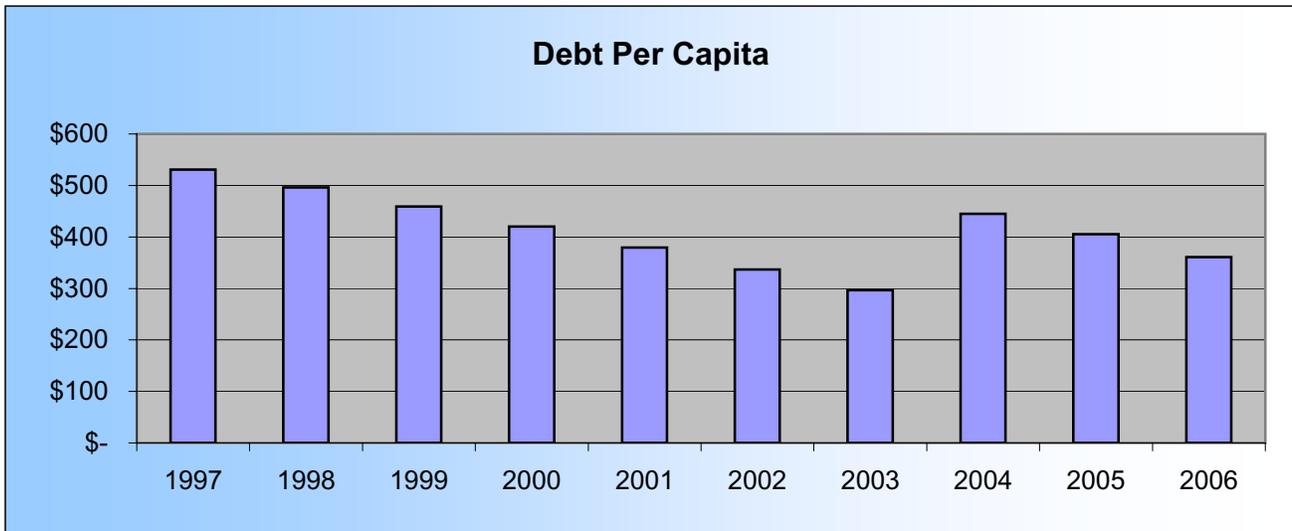
	Fiscal Year				
	2001	2000	1999	1998	1997
Assessed value of property	\$ 20,528,283,257	\$ 18,929,333,245	\$ 17,734,080,496	\$ 16,105,441,497	\$ 14,888,208,038
Debt limit, 10% of assessed value	2,052,828,326	1,892,933,325	1,773,408,050	1,610,544,150	1,488,820,804
Amount of debt applicable to limit	67,688,735	74,946,013	81,297,062	89,444,070	97,260,552
General Obligation Bonds	69,440,000	77,585,000	85,260,000	92,555,000	99,500,000
Less: Resources restricted to paying principal	(1,751,265)	(2,638,987)	(3,962,938)	(3,110,930)	(2,239,448)
Total net debt applicable to limit	67,688,735	74,946,013	81,297,062	89,444,070	97,260,552
Legal debt margin	\$ 1,985,139,591	\$ 1,817,987,312	\$ 1,692,110,988	\$ 1,521,100,080	\$ 1,391,560,252
Total net debt applicable to the limit as a percentage of debt limit	3.30%	3.96%	4.58%	5.55%	6.53%

Source: Basic Financial Statements



Cobb County, Georgia  
Ratios of Outstanding Debt By Type  
Unaudited

Fiscal Year	General Obligation Bonds	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
1997	\$ 99,500,000	\$ 184,535,000	\$ 284,035,000	1.67%	\$ 530.91
1998	92,555,000	172,775,000	265,330,000	1.56%	495.94
1999	85,260,000	160,360,000	245,620,000	1.45%	459.10
2000	77,585,000	147,340,000	224,925,000	1.33%	420.42
2001	69,440,000	133,665,000	203,105,000	1.20%	379.64
2002	60,785,000	119,305,000	180,090,000	1.06%	336.62
2003	55,355,000	103,455,000	158,810,000	0.94%	296.84
2004	50,545,000	187,455,000	238,000,000	1.40%	444.86
2005	44,895,000	171,815,000	216,710,000	1.28%	405.07
2006	39,095,000	153,835,000	192,930,000	1.14%	360.62



Cobb County, Georgia  
Revenue Bond Coverage  
Unaudited

Water and Sewer Bonds:

