Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2005



Cobb County, Georgia

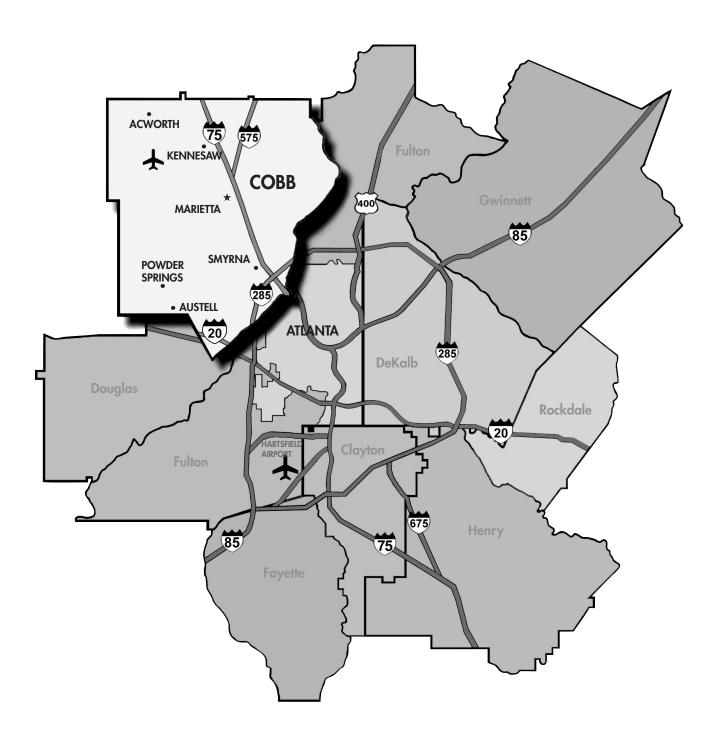
COBB COUNTY, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended September 30, 2005

Brad Bowers, CPA
Finance Director - Comptroller

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

Metro Atlanta



COBB COUNTY, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT SEPTEMBER 30, 2005

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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



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Brad Bowers, CPA
Director/Comptroller

March 3, 2006

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, 2005, 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 & Cubbedge, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Cobb County's financial statements for the fiscal year ended September 30, 2005. 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 September 30, 2005.

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 47.3% since 1990 when approximately 450,800 people resided in the County. Based on the U.S. Census as of July 2004, 654,005, and adding a 1.5% growth factor, Cobb's population is estimated at 663,815. According to the U.S. Census Bureau and the Atlanta Regional Commission, the U.S. population increase from July 1, 1970 to July 1, 2004 was 43.21%, compared with Georgia's 92.45% increase for the same period. In contrast, Cobb County's population increase for the same period was 232.33%. This makes Cobb County one of the fastest growing counties in the nation. Furthermore, Cobb County reported Georgia's highest percentage of college graduates at 44.8%.

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 663,815 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 operate 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

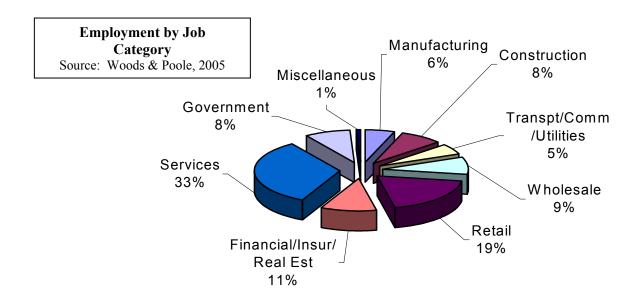
Cobb County is part of a very select group that includes less than 1% of counties nationwide to have achieved a Triple-Triple A credit rating and this achievement has been accomplished for the nineth year in a row. In 1995, Moody's Investor Services awarded Cobb its first Aaa rating citing strong economic 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 solid independent ratings verify that Cobb's sound fiscal policies and conservative management philosophy will guide Cobb into the future.

Historically, Cobb has been perceived as a bedroom community supporting the businesses located in the City of Atlanta. 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 436,180 within its boundaries.

Currently, there are more than 29,654 businesses licensed in Cobb County resulting in job growth in the County that has outpaced the growth in population. In 1980, there was approximately one job per every three people living in Cobb. By 2004, this had improved to a ratio of one job per one every 1.55 people. As a result, the 4.0% unemployment rate in Cobb County is lower than both the state of Georgia (5.2%) and the United States (4.8%).

Although the top ten major employers in the community account for only 12.6% 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, AT&T, Georgia Pacific and IBM. Breaking ground in 2004, Federal Express began building a new regional package handling facility near McCollum Air Field. This \$80 million project is expected to employ 650 people. 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 2005, the Cobb Galleria Centre realized an operating profit of over \$1.4 million. In January 2005, 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, which will open in summer 2007, promises to be one of the most spectacular performance theaters in the country.

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.

In September 2005, voters approved the Special Purpose Local Option Sales Tax (SPLOST). This one cent sales tax program, which will be largely supported by non-residents, will fund various improvements around the County. Various 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 relief from traffic congestion, \$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.

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 debt position:

			Debt to	Debt to
		Debt Per	Actual	Assessed
	 Amount	 Capita	Value	Value
Net Obligation				
Direct Debt	\$ 36,836,417	\$ 55.49	0.05%	0.13%
Total General Obligation				
Direct Debt	\$ 44,895,000	\$ 67.63	0.06%	0.16%
Net General Obligation				
Direct and Overlapping				
Debt	\$ 490,279,323	\$ 738.58	0.70%	1.74%

Outstanding General Obligation Bonds at September 30, 2005 totaled \$44,895,000.

Cobb's legal General Obligation Bond debt limitation by state law is 10% of the taxable digest or \$2,679,967,403. Cobb County currently is utilizing 1.68% of this limitation with its \$44,895,000 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 that bank balances be 110% collateralized and that 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. 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. In 2005, the Department of Public Safety received two critical incident response vehicles, the bomb truck and the new crisis negotiations van. The Homeland Security Office of Domestic Preparedness awarded the two grants in 2004 for the purchase of these two vehicles. In addition to the new critical incident response vehicles, new body armor was purchased. The new armor is lighter and more comfortable for the police officers. An additional \$44,000 was also received from the Georgia Emergency Management Agency (GEMA) in 2005 for the Community Emergency Response Team (CERT) program. The ongoing CERT program teaches private citizens the basic skills needed to help during emergencies, particularly major disasters where professional responders are overwhelmed and cannot get to every area immediately. The funds provide free classes to the citizens and include fire safety, first aid, preparedness, teamwork and search techniques.

<u>Call on 911</u> Cobb County E-911 has state of the art radio and communications systems along with an extensive training program to ensure the integrity of its 911 services. Continued upgrades and higher standards have been rewarded when Cobb County E-911 Communications became the first center of its kind to be nationally accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA). In March 2005, Cobb County maintained its National Accreditation through Commission on Accreditation for Law Enforcement Agencies (CALEA). Also in 2005, E-911 improved the quality and reliability of emergency service to wireless phone users by completing implementation of Federal Communication Commission (FCC) mandated Phase II technology with the deployment of the Print Trac Computer Aided Dispatch (CAD) System.

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. The South Cobb Aquatic Center opened its door in July of 2005. The Aquatic Center features a 130,000 gallon pool with zero depth entry. The pool has water spray stations and geysers, a "lazy river" and a 150-foot water slide. The new facility offers swim lessons, open swim, water exercise classes, lap swimming, family swim sessions and lifeguard classes. The pool was constructed with a Community Development Block Grant of \$2.8 million dollars. Also in 2005, Cobb County purchased more than 40 acres of additional park property in west Cobb at a cost of \$480,000. Plans are to develop this acreage into a soccer complex. An additional 15 acres was purchased for a passive park in south Cobb at a cost of \$450,000, using greenspace funds. Furthermore, twelve new playgrounds were installed throughout the park system from monies received through a program utilizing cell tower revenues.

Moving Forward with Water/Sewer Challenged with meeting the demands of a large growing service area of 340.2 square miles and more than 660,000 in population, the Cobb County Water System has maintained and expanded their infrastructure while keeping a close eye on the environment. This year the state honored Cobb County for its water stewardship, designating the county as one of only six WaterFirst communities in Georgia. In January 2005, the Cobb Water System became the official utility provider for the City of Kennesaw. In December the county bought the city's water and sewer operations for \$12 million. As a result, customer accounts grew by nearly 3,000 to a new total of 169,000. On average, 63 million gallons of water are distributed daily to customers through 3,000 miles of water mains. Finally, a consultant was selected for the design of the South Cobb Tunnel and Lift Station. The project is anticipated to begin in 2007 which will include 30,000 feet of 24-foot diameter tunnel, a 100 MGD wet well/dry pit influent lift station at South Cobb Water Reclamation Facility and approximately 4,000 feet of 72-inch gravity sewer.