Fiscal Year	Gross Revenues	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$ 124,616,952	\$ 54,366,671	\$ 70,250,281	\$ 10,580,000	\$ 8,196,933	\$ 18,776,933	3.74
1998	144,252,106	60,307,039	83,945,067	11,185,000	7,089,998	18,274,998	4.59
1999	145,258,869	64,823,483	80,435,386	11,720,000	6,555,828	18,275,828	4.40
2000	154,706,735	72,656,849	82,049,886	12,285,000	5,987,568	18,272,568	4.49
2001	150,748,619	76,912,634	73,835,985	12,890,000	5,385,130	18,275,130	4.04
2002	164,213,180	79,408,182	84,804,998	13,530,000	5,165,293	18,695,293	4.54
2003	197,376,530	80,035,368	117,341,162	14,510,000	3,783,425	18,293,425	6.41
2004	164,190,681	87,999,837	76,190,844	15,425,000	7,341,200	22,766,200	3.35
2005	153,188,996	88,727,602	64,461,394	15,770,000	6,891,850	22,661,850	2.84
2006	180,208,549	100,559,507	79,649,042	15,950,000	6,103,350	22,053,350	3.61

Solid Waste Disposal Bonds:

Fiscal Year	Gross Revenues	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$ 6,354,157	\$ 4,352,390	\$ 2,001,767	\$ -	\$ 1,640,578	\$ 1,640,578	1.22
1998	9,413,754	27,629,240	-	800,000	1,614,578	2,414,578	0.00
1999	9,892,398	6,578,658	3,313,740	860,000	1,560,628	2,420,628	1.37
2000	11,667,415	9,214,755	2,452,660	920,000	1,502,778	2,422,778	1.01
2001	5,088,975	9,909,856	-	985,000	1,442,096	2,427,096	0.00
2002	10,517,939	9,360,086	1,157,853	1,050,000	1,378,503	2,428,503	0.48
2003	5,636,001	9,246,132	-	1,110,000	1,311,003	2,421,003	0.00
2004	12,620,017	9,044,479	3,575,538	-	413,077	413,077	8.66
2005	11,094,215	9,403,159	1,691,056	1,720,000	732,913	2,452,913	0.69
2006	12,779,670	9,494,382	3,285,288	1,800,000	680,113	2,480,113	1.32

Golf Course Bonds:

Fiscal Year	Gross Revenues	Direct Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	\$ 2,050,180	\$ 1,393,268	\$ 656,912	\$ 205,000	\$ 411,351	\$ 616,351	1.07
1997	2,111,192	1,488,094	623,098	215,000	400,431	615,431	1.01
1998	2,226,500	1,401,251	825,249	310,000	286,221	596,221	1.38
1999	2,319,769	1,448,996	870,773	295,000	301,058	596,058	1.46
2000	2,035,607	1,466,623	568,984	305,000	288,905	593,905	0.96
2001	1,845,130	1,551,340	293,790	320,000	275,933	595,933	0.49
2002	1,817,872	1,455,580	362,292	330,000	262,118	592,118	0.61
2003	1,802,803	1,302,627	500,176	345,000	247,519	592,519	0.84
2004	1,923,862	1,418,890	504,972	375,000	215,686	590,686	0.85
2005	1,958,163	1,561,470	396,693	390,000	198,185	588,185	0.67
2006	2,173,064	1,364,593	808,471	410,000	179,785	589,785	1.37

(1) Depreciation expense not included.

Cobb County, Georgia  
Annual Debt Service Requirements  
Unaudited

Governmental Activities						
Year Ending September 30	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 6,025,000	\$ 1,656,075	\$ 110,000	\$ 2,530	\$ 6,135,000	\$ 1,658,605
2008	6,255,000	1,365,175	-	-	6,255,000	1,365,175
2009	6,515,000	1,076,575	-	-	6,515,000	1,076,575
2010	6,820,000	772,750	-	-	6,820,000	772,750
2011	1,660,000	583,050	-	-	1,660,000	583,050
2012-2016	9,620,000	1,631,725	-	-	9,620,000	1,631,725
2017	2,200,000	55,000	-	-	2,200,000	55,000
	<u>\$ 39,095,000</u>	<u>\$ 7,140,350</u>	<u>\$ 110,000</u>	<u>\$ 2,530</u>	<u>\$ 39,095,000</u>	<u>\$ 7,140,350</u>

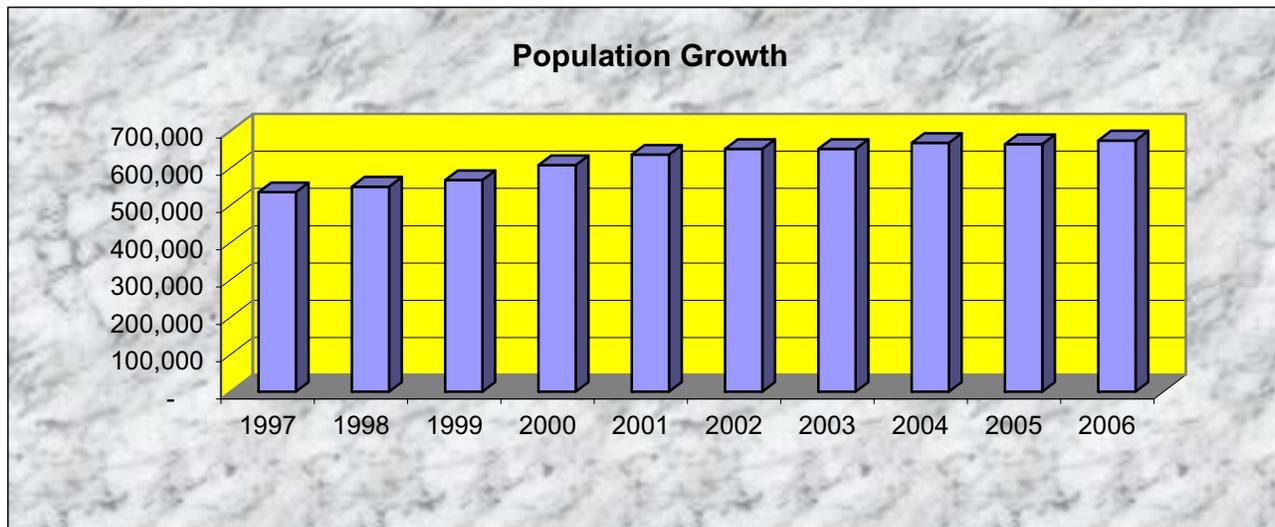
Year Ending September 30	Business Type Activities Revenue Bonds		Component Units Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$ 18,160,000	\$ 6,963,248	\$ 3,215,000	\$ 6,599,763
2008	18,615,000	6,089,069	3,405,000	6,473,143
2009	7,495,000	5,195,258	3,600,000	6,337,284
2010	7,710,000	4,860,503	3,800,000	6,186,506
2011	7,955,000	4,503,205	4,025,000	6,023,613
2012-2016	39,885,000	16,690,226	24,165,000	27,125,922
2017-2021	36,810,000	9,003,800	32,740,000	20,428,744
2022-2026	17,095,000	1,527,163	43,965,000	11,125,838
2027-2029	-	-	19,170,000	1,475,693
	<u>\$ 153,725,000</u>	<u>\$ 54,832,472</u>	<u>\$ 138,085,000</u>	<u>\$ 91,776,506</u>

Year Ending September 30	Total Primary Government					
	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 6,025,000	\$ 1,656,075	\$ 18,270,000	6,965,778	\$ 24,295,000	\$ 8,621,853
2008	6,255,000	1,365,175	18,615,000	6,089,069	24,870,000	7,454,244
2009	6,515,000	1,076,575	7,495,000	5,195,258	14,010,000	6,271,833
2010	6,820,000	772,750	7,710,000	4,860,503	14,530,000	5,633,253
2011	1,660,000	583,050	7,955,000	4,503,205	9,615,000	5,086,255
2012-2016	9,620,000	1,631,725	39,885,000	16,690,226	49,505,000	18,321,951
2017-2021	2,200,000	55,000	36,810,000	9,003,800	39,010,000	9,058,800
2022-2026	-	-	17,095,000	1,527,163	17,095,000	1,527,163
2027-2029	-	-	-	-	-	-
	<u>\$ 39,095,000</u>	<u>\$ 7,140,350</u>	<u>\$ 153,835,000</u>	<u>\$ 54,835,002</u>	<u>\$ 192,930,000</u>	<u>\$ 61,975,352</u>

Cobb County, Georgia  
Demographic and Economic Statistics  
Unaudited

Year	Population (1)	Personal Income (2)	Per Capita Personal Income	County Unemployment Rate (2)
1997	535,000	\$ 16,965,620,000	\$ 31,711.44	3.2%
1998	550,100	18,733,550,000	34,054.81	2.7%
1999	567,800	19,931,470,000	35,102.98	2.6%
2000	607,751	20,880,980,000	34,357.79	2.3%
2001	635,830	21,110,380,000	33,201.30	3.0%
2002	651,485	20,729,560,000	31,818.94	4.6%
2003	651,027	20,724,110,000	31,832.95	4.2%
2004	667,300	21,645,330,000	32,437.18	4.1%
2005	663,815	22,504,970,000	33,902.47	4.3%
2006	673,775	23,511,880,000	34,895.74	4.0%