<u>Road to Progress</u> Cobb County DOT oversees one of Georgia's largest county-owned road networks. Cobb DOT successfully addressed approximately 4,700 call reports and work orders in 2005. Approximately 5,800 road maintenance work orders were generated, of which 94% have been completed. Also in 2005, Cobb County DOT Operations began the process of completing a three year program for retiming all traffic signals county-wide to improve travel times. As a result, Cobb DOT has implemented Georgia's first adaptive traffic signal control system. The system is designed to count the number of vehicles approaching the intersection. Then it will adjust the timing of the signals based on volume and demand.

<u>County-Owned Transit System</u> 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. In 2005, CCT replaced an additional 9 local buses, and has now replaced 100% of its local fleet with modern low floor design buses further improving the comfort and reliability of CCT services. Orders were placed for 8 new para-transit replacement buses and 9 express replacement buses. CCT also added two new express routes. The route 470 provides service from Hiram and the Silver Comet Trail Park and Ride lot to downtown Atlanta, and the route 480 provides service from the Acworth Park and Ride lot to downtown Atlanta. By continuing to provide a valuable service, CCT reached a record ridership year with an 11% increase over FY04, with ridership exceeding 3.7 million trips.

<u>Airport News</u> Cobb County Airport-McCollum Field is one of the busiest single runway airports in Georgia with approximately 110,000 takeoffs and landings per

year. For 2005, construction was completed on the 950 feet runway extension. The South Parallel Taxiway was also extended 950 feet. Thirty-two new aircraft parking spaces were also constructed along with T-hangar spaces.

<u>Protection Under the Law</u> 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. Fiscal year 2005 saw improvements made to the Judicial Complex in Marietta. Improvements included perimeter screening systems and expansion of the video surveillance system. A RoboCuff Electronic Voice Monitoring System was implemented in April to Magistrate Court. The system will assist pretrial officers with court-ordered supervision. The device uses integrated voice recognition, biometric speaker authentication and Web technology.

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, 2004. This represented the nineteenth 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 County also received its fourteenth consecutive GFOA Award for Distinguished Budget Presentation for its biennial operating budget presented in their FY 05/06 Biennial Budget document. To qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, operations guide, and a communications medium.

The Water System Fund also received several awards throughout FY 05. Acknowledgements were the Georgia Association of Water Professionals (GAWP) 2005 Plant of the Year, South Cobb Water Reclamation Facility (WRF), GAWP 2005 Plant of the Year, Northwest WRF, GAWP Platinum Award, and the National Pollutant Discharge Elimination System (NPDES) Permit Compliance, RL Sutton WRF.

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,

Brad Bowers, CPA

Director of Finance/Comptroller

Brad Howers

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, 2004

A Certificate of Achievement for Excellence in Financ Reporting is presented by the Government Finance Offic 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.

UNITED STATES

UNITED STATES

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CANADIA

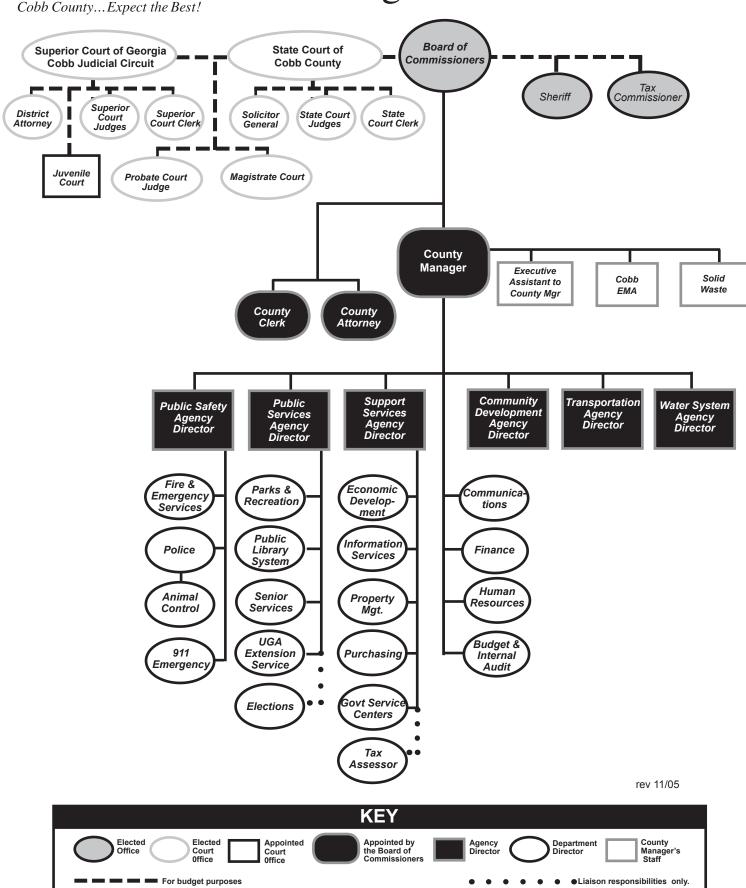
SELATI

Maney L. Zie President

Yeffrey R. Ener



Cobb County Government Organizational Chart







Helen GorehamCommissioner
District 1



Sam Olens Chairman



Joe L. Thompson Commissioner District 2



Tim LeeCommissioner
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
Financial Management Analyst	Tara Crisp
Risk Manager	Dolly Moy, ARM
Accounting Supervisor	Jennifer Wilson, CPA

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 & 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

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, 2005, 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, 2005, 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 3, 2006 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 14 and pages 73 and 74 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 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, the combining and individual nonmajor fund statements, supplementary information, 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 & Cubbidge, LLP

Moore & Cubbedge, LLP

March 3, 2006



Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

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, 2005. This discussion and analysis is designed to look at the County's financial performance as a whole. Readers should also review the additional information provided in the transmittal letter, which can be found preceding this narrative, and with the complete financial statements, with notes, to enhance their understanding of Cobb County's financial performance.

Financial Highlights

Key financial highlights for FY05 are as follows:

- The County's combined net assets totaled \$3.7 billion. Of this amount, unrestricted net assets of \$72.3 million may be used to meet the government's ongoing obligations to citizens and creditors.
- Combined Revenue including transfers totaled \$607.8 million of which governmental activities totaled \$416.4 million and business-type activities totaled \$191.4 million.
- Overall expenses totaled \$560.4 million of which governmental activities totaled \$406.4 million and business-type activities totaled \$154 million.
- ♦ At the end of September 30, 2005, governmental activities expenses exceeded program revenue, resulting in the use of \$268.4 million in general revenues (mostly taxes).
- ◆ Cobb County's total long term debt decreased by \$22,052,504 (7.2%) during the current fiscal year.
- ♦ At September 30, 2005, the County's General fund reported an unreserved fund balance of \$49.7 million; an increase of \$9.3 million from last fiscal year.

Overview of the Financial Statements

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.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

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 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.

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 funds 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, and Parking Deck Facility); Debt Service Fund; and the Capital Projects Funds (Public Facilities, Road Sales Tax Extension 1994 and Road Sales Tax Extension 1990). 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 Public Facilities 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 17-22.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

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 Funds. The Claims Internal Service Funds, 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 23-27 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 28-29 of this report.

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, 2005 and June 30, 2005, 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 21-22 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 30-72 of this report.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

Government-wide Financial Analysis

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 \$3.7 billion at the end of September 30, 2005.

The following table provides a summary of the County's governmental and business-type net assets for fiscal year 2004 and 2005:

Cobb County, Georgia Statement of Net Assets

	Governmental		nmental Governmental			Business-type		Business-type					
	Activities		Activities Activities			Activities		Activities		Total		Total	
		2005		2004		2005		2004		2005		2004	
Assets:													
Current assets	\$	270,543,248	\$	256,246,882	\$	131,132,601	\$	221,109,412	\$	401,675,849	\$	477,356,294	
Other - noncurrent		3,187,002		-		-		-		3,187,002		-	
Capital assets - net		2,540,429,353		2,527,969,155		1,212,522,060		1,151,130,407		3,752,951,413		3,679,099,562	
Unamortized bond costs		_				797,420		915,789		797,420		915,789	
Total assets	\$	2,814,159,603	\$	2,784,216,037	\$	1,344,452,081	\$	1,373,155,608	\$	4,158,611,684	\$	4,157,371,645	
Liabilities													
Current liabilities	\$	183,199,164	\$	108,909,655	\$	23,923,940	\$	92,588,652	\$	207,123,104	\$	201,498,307	
Long-term liabilities (net)		79,657,266		80,416,781		204,503,144		201,943,810		284,160,410		282,360,591	
Total liabilities	\$	262,856,430	\$	189,326,436	\$	228,427,084	\$	294,532,462	\$	491,283,514	\$	483,858,898	
Net Assets													
Invested in capital assets,													
net of related debt	\$	2,476,786,038	\$	2,462,887,568	\$	1,113,718,561	\$	959,605,058	\$	3,590,504,599	\$	3,422,492,626	
Restricted		4,501,533		-		-		-		4,501,533		-	
Unrestricted		70,015,602		132,002,033		2,306,436		119,018,088		72,322,038		251,020,121	
Total net assets	\$	2,551,303,173	\$	2,594,889,601	\$	1,116,024,997	\$	1,078,623,146	\$	3,667,328,170	\$	3,673,512,747	

The above table does not reflect the effect of the restatement to the 2004 numbers.