**Source:**

- (1) Estimated from July 2005 Census using 1.5% growth rate
- (2) Woods & Poole Economics 2006 Data Pamphlet

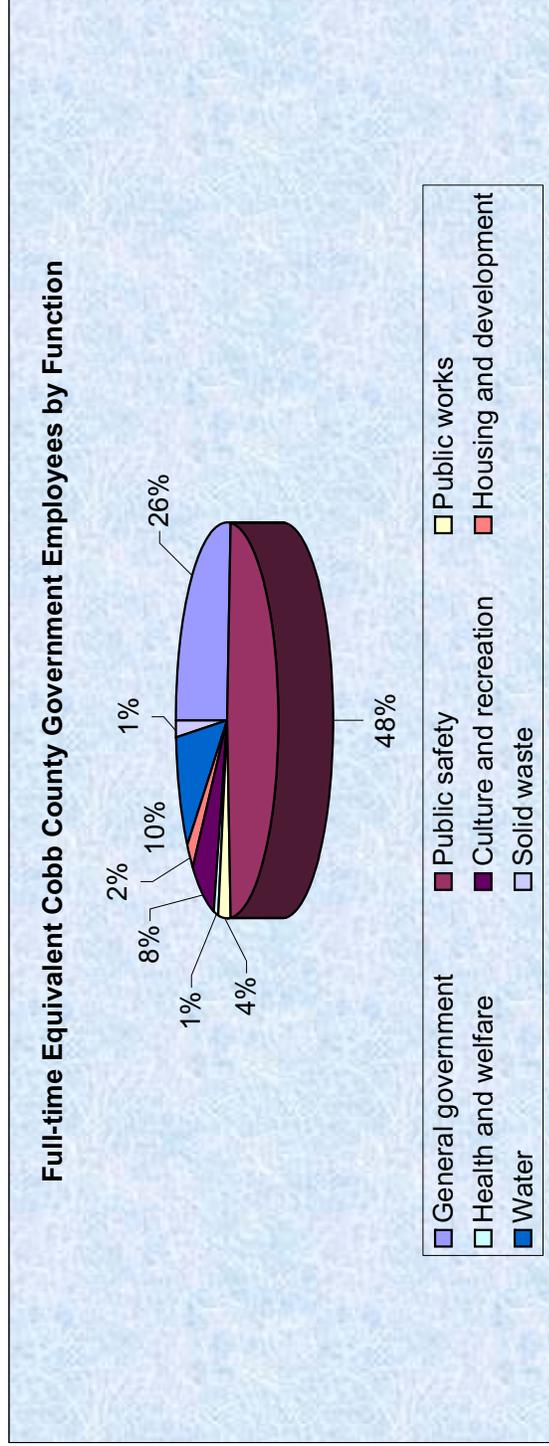
Cobb County, Georgia  
Principal Employers  
Unaudited

<u>Employer</u>	<u>2006</u>		<u>1997</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Percentage of Total County Employment</u>
AT&T			2,000	0.62%
Cobb County Government	4,958	1.13%	4,000	1.23%
Cobb County Schools	14,956	3.40%	10,299	3.17%
Dobbins Air Force Base	2,359	0.54%		
Home Depot	7,000	1.59%	3,530	1.09%
IBM Corporation			3,634	1.12%
Kennesaw State University	3,254	0.74%		
Kroger Co.			2,000	0.62%
Lockheed Martin	6,938	1.58%	9,200	2.83%
Naval Air Station Atlanta	2,991	0.68%		
Promina Northwest Health System			6,400	1.97%
Publix Super Markets	3,381	0.77%	2,800	0.86%
Six Flags Over Georgia	2,718	0.62%	3,000	0.92%
Sprint PCS			2,048	0.63%
Wellstar Health System	11,127	2.53%		

**Source:** Office of Economic Development and Cobb Chamber of Commerce

Cobb County, Georgia  
Full-time Equivalent Cobb County Government Employees by Function  
Unaudited

Function/Program	Full-time Equivalent Employees as of September 30										
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	
General government	1,145	1,105	1,075	1,068	1,061	1,046	1,018	*	*	*	
Public safety	2,095	2,072	2,044	2,025	1,979	1,932	1,896	*	*	*	
Public works	174	167	165	165	165	162	162	*	*	*	
Health and welfare	57	56	56	56	54	53	53	*	*	*	
Culture and recreation	331	324	313	313	302	289	285	*	*	*	
Housing and development	108	108	106	106	107	104	102	*	*	*	
Water	419	417	398	401	397	397	392	*	*	*	
Solid waste	58	57	57	62	63	63	63	*	*	*	
<b>Total</b>	<b>4,387</b>	<b>4,306</b>	<b>4,214</b>	<b>4,196</b>	<b>4,128</b>	<b>4,046</b>	<b>3,971</b>	<b>*</b>	<b>*</b>	<b>*</b>	