The largest portion of the County's net assets (97.9%) 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 \$168.0 million (4.9%) in FY05.

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.

The County's net assets decreased by \$6.2 million or 0.2%.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

Cobb County, Georgia Changes in Net Assets

	 Governmental Activities				Business-type Activities		Business-type Activities		Total		Total
	2005		2004		2005		2004		2005	2004	
Revenues:											
Program Revenues:											
Charges for Services	\$ 88,499,803	\$	83,623,865	\$	154,945,230	\$	153,065,509	\$	243,445,033	\$	236,689,374
Operating Grants & Contributions	16,700,061		16,131,983		-		-		16,700,061		16,131,983
Capital Grants & Contributions	32,790,400		46,758,335		38,670,446		53,387,271		71,460,846		100,145,606
General Revenues:											
Property Taxes	214,511,969		201,296,110		-		-		214,511,969		201,296,110
Other Taxes	38,229,926		37,903,849		-		-		38,229,926		37,903,849
Grants and contributions not											
restricted to specific programs	12,289,502		12,594,993		-		-		12,289,502		12,594,993
Other	 7,365,202		9,562,051		3,834,992		3,378,339		11,200,194		12,940,390
Total Revenues	\$ 410,386,863	\$	407,871,186	\$	197,450,668	\$	209,831,119	\$	607,837,531	\$	617,702,305
Expenses:											
General government	\$ 107,749,514	\$	108,191,828	\$	-	\$	-	\$	107,749,514	\$	108,191,828
Public safety	168,711,238		163,535,307		-		-		168,711,238		163,535,307
Public works	69,421,056		66,385,387		-		-		69,421,056		66,385,387
Health and welfare	6,684,836		5,919,160		-		-		6,684,836		5,919,160
Culture and recreation	30,582,562		30,360,077		-		-		30,582,562		30,360,077
Housing and development	16,930,505		14,232,310		-		-		16,930,505		14,232,310
Interest on long-term debt	6,300,694		3,135,529		-		-		6,300,694		3,135,529
Water and Sewer	-		-		123,198,230		121,115,557		123,198,230		121,115,557
Solid Waste	-		-		12,179,338		13,346,843		12,179,338		13,346,843
Transit	-		-		15,362,394		14,073,213		15,362,394		14,073,213
Cobblestone Golf Course	-		-		1,881,091		1,792,480		1,881,091		1,792,480
Mable House Barnes Amphitheatre	 -				1,370,258		1,294,694	_	1,370,258		1,294,694
Total Expenses:	\$ 406,380,405	\$	391,759,598	\$	153,991,311	\$	151,622,787	\$	560,371,716	\$	543,382,385
Increase in net assets before transfers	\$ 4,006,458	\$	16,111,588	\$	43,459,357	\$	58,208,332	\$	47,465,815	\$	74,319,920
Transfers	 6,057,506		1,563,897		(6,057,506)		(1,563,897)		-		<u>-</u>
Increase in net assets	\$ 10,063,964	\$	17,675,485	\$	37,401,851	\$	56,644,435	\$	47,465,815	\$	74,319,920
Net Assets - beginning, before restatement	\$ 2,594,889,601	\$	2,577,214,116	\$	1,078,623,146	\$	1,021,978,711	\$	3,673,512,747	\$	3,599,192,827
Restatement	(53,650,392)		-		-		-		(53,650,392)		-
Net Assets -beginning restated	2,541,239,209		2,577,214,116		1,078,623,146		1,021,978,711		3,619,862,355		3,599,192,827
Net Assets - ending	\$ 2,551,303,173	\$	2,594,889,601	\$	1,116,024,997	\$	1,078,623,146	\$	3,667,328,170	\$	3,673,512,747

The above table does not reflect the effect of the restatement to the 2004 numbers.

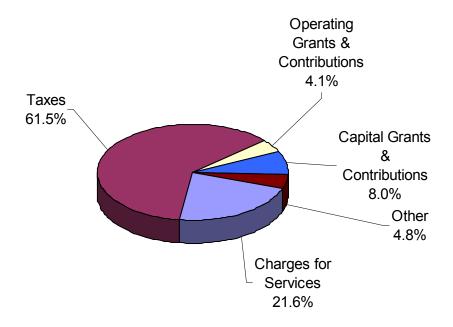
Governmental Activities

Approximately 61.5% of the County's total revenue came from taxes, while 15.1% resulted from grants and contributions (non-restricted). Charges for various goods and services provided 21.6% of the total revenues. The County's expenses cover a range of services. The largest expenses are related to providing public safety, which includes the Sheriff's department, Police and Fire, E-911 services, Animal Control, 800 MHz operations and the Medical Examiner's Office.

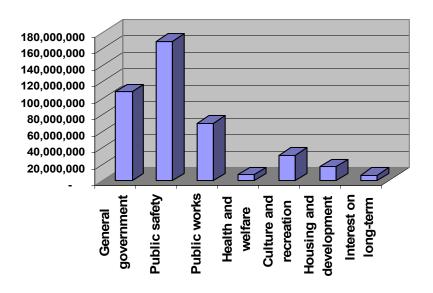
At the end of September 30, 2005, governmental activities expenses exceeded program revenues, resulting in the use of \$268.4 million in general revenues (mostly taxes).

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

Revenues - Governmental Activities FY 2005



Expenses - Governmental Activities FY 2005



Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

Business-type Activities

Of the six proprietary funds, the Water and Sewer Fund is by far the largest, with operating revenues of \$143.2 million earned during FY05. This fund provides for the operations of the water distribution system and sewage processing plants.

The program revenues from all business-type activities exceeded expenses by \$39.6 million. The change in Net assets before transfers for all business-type activities decreased by \$14.7 million over the change in FY04. Key elements of this decrease are the result of the Water and Sewer Fund receiving less capital grants and contributions in FY05 by \$14.7 million (27.6%). Total operating expenditures increased \$2.4 million (1.6%) from FY04.

Financial Analysis of the County's Individual Funds

Cobb County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 FY05 with strong fund balances in its governmental funds. The combined balance of all the governmental funds is \$136.8 million. Of this total, \$121.2 million or 88.6% 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 (\$5.4 million); 2) to pay debt service (\$8.1 million); 3) for a variety of other restricted purposes (\$2.1 million).

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 \$49.7 million, and total fund balance was \$56.6 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 17.6% of total general fund expenditures and total fund balance represents 20% of that same amount.

The fund balance of the General Fund increased \$10.6 million (22.9%) in FY05 for a total of \$56.6 million as the Board of Commissioners made a collaborative effort to focus on maintaining the county's excellent financial position. The tax revenues increased \$10.2 million due to an 8.8% increase in the tax digest. Operating expenditures increased approximately \$13.5 million (5.6%). The largest increases were in Public Safety and Housing and Development Grant.

Total transfers out in the General Fund of \$29.1 million represent the appropriation of funds to the Public Facilities Fund, Transit Fund, Senior Services Fund, Solid Waste Fund and the Grant Fund. \$13.9 million of transfers out are transferred to the Public Facilities Fund for various capital projects including \$3 million in road resurfacing projects; \$1.4 million for PC replacements; \$1.3 million for the financial and human resources software upgrades; and \$1.6 million for the purchase and renovation of the West Park Government Center. The remaining \$6.6 million was used for Public Safety, GIS, Library, Airport and DOT projects, Transfers out of \$13.7 million represent the appropriation of funds to subsidize Transit, Senior Services and Solid Waste. An additional \$1.5 million was appropriated to the Grant Fund as required matching local funds.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

Fire Fund

The Fire Fund is used to account for the operation of the fire departments within the County. The unreserved fund balance for FY05 was \$17.9 million while total fund balance was \$18.4 million. The fund balance increased by \$3.6 million during the current fiscal year. While total assets increased by \$3.0 million, total liabilities decreased by \$661,727. Reserved fund balance increased \$355,588 in FY05.