**Source:** Cobb County Human Resources Department  
\* Information not available

Cobb County, Georgia  
Operating Indicators by Function  
Unaudited

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government										
Vehicle tags issued	703,127	689,536	673,521	647,487	636,370	623,730	611,162	573,892	558,305	552,767
Public safety										
E-911 calls	399,423	387,682	358,350	348,454	348,422	387,160	316,348	301,284	*	*
Police service calls	529,557	520,575	544,658	534,984	454,320	403,379	380,188	344,478	*	*
Fire/EMS dispatches	63,572	62,013	66,008	63,006	62,125	44,253	43,480	39,128	*	*
Public works										
Miles of road resurfacing	55.36	59.00	88.00	83.06	55.00	43.96	52.67	73.42	84.62	69.36
Health and welfare										
Case management hours	1,347	1,867	1,040	439	*	*	*	*	*	*
Culture and recreation										
Golf rounds played	47,834	44,692	45,536	*	*	*	*	*	*	*
Housing and development										
Building permits issued	10,204	9,879	9,703	8,345	8,058	7,975	8,606	8,627	8,695	7,529
Water										
Water accounts	171,609	164,323	161,115	157,509	154,325	150,974	147,283	143,162	137,188	*
Daily average consumption										
- 1,000 gal units	66,644	61,705	62,513	59,150	64,828	60,823	63,909	61,663	56,684	*
Solid waste										
Solid waste and compost tonnage	151,137	162,544	168,313	166,414	*	*	*	*	*	*

\* Information not available

Source: Department managers within each function.

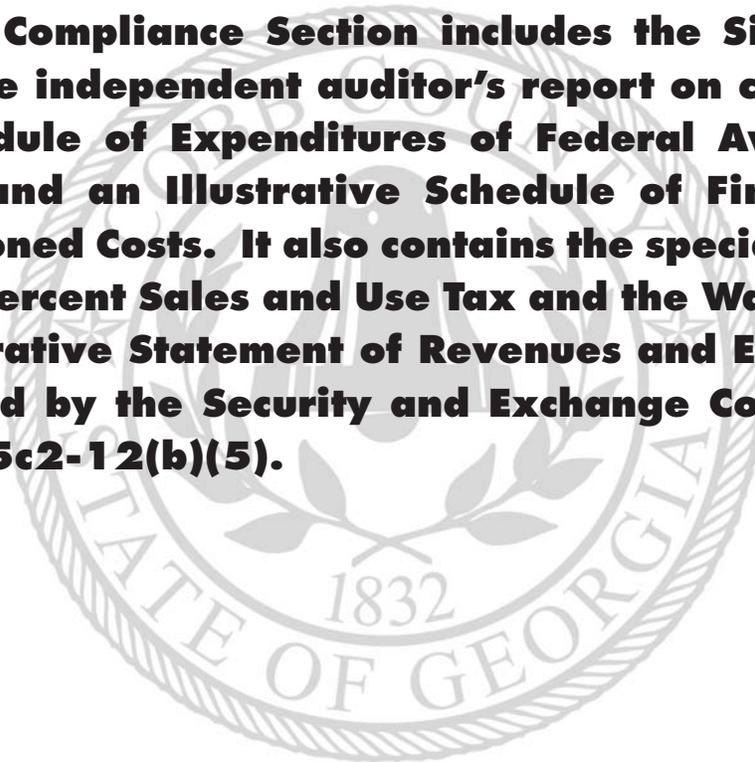
Cobb County, Georgia  
Capital Asset Statistics by Function  
Unaudited

Function/Program	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government										
Vehicles	63	90	67	79	*	*	*	*	*	*
Public safety										
Police stations	6	6	6	6	5	5	5	4	4	4
Fire stations	27	27	27	27	27	27	27	25	25	25
Public works										
Miles of road	2,472	2,434	2,307	2,307	2,307	2,307	2,307	2,307	2,307	*
Miles of sidewalks	1,060	1,030	1,100	1,100	1,100	1,000	1,000	922	*	*
Health and welfare										
Senior service centers	5	5	5	5	4	4	4	4	4	3
Culture and recreation										
County parks	66	65	49	49	49	47	47	46	44	43
County libraries	17	17	17	17	17	16	16	16	16	17
County golf courses	2	2	2	2	2	2	2	2	2	2
Housing and development										
HUD homes built	3	1	1	1	1	-	-	-	-	-
Water										
Miles of water mains	3,161	3,119	3,081	3,029	2,994	2,938	2,891	2,829	2,775	*
Miles of sewers	2,631	2,595	2,579	2,532	2,485	2,423	2,341	2,273	2,163	*
Solid waste										
Facilities	2	2	2	2	2	2	2	2	2	2