Public Facilities Fund

The Public Facilities Fund accounts for the financial resources to be used for the purchase and construction of major capital items. At the end of the current fiscal year, unreserved fund balance of the Public Facilities Fund was \$29.7 million, representing a decrease of \$20.7 million from FY04 which includes a \$582,260 restatement. Expenditures exceeded operating revenues by \$39.4 million which was offset by a transfer in of \$18.8 million, transfers out of \$1.1 million and a gain on the sale of capital assets of \$1.5 million.

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 and the Parking Deck Facility Fund.

Nonmajor Special Revenue Funds' operating revenue totaled \$40.8 million for the fiscal year ended September 30, 2005. Total revenues increased by \$3.2 million (8.5%), which is primarily due to an increase in intergovernmental revenues in the Housing & Urban Development Fund of \$1.8 million. The Hotel/Motel fund had \$3.3 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 \$44.1 million for the fiscal year ended September 30, 2005. In FY05, total Nonmajor Special Revenue Fund expenditures increased by \$6.0 million (15.7%). This increase is primarily the result of a reporting change that now reflects the Hotel/Motel Tax Fund's expenditures as operating expenditures instead of transfers out. The additional increase in expenditures is a result of a \$2.6 million international talk around channels grant for mutual aid communications for public safety agencies using the 800MHz frequency spectrum.

The unreserved-undesignated fund balances of the nonmajor Special Revenue Funds totaled \$5.1 million. This was an increase of \$2.3 million from FY04.

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 \$8.1 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 Road Sales Tax Extension 1990 Fund. The nonmajor Capital Projects Funds overall fund balance is \$18.2 million all of which is designated for specific construction and improvement projects and capital acquisitions.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

The nonmajor Capital Projects Funds operating revenues totaled \$3.1 million for the fiscal year ended September 30, 2005. Revenues for the Nonmajor Capital Projects Funds decreased \$2.6 million from FY04.

Expenditures of the nonmajor Capital Projects Funds totaled \$8.3 million which includes transfers out for the fiscal year ended September 30, 2005. The Road Sales Tax Extension 1990 Fund completed their projects and the fund was closed at the end of the year. The primary expenditures for FY05 are in the 1994 Road Sales Tax Extension Fund and represent ROW acquisitions, engineering, construction costs and sidewalks.

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 \$52.5 million. Total net assets increased \$38.4 million in FY05.

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 \$58.2 million (a net loss of \$1.1 million for FY05) due in large part to landfill closure and post-closure costs and operational costs in FY05. 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 FY05 with a net income from operations of \$0.3 million. However, overall net income (including non-operating revenues and expenses) was \$74,987 for FY05. Net assets totaled \$1.6 million.

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 \$0.6 million were generated as of September 30, 2005. FY05 reported a net loss from operations of \$0.8 million. Net assets totaled \$4.6 million.

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 \$0.4 million (15.6%) from FY04. Total operating expenses increased by \$1.1 million due to increased service hours per weekday for improved customer service and increased costs from additional maintenance and equipment contracts. Net assets totaled \$35.7 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.

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

The most significant budgeted fund for the County is the General Fund. The Board of Commissioners amended the General Fund budget throughout FY05. The amended budget appropriations totaled \$9.8 million. The most significant expenditure amendments are summarized as follows:

- A \$5.1 million increase in Judicial, allocated to various departments for increased personnel services, operating expenditures and capital outlay.
- ♦ A \$2.1 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 Countywide 800 MHz Capital Outlay reserves and the Police Department for increased fuel costs.
- ◆ Culture and Recreation had an increase of \$2.9 million. The library increased their budget by \$0.4 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 contributed \$2.1 million for personnel services and capital outlay that includes the purchase of equipment for eleven playgrounds and items for the new South Cobb Aquatic Center.

The County's final budget projected a loss of \$15.7 million in the General Fund. However, the fund reported an actual increase of \$7 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, 2005 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.

The total net increase in the County's investment in capital assets for the current fiscal year was 4.9% (a slight increase for governmental activities of 0.06% and a 16.1% increase for business-type activities). Some of the major capital asset events for the business-type activities for the current year include the completion of the 9.5 mile tunnel project, the continued upgrade and expansion of several water reclamation facilities as well as the purchase of the City of Kennesaw's water and sewer operations. Capital asset events for the governmental activities are a variety of road and bridge construction or reconstruction projects as well as a variety of redevelopment projects. 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, 2005, Cobb County had a net of \$284.2 million in outstanding long-term debt, which does not include interest expense. Of this amount, \$44.8 million (net of current debt less discount) comprises general obligation debt backed by the full faith and credit of the government and \$177.1 million (net of current debt, bond discount and loss on refunding) in revenue bonds. The County retired \$20.1 million of outstanding bonds in FY05.

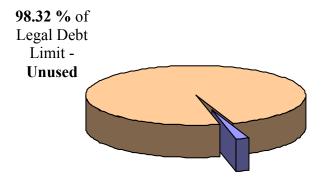
In April 2005, Cobb County issued \$18,345,000 General Obligation Park and Recreation Refunding Bonds, Series 2005 for the purpose of advance refunding, defeasing and redeeming a portion of its General Obligation Park and Recreation Bonds, Series 1996.

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 COUNTY GOVERNMENT

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

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



1.68 % of Legal Debt Limit -Utilized

Economic Factors

For the fourth 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 Northwest Water Reclamation Facility was selected as national treatment plant of the year in its size category by the U.S. Environmental Protection Agency, and the State honored Cobb for its water stewardship, designating the county as one of only six WaterFirst communities in Georgia. 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.

During the last nine years, Cobb County has maintained its Tripe-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.

Other Matters

The following factor is expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the fiscal year 2006 budget: In September 2005, voters approved the Special Purpose Local Option Sales Tax (SPLOST). This one cent sales tax program, which will be largely supported by non-residents, will fund 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.

COBB COUNTY GOVERNMENT

Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2005

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



Cobb County, Georgia Statement of Net Assets September 30, 2005

								Componer	nt U	nits
								Cobb-Marietta		Cobb County
		Primary (Coliseum and		Board of
		Governmental		Business-type				Exhibit Hall		Health
	_	Activities		Activities	_	Total	S	eptember 30, 2005	_	June 30, 2005
Assets										
Cash and cash equivalents	\$	60,196,363	\$	29,125,430	\$	89,321,793	\$	2,917,496	\$	1,442,247
Restricted cash		-		81,382,426		81,382,426		-		-
Investments, at fair value		8,608,201		5,758,805		14,367,006		509,897		1,500,000
Receivables		180,782,642		22,741,155		203,523,797		804,148		227,881
Internal balances		12,361,196		(12,361,196)		-		-		-
Due from external parties		9,183		-		9,183		-		-
Due from component unit		307,508		-		307,508		-		-
Due from primary government		-		-		-		853,522		
Due from other governments and agencie	es	6,910,855		3,174,554		10,085,409		95,155		391,023
Inventories		1,283,150		1,211,615		2,494,765		63,392		221,263
Prepaid items		84,150		16,812		100,962		261,508		-
Other assets		3,187,002		83,000		3,270,002		-		-
Restricted assets		-		-		-		131,984,394		-
Capital assets not being depreciated		775,063,508		112,966,398		888,029,906		50,846,758		-
Capital assets being depreciated, net		1,765,365,845		1,099,555,662		2,864,921,507		51,572,497		522,279
Unamortized bond costs		-		797,420		797,420		1,408,961		-
Total assets	\$	2,814,159,603	\$	1,344,452,081	\$	4,158,611,684	\$	241,317,728	\$	4,304,693
Liabilities										
Accounts payable	\$	9,812,147	\$	16,430,848	\$	26,242,995	\$	3,773,005	\$	395,451
Accounts payable Accrued liabilities	Ф		Ф		Ф		Ф		Ф	393,431
		3,411,284		2,330,720		5,742,004		2,612,689		-
Arbitrage liability		- 570 125		54,882		54,882		-		-
Internal balances - fiduciary fund		578,135		2,219		580,354		-		-
Due to component unit		853,522		1 077 052		853,522		120.005		04.507
Due to external parties		6,438,375		1,077,952		7,516,327		130,085		84,507
Due to primary government		-		-		-		307,508		-
Claims and judgments		16,634,365		-		16,634,365		-		-
Intergovernmental contract payable		56,754,420		-		56,754,420		-		-
Customer deposits		-		4,012,996		4,012,996		101,124		-
Notes payable-current		83,720,592		-		83,720,592		-		-
Accrued interest payable		2,456,089		-		2,456,089		-		-
Unearned revenue		2,540,235		14,323		2,554,558		909,735		-
Noncurrent liabilities										
Due within one year		22,070,525		18,994,651		41,065,176		3,141,216		534,580
Due in more than one year		57,586,741		185,508,493		243,095,234		137,710,489		113,475
Total liabilities	\$	262,856,430	\$	228,427,084	\$	491,283,514	\$	148,685,851	\$	1,128,013
Net Assets										
Invested in capital assets,										
net of related debt	\$	2,476,786,038	\$	1,113,718,561	\$	3,590,504,599	\$	25,522,477	\$	522,279
Restricted for:										
Renewal and expansion		-		-		-		17,396,088		-
Debt service		-		-		-		812,494		-
Completion of projects		4,218,946		-		4,218,946		44,816,043		-
Special programs		282,587		-		282,587		-		183,436
Unrestricted		70,015,602		2,306,436		72,322,038		4,084,775		2,470,965
Total net assets	\$	2,551,303,173	\$	1,116,024,997	\$	3,667,328,170	\$	92,631,877	\$	3,176,680

Cobb County, Georgia Statement of Activities For the Year Ended September 30, 2005

									Net (Expense) Revenue and Changes in Net Assets									
																Componer	ıt Uı	nits
					Pro	gram Revenue	S		_							Cobb-Marietta		Cobb County
						Operating		Capital			Prin	nary Governmen	t			Coliseum and		Board of
				Charges for		Grants and		Grants and		Governmental		Business-type				Exhibit Hall		Health
Functions/Programs		Expenses		Services	(Contributions	(Contributions		Activities		Activities		Total	5	September 30, 2005		June 30, 2005
Primary Government																		
Governmental Activities:																		
General government	\$	107,749,514	\$	44,800,932	\$	2,307,260	\$	597,133	\$	(60,044,189)	\$	-	\$	(60,044,189)	\$		\$	-
Public safety		168,711,238		13,425,582		2,462,683		4,826,979		(147,995,994)		-		(147,995,994)		-		-
Public works		69,421,056		4,796,608		· · · · -		25,067,941		(39,556,507)		-		(39,556,507)		-		-
Health and welfare		6,684,836		79,569		1,545,688		470		(5,059,109)		-		(5,059,109)		-		-
Culture and recreation		30,582,562		3,266,955		1,068,388		161,093		(26,086,126)		-		(26,086,126)		-		-
Housing and development		16,930,505		22,130,157		9,316,042		2,136,784		16,652,478		-		16,652,478		-		-
Interest on long-term debt		6,300,694		-		-		-		(6,300,694)		-		(6,300,694)		-		-
Total governmental activities		406,380,405		88,499,803		16,700,061	_	32,790,400		(268,390,141)	_	-	_	(268,390,141)		-		-
Business-type activities:																		
Water and Sewer		123,198,230		143,171,222		-		31,328,342		-		51,301,334		51,301,334				-
Solid Waste		12,179,338		5,929,112		-		, , , , <u>-</u>		-		(6,250,226)		(6,250,226)				-
Transit		15,362,394		3,297,030		-		7,342,104		-		(4,723,260)		(4,723,260)				-
Cobblestone Golf Course		1,881,091		1,955,870		-		, , , , <u>-</u>		-		74,779		74,779				-
Mable House Barnes Amphitheater		1,370,258		591,996		-		-		-		(778,262)		(778,262)				-
Total business-type activities		153,991,311		154,945,230		-		38,670,446		-		39,624,365		39,624,365		-		-
Total primary government	\$	560,371,716	\$	243,445,033	\$	16,700,061	\$	71,460,846	\$	(268,390,141)	\$	39,624,365	\$	(228,765,776)	\$	-	\$	-
Component Units																		
Cobb-Marietta Coliseum and																		
Exhibit Hall Authority	S	24,836,391	\$	12,799,226	\$	10,271,461	S	2,209,830	S	_	\$	_	\$	_	\$	444,126	S	_
Cobb County Board of Health	-	20,717,950	*	6,768,457	*	14,897,577	-	-,,	-	_	-	_	-	_	-	-	-	948,084
Total component units	\$	45,554,341	\$	19,567,683	\$	25,169,038	\$	2,209,830	\$	-	\$	-	\$	-	\$	444,126	\$	948,084
		neral revenues:							•	214 511 060	•		•	214 511 060	•			
		Property taxes							\$	214,511,969	\$	-	\$	214,511,969	\$	-	\$	-
		Sales taxes								161,617 18,776,151		-		161,617		-		-
		nsurance premiu								4,524,862		-		18,776,151 4,524,862		-		-
		Alcoholic bevera Hotel/Motel tax	ge u	ix						3,327,163		-		3,327,163		-		-
		Real estate transf	er to	v						2,449,347		-		2,449,347		-		-
		Miscellaneous ta		A						8,990,786				8,990,786		_		
		Miscellaneous ta.	AC3							4,090,731		_		4,090,731		_		
		Grants and contri	huti	one not restricte	d to	specific program	ne			12,289,502		-		12,289,502		-		-
		Gain (loss) on sal			u to	specific prograi	113			392,556		157,878		550,434		_		
		ncrease/decrease			3					372,330		(18)		(18)		_		-
		Jnrestricted inve								2,881,915		3,677,132		6,559,047		1,425,860		_
		ınsfers		on curings						6,057,506		(6,057,506)		-		1,125,000		_
			eve	nues and transfe	rs				_	278,454,105		(2,222,514)		276,231,591	_	1.425.860	_	-
		Change in n							_	10,063,964		37,401,851		47,465,815	-	1,869,986		948,084
	Ne	t assets - beginni			estate	ement				2,594,889,601		1,078,623,146		3,673,512,747		33,474,509		2,228,596
	Res	statement								(53,650,392)		-		(53,650,392)		57,287,382		-
	Ne	t assets - beginni	ng c	f year restated						2,541,239,209		1,078,623,146		3,619,862,355		90,761,891		2,228,596
	Ne	t assets - end of	year						\$	2,551,303,173	\$	1,116,024,997	\$	3,667,328,170	\$	92,631,877	\$	3,176,680

Cobb County, Georgia Governmental Funds Balance Sheet September 30, 2005

	General Fund	Fire District Fund	Public Facilities	Other Governmental Funds		Total Governmental Funds
Assets			 			
Cash and cash equivalents	\$ 23,244,233	\$ 3,688,591	\$ 4,130,800	\$ 24,030,511	\$	55,094,135
Equity in pooled investments, at fair value	1,216,783	135,358	574,552	4,645,376		6,572,069
Receivables:						
Taxes and penalties	121,823,081	46,854,842	-	4,705,272		173,383,195
Accrued interest	33,710	335	-	1,462		35,507
Other	3,325,910	749,619	1,618,684	1,424,357		7,118,570
Due from other funds	11,744,344	-	25,716,447	211,923		37,672,714
Due from component units	-	-	-	307,508		307,508
Due from others	9,183	-	-	-		9,183
Due from other governments and agencies	1,198,144	-	850,726	4,861,985		6,910,855
Advances to other funds	2,076,219	-	-	-		2,076,219
Inventories	1,283,150	-	-	-		1,283,150
Prepaid items and other assets	71,364	7,213	-	5,573		84,150
Total assets	\$ 166,026,121	\$ 51,435,958	\$ 32,891,209	\$ 40,193,967	\$	290,547,255
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 3,031,897	\$ 72,705	\$ 3,008,189	\$ 3,614,000	\$	9,726,791
Accrued liabilities	2,537,979	649,851	-	182,353		3,370,183
Due to other funds	29,936,564	2,427,851	-	1,510,349		33,874,764
Due to others	6,227,333	-	-	210,391		6,437,724
Due to component unit-Cobb Marietta						
Coliseum & Exhibit Hall Authority	853,522	-	-	-		853,522
Due to other governments and agencies	-	-	-	651		651
Notes payable, net	57,150,584	26,570,008	-	-		83,720,592
Accrued interest payable	958,708	445,715	-	-		1,404,423
Deferred revenue	 8,698,804	 2,842,410	 168,606	 2,676,991		14,386,811
Total liabilities	\$ 109,395,391	\$ 33,008,540	\$ 3,176,795	\$ 8,194,735	\$	153,775,461
Fund Balances:						
Reserved for:						
Encumbrances	\$ 3,462,474	\$ 543,722	\$ -	\$ 63,216	\$	4,069,412
Inventories and prepaid items	1,354,514	7,213	-	5,573		1,367,300
Advances	2,076,219	-	-	-		2,076,219
Debt service	-	-	-	8,058,583		8,058,583
Unreserved, designated for, reported in:						
Construction and capital outlay	9,360,723	9,111,302	29,714,414	18,516,860		66,703,299
Debt service	-	-	-	220,972		220,972
Unreserved, undesignated reported in:						
General Fund	40,376,800	-	-	-		40,376,800
Fire District Fund	-	8,765,181	-	-		8,765,181
Special Revenue Funds		 -	 	5,134,028		5,134,028
Total fund balances	\$ 56,630,730	\$ 18,427,418	\$ 29,714,414	\$ 31,999,232	\$	136,771,794
Total liabilities and fund balances	\$ 166,026,121	\$ 51,435,958	\$ 32,891,209	\$ 40,193,967	\$	290,547,255