**Source:** Department managers within each function.  
\* Information not available

## **Compliance Section**

**The Compliance Section includes the Single Audit with the independent auditor's report on compliance, a Schedule of Expenditures of Federal Awards with notes and an Illustrative Schedule of Findings and Questioned Costs. It also contains the special report of the 1 percent Sales and Use Tax and the Water System Comparative Statement of Revenues and Expenses as required by the Security and Exchange Commission's Rule 15c2-12(b)(5).**



**Cobb County, Georgia**  
**Road Sales Tax Funds**  
**Schedule of Projects Constructed with Special Sales Tax Proceeds**  
**For the Fiscal Year Ended September 30, 2006**

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
1994:						
Road Improvement Program	<u>\$ 377,875,873</u>	<u>\$ 478,083,857</u>	<u>\$ 382,371,354</u>	<u>\$ 4,013,992</u>	<u>\$ 386,385,346</u>	<u>80.82%</u>
2006:						
Public Safety	\$ 192,000,000	\$ 192,000,000	\$ -	\$ 5,356,236	\$ 5,356,236	2.79%
Transportation	<u>662,600,355</u>	<u>662,600,355</u>	<u>-</u>	<u>19,732,820</u>	<u>19,732,820</u>	<u>2.98%</u>
Total 2006	<u>854,600,355</u>	<u>854,600,355</u>	<u>-</u>	<u>25,089,056</u>	<u>25,089,056</u>	<u>2.94%</u>

**Cobb County, Georgia**  
**Water and Sewer Enterprise Fund**  
**Comparative Statements of Revenues and Expenses**  
**For the Fiscal Years Ended September 30, 2006 and 2005**

	2006	2005
Operating revenues:		
Water sales	\$ 68,630,230	\$ 56,406,582
Sewer sales	89,883,904	77,585,831
Water connection charges	5,335,654	4,454,448
Sewer connection charges	3,223,278	3,202,384
Other	1,792,599	1,521,977
Total operating revenues	\$ 168,865,665	\$ 143,171,222
Operating expenses:		
Administrative	\$ 17,401,263	\$ 13,675,595
Engineering	2,285,020	2,345,862
Water operations	35,986,518	34,061,788
Sewer operations	44,886,706	38,644,357
Total operating expenses	\$ 100,559,507	\$ 88,727,602
Operating income before depreciation	\$ 68,306,158	\$ 54,443,620
Less depreciation	(37,623,887)	(27,415,422)
Operating income	\$ 30,682,271	\$ 27,028,198
Nonoperating revenues (expenses):		
Intergovernmental	\$ 4,654,379	\$ 6,222,428
Interest income	5,172,094	3,615,447
Interest and fiscal charges	(6,877,315)	(7,055,206)
Amortization of bond costs	544,777	-
Gain from sale of capital assets	58,495	158,450
Total nonoperating revenues (expenses)	\$ 3,552,430	\$ 2,941,119
Net income before transfers and capital contributions	\$ 34,234,701	\$ 29,969,317
Capital contributions	\$ 27,372,916	25,105,914
Total capital contributions	\$ 27,372,916	\$ 25,105,914
Transfers:		
Transfers in	\$ 913,139	\$ 21,449
Transfers out	(18,786,537)	(16,721,981)
Total transfers	\$ (17,873,398)	\$ (16,700,532)
Net income	\$ 43,734,219	\$ 38,374,699

Note: The comparative financial statement above has been prepared in order to meet continuing disclosure requirements as set forth in the Security and Exchange Commission's Rule 15c2-12(b)(5).



# Moore & Cubbedge, LLP

*Certified Public Accountants*

*&  
Advisors*

Richard H. Lewis  
Michael R. Crace  
Donald L. McGrath, Jr.  
Jean K. Hawkins  
Tammy A. Galvis  
C. Frank Moore, retired  
Edwin W. Cubbedge, III, retired

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

The Honorable Samuel S. Olens, Chairman  
Members of the Cobb County Board of Commissioners  
Cobb County, Georgia

We have audited the basic financial statements of Cobb County, Georgia as of and for the year ended September 30, 2006, and have issued our report thereon dated March 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cobb County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cobb County, Georgia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item FS06-1.

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

## Compliance

As part of obtaining reasonable assurance about whether Cobb County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

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

*Moore & Cubbedge, LLP*  
Moore & Cubbedge, LLP

March 16, 2007



# Moore & Cubbage, LLP

*Certified Public Accountants*

*&  
Advisors*

Richard H. Lewis  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Samuel S. Olens, Chairman  
Members of the Cobb County Board of Commissioners  
Cobb County, Georgia

### Compliance

We have audited the compliance of Cobb County, Georgia with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2006. Cobb County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cobb County, Georgia's management. Our responsibility is to express an opinion on Cobb County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cobb County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cobb County, Georgia's compliance with those requirements.

In our opinion, Cobb County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2006.

Internal Control Over Compliance

The management of Cobb County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cobb County, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Moore & Cubbedge, LLP*  
Moore & Cubbedge, LLP

March 16, 2007

Cobb County, Georgia  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2006

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**Section I—Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

Material weakness identified?	<u>  X  </u>	yes	<u>      </u>	no
Reportable condition identified not considered to be material weaknesses?	<u>      </u>	yes	<u>  X  </u>	none reported

Noncompliance material to financial statements  
noted?

	<u>      </u>	yes	<u>  X  </u>	no
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Federal Awards

Internal Control over major programs:

Material weakness identified?	<u>      </u>	yes	<u>  X  </u>	no
Reportable condition identified not considered to be material weaknesses?	<u>      </u>	yes	<u>  X  </u>	none reported

Type of auditor’s report issued on compliance  
for major programs: unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?

	<u>      </u>	yes	<u>  X  </u>	no
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Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
93.563	Child Support Enforcement
14.239	Home Investment Partnership
20.106	Federal Aviation Administration
20.507	Federal Transit Administration

Dollar threshold used to distinguish  
between Type A and Type B programs:   \$ 592,876  

Auditee qualified as low-risk auditee?        yes   X   no

Cobb County, Georgia  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2006

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**Section II- Financial Statement Findings**

FS06-01                      Review of Nonrecurring Adjustments to the General Ledger

Condition:                      Significant adjustments were required during the year to reconcile the general ledger to supporting documentation for a cash account. All related adjustments were not reviewed and approved by a member of management in the Finance Department.

Effect:                              Significant nonrecurring adjustments were posted to the general ledger without the review and approval of a member of management in the Finance Department.

Recommendation:              Significant nonrecurring adjustments should be reviewed and approved by management in the Finance Department.

Management  
Response:                      Management concurs with this finding.

**Section III - Federal Award Findings**

None Reported

Cobb County, Georgia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Period Ended September 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through or Grant Number	Expenditures
<u>U. S. Department of Defense</u>			
Pass-through Ga. Office of Treasury and Fiscal Services	12.112	--	\$ 18,116
<u>U. S. Department of Homeland Security</u>			
Pass-through United Way of America: Emergency Food and Shelter Grant	97.024	LR0-005	10,972
Pass-through Georgia Emergency Management Agency:			
Cert Off. Domestic Preparedness Grant	97.004	2004-GE-T4-0012	9,995
Terrorism Response Equipment	97.004	2004-GE-T4-0012	23,915
Emergency Management Performance Grant	97.042	2005-GE-T5-0052	2,638
CERT Program	97.042	2005-GE-T5-0052	8,788
Buffer Zone Protection Program	97.042	2005-GR-T5-0020	87,065
Emergency Management Performance Grant	97.042	2005-GE-T5-0052	1,914
CERT Program	97.042	2005-GE-T5-0052	2,498
Disaster-Public Assistance Grant	97.036	FEMA-3218-EM-GA	53,936
			190,749
Total for U. S. Department of Homeland Security			201,721
<u>U.S. Department of Health and Human Services</u>			
Pass-through Georgia Department of Human Resources:			
Community Services Block Grant	93.569	427-93-06061180-99	363,892
Child Support Enforcement	93.563	427-93-06060600-99	415,097
	93.563	427-93-06060600-99	155,617
			570,714