Cobb County, Georgia

Governmental Funds

Reconciliation of the Governmental Balance Sheet to the Statement of Net Assets September 30, 2005

Total fund balances - governmental funds	\$ 136,771,794
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.	2,540,393,608
Other long-term assets are not available to pay for current-period	
expenditures and, therefore, are deferred in the funds:	
Property tax	11,519,976
Local assistance road program revenue	326,600
Net pension asset	3,187,002
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.	(3,432,455)
Long-term liabilities are not due and payable in the current period and therefore	
are not reported in the funds:	
Accrued interest payable	(1,646,086)
Intergovernmental contract payable	(56,160,000)
Unmatured bonds	(45,105,000)
Unamortized bond issuance discounts	411,308
Unamortized deferred loss on refunding	984,812
Unamortized bond premiums	(2,385,189)
Capital leases payable	(17,744,916)
Unamortized capital lease discounts	195,670
Compensated absences	 (16,013,951)
Net assets of governmental activities	\$ 2,551,303,173

Cobb County, Georgia Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended September 30, 2005

	General Fund	Fire District Fund	Public Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:			 		
Taxes	\$ 185,453,283	\$ 56,403,663	\$ -	\$ 9,537,996	\$ 251,394,942
Licenses and permits	21,952,259	-	-	-	21,952,259
Intergovernmental	11,768,504	2,868,749	4,218,787	27,116,884	45,972,924
Charges for services	35,479,503	1,750	-	10,325,667	45,806,920
Fines and forfeits	17,784,401	-	-	1,655,181	19,439,582
Interest earned	1,481,712	311,429	100,845	790,407	2,684,393
Contributions	-	-	-	73,565	73,565
Miscellaneous	 2,590,049	 443,371	 863,084	 2,353,040	 6,249,544
Total revenues	\$ 276,509,711	\$ 60,028,962	\$ 5,182,716	\$ 51,852,740	\$ 393,574,129
Expenditures:					
Current:					
General government	\$ 100,216,755	\$ -	\$ 32,111,148	\$ 4,246,191	\$ 136,574,094
Public safety	99,020,705	53,340,185	117,404	15,452,771	167,931,065
Public works	17,293,255	-	10,807,638	12,879,636	40,980,529
Health and welfare	1,103,942	-	-	5,180,304	6,284,246
Culture and recreation	28,068,134	-	164,487	725,253	28,957,874
Housing and development	7,025,333	-	-	9,834,035	16,859,368
Debt service:					
Principal retirement	143,231	-	1,235,084	6,585,000	7,963,315
Interest and fiscal charges	 790,543	 363,338	 102,984	 4,824,939	 6,081,804
Total expenditures	\$ 253,661,898	\$ 53,703,523	\$ 44,538,745	\$ 59,728,129	\$ 411,632,295
Excess (deficiency) of revenues					
over (under) other expenditures	\$ 22,847,813	\$ 6,325,439	\$ (39,356,029)	\$ (7,875,389)	\$ (18,058,166)
Other financing sources (uses):					
Transfers in	\$ 16,791,312	\$ 5,900	\$ 18,817,014	\$ 5,602,383	\$ 41,216,609
Transfers out	(29,080,119)	(2,707,780)	(1,131,059)	(1,911,166)	(34,830,124)
Sale of capital assets	-	-	1,515,000	-	1,515,000
Refunding bonds	-	-	-	18,345,000	18,345,000
Premium on refunding bonds issued	-	-	-	900,880	900,880
Payment to refund bond escrow agent	 -	 -	 -	 (19,144,311)	 (19,144,311)
Total other financing sources (uses)	\$ (12,288,807)	\$ (2,701,880)	\$ 19,200,955	\$ 3,792,786	\$ 8,003,054
Net changes in fund balances	\$ 10,559,006	\$ 3,623,559	\$ (20,155,074)	\$ (4,082,603)	\$ (10,055,112)
Fund balance at beginning of year, before restatement	46,071,724	14,803,859	50,451,748	28,367,939	 139,695,270
Restatement	\$ -	\$ -	\$ (582,260)	\$ 7,713,896	\$ 7,131,636
Fund balance at beginning of year restated	 46,071,724	 14,803,859	49,869,488	36,081,835	 146,826,906
Fund balances at end of year	\$ 56,630,730	\$ 18,427,418	\$ 29,714,414	\$ 31,999,232	\$ 136,771,794

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, 2005

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

Net change in fund balances - total governmental funds	\$	(10,055,112)
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 (\$67,998,481) were less than depreciation (\$69,466,901) in the current period.		(1,468,420)
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		1,346,953
Local assistance road program revenue		(184,747)
Write off of accounts receivable recognized on the statement of net assets in the prior year		(475,056)
The net effect of various miscellaneous transactions involving capital assets (donations) is to increase net assets.		15,060,764
The loss on disposition of capital assets is not reported in the fund statements		(1,122,444)
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:		
Debt proceeds Bond premium Bond principal payments Bond issuance discounts Deferred amounts on refunding Capital lease principal payments Intergovernmental contract payable		(18,345,000) (900,880) 24,095,000 29,750 631,130 1,543,219 840,000
The current years additions to the net pension asset reduced the net expenses of pensionable functions on the statement of activities		944,762
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 Amortization for bond and capital lease discounts, deferred amounts, premiums Accrued interest expense		(678,757) 130,055 (380,416)
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.		(946,837)
	•	, , ,
Changes in net assets of governmental activities.	\$	10,063,964

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, 2005

		Budgeted	l Am	ounts				Variance with Final Budget - Positive
	_	Original	-	Final		Actual		(Negative)
Revenues:								
Taxes	\$	188,735,905	\$	188,926,466	\$	185,453,283	\$	(3,473,183)
Licenses and permits		18,619,258		18,687,148		21,952,259		3,265,111
Intergovernmental		2,564,455		7,584,520		11,768,504		4,183,984
Charges for services		35,702,314		36,335,564		35,479,503		(856,061)
Fines and forfeits		15,895,125		17,398,351		17,784,401		386,050
Interest earned		312,696		312,696		1,481,712		1,169,016
Miscellaneous		2,235,856		3,008,204		2,590,049	_	(418,155)
Total revenues	\$	264,065,609	\$	272,252,949	\$	276,509,711	\$	4,256,762
Expenditures:								
Current:								
General government	\$	109,742,714	\$	113,094,795	\$	101,803,330	\$	11,291,465
Public safety		99,482,132		101,580,341		99,490,541		2,089,800
Public works		18,328,043		19,295,145		18,503,681		791,464
Health and welfare		1,146,779		1,115,249		1,104,742		10,507
Culture and recreation		26,208,813		29,092,662		28,262,867		829,795
Housing and development		6,851,423		7,346,489		7,025,437		321,052
Debt service:								
Principal retirement		186,532		153,667		143,231		10,436
Interest and fiscal charges	_	718,300	_	790,544	_	790,543	_	1
Total expenditures	\$	262,664,736	\$	272,468,892	\$	257,124,372	\$	15,344,520
Excess of revenues over expenditures	\$	1,400,873	\$	(215,943)	\$	19,385,339	\$	19,601,282
Other financing sources (uses):								
Transfers in	\$	15,751,365	\$	16,825,131	\$	16,791,312	\$	(33,819)
Transfers out		(20,266,441)		(32,271,610)		(29,080,119)		3,191,491
Total other financing sources (uses)	\$	(4,515,076)	\$	(15,446,479)	\$	(12,288,807)	\$	3,157,672
Net changes in fund balance	\$	(3,114,203)	\$	(15,662,422)	\$	7,096,532	\$	22,758,954
Fund balances at beginning of year						46,071,724		
Fund balances at end of year - budgetary basis					\$	53,168,256		
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at end of year						3,462,474		
Fund balances at end of year - GAAP basis					\$	56,630,730		

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, 2005

		Budgeted A	Amou	ints Final	Actual	Variance with Final Budget - Positive (Negative)
Revenues:		Original		Tillai	 Actual	 (Negative)
Taxes Intergovernmental Charges for services Interest earned Miscellaneous	\$	52,625,201 3,100 13,792 279,000 17,700	\$	52,625,201 3,100 13,792 279,000 17,700	\$ 56,403,663 2,868,749 1,750 311,429 443,371	\$ 3,778,462 2,865,649 (12,042) 32,429 425,671
Total revenues	\$	52,938,793	\$	52,938,793	\$ 60,028,962	\$ 7,090,169
Expenditures: Current:						
Personal services	\$	41,320,992	\$	42,921,480	\$ 42,767,213	\$ 154,267
Operating expenditures		7,439,071		7,611,227	7,615,358	(4,131)
Capital outlay		2,679,445		5,010,644	3,501,336	1,509,308
Debt service:						
Interest and fiscal charges		617,997		483,643	363,338	 120,305
Total expenditures	\$	52,057,505	\$	56,026,994	\$ 54,247,245	\$ 1,779,749
Excess of revenues over expenditures	\$	881,288	\$	(3,088,201)	\$ 5,781,717	\$ 8,869,918
Other financing sources (uses):						
Transfers in	\$	5,900	\$	5,900	\$ 5,900	\$ -
Transfers out		(887,188)		(2,707,780)	 (2,707,780)	 -
Total other financing sources (uses)	\$	(881,288)	\$	(2,701,880)	\$ (2,701,880)	\$
Net changes in fund balance	\$		\$	(5,790,081)	\$ 3,079,837	\$ 8,869,918
Fund balance at beginning of year					 14,803,859	
Fund balance at end of year - budgetary basis					\$ 17,883,696	
Reconciliation to GAAP basis: Elimination of encumbrances outstanding a end of year	t				543,722	
Fund balance at end of year - GAAP basis					\$ 18,427,418	

Cobb County, Georgia Proprietary Funds Statement of Net Assets September 30, 2005

	Business-type Activities - Enterprise Funds									Governmental	
		Water and		Solid Waste		Other Enterprise Funds		T-4-1		Activities - ternal Service	
A		Sewer Fund		Disposal Fund	_	Funds	_	Total	_	Funds	
Assets											
Current assets:	6	25 504 660	ø	462.270	e.	2 077 492	¢.	20 125 420	e.	5 100 220	
Cash	\$	25,584,669	\$	463,279	\$	3,077,482	\$	29,125,430	\$	5,102,228	
Restricted cash		81,382,426		-		-		81,382,426		-	
Equity in pooled investments, at		4.012.525		100 120		525 020		5.750.005		0.006.100	
fair value		4,913,537		109,438		735,830		5,758,805		2,036,132	
Receivables:		42.002.052									
Accounts, net		13,893,953		527,224		-		14,421,177		-	
Other		8,226,763		2,724		90,491		8,319,978		245,370	
Due from other funds		22,935,753		10,448		-		22,946,201		7,609,003	
Due from other governments		896,788		-		2,277,766		3,174,554		-	
Inventories		1,211,615		-		-		1,211,615		-	
Prepaid items		16,812						16,812		-	
Other assets		83,000		-			_	83,000			
Total current assets	\$	159,145,316	\$	1,113,113	\$	6,181,569	\$	166,439,998	\$	14,992,733	
Noncurrent assets:											
Property, plant and equipment:											
Capital assets not being depreciated	\$	99,213,033	\$	3,778,386	\$	9,974,979	\$	112,966,398	\$	_	
Capital assets being depreciated, net		1,055,421,209	_	10,006,221	_	34,128,232	_	1,099,555,662	_	35,745	
Net property, plant and equipment	\$	1,154,634,242	\$	13,784,607	\$	44,103,211	\$	1,212,522,060	\$	35,745	
Other assets:											
Unamortized bond costs	\$	584,863	\$	180,185	\$	32,372	\$	797,420	\$		
Unamortized bond costs	2	384,803	<u> </u>	180,183	3	32,372	D	797,420	<u> </u>	-	
Total noncurrent assets	\$	1,155,219,105	\$	13,964,792	\$	44,135,583	\$	1,213,319,480	\$	35,745	
Total assets	\$	1,314,364,421	\$	15,077,905	\$	50,317,152	\$	1,379,759,478	\$	15,028,478	

Continued on next page.

Cobb County, Georgia Proprietary Funds Statement of Net Assets September 30, 2005

		Bus	iness-type Activit		G	overnmental			
					Other				Activities -
	Water and Sewer Fund		Solid Waste Disposal Fund		Enterprise Funds		Total	Int	ernal Service Funds
Liabilities and Fund Equity	 			_		_			
Liabilities:									
Current liabilities (payable from current assets):									
Accounts payable	\$ 14,521,744	\$	844,070	\$	1,065,034	\$	16,430,848	\$	85,356
Accrued liabilities	2,039,760		233,722		57,238		2,330,720		41,101
Arbitrage liability	54,882		-		-		54,882		-
Due to other funds	7,244,111		23,249,223		2,740,063		33,233,397		1,700,111
Customer deposits	4,012,996		-		-		4,012,996		-
Due to other governments	1,056,076		-		21,876		1,077,952		-
Deferred revenues	-		-		14,323		14,323		-
Current portion of revenue bonds	15,770,000		1,720,000		390,000		17,880,000		-
Current portion of compensated absences	889,545		101,533		14,936		1,006,014		-
Current portion of notes payable	-		108,637		-		108,637		-
Estimated liability for claims and judgments	 -		-		-	_	-		16,634,365
Total current liabilities	\$ 45,589,114	\$	26,257,185	\$	4,303,470	\$	76,149,769	\$	18,460,933
Long-term liabilities:									
Revenue bonds (net of current portion,									
bond discount, and loss on refunding)	\$ 136,161,016	\$	18,253,331	\$	3,553,990	\$	157,968,337	\$	-
Accrued vacation payable	238,643		130,202		-		368,845		-
Closure and post closure care	-		27,143,333		-		27,143,333		-
Advances from other funds	-		1,476,219		600,000		2,076,219		-
Note payable (net of current portion)	-		27,978		-	_	27,978		
Total long-term liabilities	\$ 136,399,659	\$	47,031,063	\$	4,153,990	\$	187,584,712	\$	-
Total liabilities	\$ 181,988,773	\$	73,288,248	\$	8,457,460	\$	263,734,481	\$	18,460,933
Net Assets									
Invested in capital assets, net of related debt	\$ 1,079,884,679	\$	(6,325,339)	\$	40,159,221	\$	1,113,718,561	\$	35,745
Unrestricted	52,490,969		(51,885,004)		1,700,471		2,306,436		(3,468,200)
Total net assets	\$ 1,132,375,648	\$	(58,210,343)	\$	41,859,692	\$	1,116,024,997	\$	(3,432,455)

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, 2005

				overnmental			
	Water and Sewer Fund	Solid Waste Disposal Fund	Other Enterprise Funds	Total			Activities - ternal Service Funds
Operating revenues: Charges for services Miscellaneous income	\$ 142,978,646 192,576	\$ 5,874,887 54,225	\$ 5,762,189 82,707	\$	154,615,722 329,508	\$	45,504,300
Total operating revenues	\$ 143,171,222	\$ 5,929,112	\$ 5,844,896	\$	154,945,230	\$	45,504,300
Operating expenses: Personnel services Other operating expenses Benefits and claims	\$ 21,817,637 66,909,965 -	\$ 3,156,511 6,246,648	\$ 401,272 15,631,587	\$	25,375,420 88,788,200	\$	376,276 4,972,495 40,961,207
Total operating expenses	\$ 88,727,602	\$ 9,403,159	\$ 16,032,859	\$	114,163,620	\$	46,309,978
Operating income (loss) before depreciation	\$ 54,443,620	\$ (3,474,047)	\$ (10,187,963)	\$	40,781,610	\$	(805,678)
Less depreciation	 (27,415,422)	 (1,811,860)	 (2,328,570)	_	(31,555,852)		(9,703)
Operating income (loss)	\$ 27,028,198	\$ (5,285,907)	\$ (12,516,533)	\$	9,225,758	\$	(815,381)
Nonoperating revenues (expenses): Interest income Intergovernmental Interest and fiscal charges Amortization of bond costs Decrease in fair value of investments Gain (loss) from sale of capital assets	\$ 3,615,447 6,222,428 (7,055,206) - - 158,450	\$ 9,637 - (944,298) (20,021) - -	\$ 52,048 7,342,104 (246,986) (5,328) (18) (572)	\$	3,677,132 13,564,532 (8,246,490) (25,349) (18) 157,878	\$	197,522 - - - - -
Total nonoperating revenues (expenses)	\$ 2,941,119	\$ (954,682)	\$ 7,141,248	\$	9,127,685	\$	197,522
Net income (loss) before transfers and capital contributions	\$ 29,969,317	\$ (6,240,589)	\$ (5,375,285)	\$	18,353,443	\$	(617,859)
Capital contributions	\$ 25,105,914	\$ -	\$ 	\$	25,105,914	\$	
Total capital contributions	\$ 25,105,914	\$ 	\$ 	\$	25,105,914	\$	
Transfers: Transfers in Transfers out	\$ 21,449 (16,721,981)	\$ 5,155,466 (19,826)	\$ 5,510,353 (2,967)	\$	10,687,268 (16,744,774)	\$	(328,979)
Total transfers	\$ (16,700,532)	\$ 5,135,640	\$ 5,507,386	\$	(6,057,506)	\$	(328,979)
Changes in net assets	\$ 38,374,699	\$ (1,104,949)	\$ 132,101	\$	37,401,851	\$	(946,838)
Fund net assets - beginning	\$ 1,094,000,949	\$ (57,105,394)	\$ 41,727,591	\$	1,078,623,146	\$	(2,485,617)
Fund net assets - ending	\$ 1,132,375,648	\$ (58,210,343)	\$ 41,859,692	\$	1,116,024,997	\$	(3,432,455)