Cobb County, Georgia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Period Ended September 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through or Grant Number	Expenditures
Pass-through Atlanta Regional Commission:			
Social Services Block Grant Aging Cluster	93.667	AG0603 & AG0705	147,712
Special Programs for the Aging - Title III, Part B	93.044	AG0603 & AG0705	215,042
Special Programs for the Aging - Title III, Part C	93.045	AG0603 & AG0705	246,114
			461,156
Nutrition Services Incentive Program	93.053	AG0603 & AG0705	24,540
National Family Caregiver Support Title III, Part E	93.052	AG0603 & AG0705	58,635
			58,635
Total for U. S. Department of Health and Human Services			1,626,649
<u>U.S. Department of Housing and Urban Development</u>			
Direct Grants:			
Community Development Block Grant/ Entitlement	14.218	--	4,355,312
Home Investment Partnership	14.239	--	2,140,037
Emergency Shelter Grants Program	14.231	--	203,596
			203,596
Total for U. S. Department of Housing and Urban Development			6,698,945
<u>U.S. Department of Justice</u>			
Office of Justice Programs:			
Community Oriented Policing Service	16.579	--	319,139
COPS Technology Initiative	Fed Earmark	--	176,995
Anti-Human Trafficking Task Force	Fed Earmark		87,392
Bulletproof Vest Partnership	16.607		42,274
Pass-through Georgia Council of Juvenile Court Judges:			
Purchases of Services 06	16.540	04B-ST-0001	10,000

Cobb County, Georgia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Period Ended September 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through or Grant Number	Expenditures
Pass-through Georgia Criminal Justice Coordinating Council:			
Victims of Crime	16.575	C04-8-013	73,201
Pass-through Georgia Children and Youth Coordinating Council:			
Juvenile Court Service Enhancements 05	16.523	03B-IC-0007	<u>13,544</u>
Pass-through Metro Atlanta Project Pact:			
Local Law Enforcement Block Grant Program	16.592	2003-LB-BX-1560	1,014
Grant Program	16.592	2004-LB-BX-0055	45,619
Grant Program	16.592	2005-DJ-BX-1137	44,117
Grant Program	16.592	2006-DJ-BX-0642	-
Total for U. S. Department of Justice			<u>813,295</u>
<u>U.S. Department of Labor</u>			
Pass through Georgia Department of Labor Workforce Investment Act (WIA)			
WIA Cluster			
Adult Program	17.258	11-04-11-03-004	109,047
	17.258	11-05-11-03-004	221,258
	17.258	10-05-11-03-004	114,135
	17.258	11-06-11-03-004	51,728
	17.258	11-06-11-03-004	10,357
Youth Program	17.259	15-04-11-03-004	35,274
	17.259	15-05-11-03-004	309,030
	17.259	15-06-11-03-004	350,738
	17.259	20-06-SF-03-134	60,000
Dislocated Worker Program	17.260	30-04-11-03-004	202,436
	17.260	31-05-11-03-004	153,696
	17.260	30-05-11-03-004	206,597
	17.260	31-06-11-03-004	331,059
	17.260	30-06-11-03-004	24,207
BRAC Program	17.260	71-06-05-03-004	21,526
Katrina Program	17.260	70-05-11-03-004	111,925
Incumbent Worker Program	17.267	61-04-03-03-004	28,000
Total for U. S. Department of Labor			<u>2,341,013</u>

Cobb County, Georgia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Period Ended September 30, 2006

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through or Grant Number	Expenditures
<u>U.S. Department of Transportation</u>			
Direct Grants:			
Federal Aviation Administration			
Runway 9 Safety Overrun	20.106		695
	20.106		134,247
	20.106		124,211
Wetland Mitigation Monitoring	20.106		205,268
			<u>464,421</u>
Federal Transit Administration-			
Capital Improvement, Sect. 9	20.507	-	2,162,646
Planning, Sect. 9	20.507		57,699
CMAQ	20.507		1,438,337
Surface Transportation Program	20.507		855,053
UTMA SEC 90			
Discretionary	20.507		857,497
Capital Improvements	20.507		1,975,084
			<u>7,346,316</u>
Pass-through Georgia Dept Motor Vehicle Safety			
Motor Carrier Safety Assistance	20.218	MC-05-13-1	19,883
Pass-through Georgia Office Of Highway Safety:			
DUI Task Force	20.600	2006-33-00448	132,122
			<u>132,122</u>
Total for U.S. Department of Transportation			<u>7,962,742</u>
<u>U. S. Department of Treasury</u>			
Social Security-Inmate Reporting Incentives			39,400
			<u>39,400</u>
<u>U. S. Department of Veterans Affairs</u>			
Disaster Relief / Katrina/Rita			- 133,837
			<u>133,837</u>
Total Federal Financial Awards			<u>\$ 19,835,718</u>

COBB COUNTY, GEORGIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards received by Cobb County, Georgia. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included in this schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C of the County's financial statements.

3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Cobb County, Georgia  
Summary Schedule of Prior Year Findings  
Year Ended September 30, 2006

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NONE REPORTED