Cobb County, Georgia Proprietary Funds Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2005

			Governmen							
		Water and Sewer Fund		Solid Waste Disposal Fund		Other Enterprise Funds		Total	In	Activities - ternal Service Funds
Cash flows from operating activities:				•						
Cash received from customers Cash payments for goods and services Cash payments for employee services	\$	146,818,124 (73,484,001)	\$	8,679,042 (10,082,499)	\$	5,816,129 (14,960,510)	\$	161,313,295 (98,527,010)	\$	46,849,064 (3,511,086)
and fringe benefits Cash payments for benefits and claims		(21,745,820)		(3,156,511)		(402,997)		(25,305,328)		(370,966) (38,035,702)
Net cash from operating activities	\$	51,588,303	\$	(4,559,968)	\$	(9,547,378)	\$	37,480,957	\$	4,931,310
Cash flows from noncapital financing activities: Transfers in Transfers out Federal/State Grants	\$	21,449 (16,721,981)	\$	5,155,466 (19,826)	\$	5,510,353 (2,967) 9,765,100	\$	10,687,268 (16,744,774) 9,765,100	\$	(328,979)
Net cash from noncapital financing activities	\$	(16,700,532)	\$	5,135,640	\$	15,272,486	\$	3,707,594	\$	(328,979)
Cash flows from capital and related financing activities: Principal payments on notes payables	\$		\$	(103,575)	¢		\$	(103,575)	¢	
Proceeds from outside contributions Payments on capital leases	Φ	5,437,745	Ф	(100,058)	J	- - -	Ф	5,437,745 (100,058)	Þ	- -
Proceeds from sale of capital assets Payments for capital acquisitions Bond principal payments		158,450 (73,501,661) (15,425,000)		(93,320) (19,025,000)		(2,972,444) (375,000)		158,450 (76,567,425) (34,825,000)		- - -
Capital contributions Proceeds from bond issuance Cost of bond issuance		8,725,261		20,366,507 (316,394)		- - - (212.171)		8,725,261 20,366,507 (316,394)		- - -
Bond interest and fiscal charges Net cash from capital and related	_	(7,516,552)	_	(1,090,199)	_	(212,171)		(8,818,922)		
financing activities	\$	(82,121,757)	\$	(362,039)	\$	(3,559,615)	\$	(86,043,411)	\$	
Cash flows from investing activities: Proceeds from investment maturities Interest received Investment purchases	\$	7,628,403 3,615,447 (100,000)	\$	9,637 (16,660)	\$	24,414 52,030 (189,938)	\$	7,652,817 3,677,114 (306,598)	\$	197,522 (669,031)
Net cash from investing activities	\$	11,143,850	\$	(7,023)	\$	(113,494)	\$	11,023,333	\$	(471,509)
Net increase (decrease) in cash and cash equivalents	\$	(36,090,136)	\$	206,610	\$	2,051,999	\$	(33,831,527)	\$	4,130,822
Cash and cash equivalents at beginning of year	_	143,057,231		256,669	_	1,025,483	_	144,339,383		971,406
Cash and cash equivalents at end of year	\$	106,967,095	\$	463,279	\$	3,077,482	\$	110,507,856	\$	5,102,228
Reconciliation to Combining Balance Sheet Cash Cook (included in postricted coasts)	\$	25,584,669	\$	463,279	\$	3,077,482	\$	29,125,430	\$	5,102,228
Cash (included in restricted assets)	\$	81,382,426 106,967,095	\$	463,279	\$	3,077,482	\$	81,382,426 110,507,856	\$	5,102,228

Continued on next page.

Cobb County, Georgia Proprietary Funds Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2005

	Business-type Activities - Enterprise Funds						Governmenta			
		Water and Solid Waste Sewer Fund Disposal Fund		Other Enterprise Funds		Total		Activities - Internal Servi Funds		
Reconciliation of operating income (loss)										
to net cash from operating activities:										
Operating income (loss)	\$	27,028,198	\$	(5,285,907)	\$	(12,516,533)	\$	9,225,758	\$	(815,381)
Adjustments to reconcile operating income										
(loss) to net cash from operating activities:										
Depreciation	\$	27,415,422	\$	1,811,860	\$	2,328,570	\$	31,555,852	\$	9,703
Change in assets and liabilities:										
Decrease (increase) in accounts receivables		(1,005,865)		(94,529)		-		(1,100,394)		455,044
Decrease (increase) in accrued interest receivables		178		-		-		178		
Decrease (increase) in other receivables		336,244		1,874		(29,007)		309,111		-
Decrease (increase) in due from other funds		4,133,279		2,831,330		_		6,964,609		889,711
Decrease (increase) in due from others		-		10,756		-		10,756		9
Decrease (increase) in inventories		175,806		-		-		175,806		-
Decrease (increase) in other assets		7,260		499		240		7,999		1,828
Increase (decrease) in bank overdraft		-		-		(857,549)		(857,549)		-
Increase (decrease) in accounts payable		(13,403,774)		369,002		(244,492)		(13,279,264)		(25,271)
Increase (decrease) in accrued liabilities		(43,459)		(102,731)		-		(146,190)		5,310
Increase (decrease) in accrued payroll		-		-		(1,195)		(1,195)		´-
Increase (decrease) in accrued vacation payable		71,817		33,918		(5,491)		100,244		_
Increase (decrease) in due to other funds		6,519,830		(4,121,000)		1,769,235		4,168,065		1,520,677
Increase (decrease) in customer deposits		538,802		-		-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		538,802		-
Increase (decrease) in due to		,						,		
other governments		_		_		15,328		15,328		_
Increase (decrease) in due to others		(185,435)		(10,779)		(4,133)		(200,347)		(35,825)
Increase (decrease) in estimated liability		(105,155)		(10,777)		(1,155)		(200,517)		(55,625)
for claims and judgments		_		_		_		_		2,925,505
Increase (decrease) in closure/postclosure care		_		(4,261)		_		(4,261)		2,723,303
Increase (decrease) in unearned revenues		_		(4,201)		(2,351)		(2,351)		_
mercuse (decreuse) in uncarned revenues			_		_	(2,331)	_	(2,331)		
Total adjustments	\$	24,560,105	\$	725,939	\$	2,969,155	\$	28,255,199	\$	5,746,691
Net cash provided by operating activities	\$	51,588,303	\$	(4,559,968)	\$	(9,547,378)	\$	37,480,957	\$	4,931,310
Schedule of noncash capital and related financing activities Contribution of capital assets	s: 	16,380,653	\$	-	\$	-	\$	16,380,653	\$	-

Continued from preceding page.

Cobb County, Georgia Fiduciary Funds Statement of Fiduciary Net Assets September 30, 2005

	Pen	sion Trust Fund Employee Retirement System		Agency Funds	
Assets:	Ф	562.062	Φ	((210 002	
Cash and cash equivalents	\$	563,962	\$	66,319,992	
Investments, at fair value		117 240 060		-	
Common stock		115,348,060			
Mutual funds		115,618,934			
Group annunity contracts		37,993,317			
United States Government securities		934,308			
Receivables					
Taxes and penalties		-		493,109,989	
Other		-		-	
Due from other funds		656,866			
Total assets	\$	271,115,447	\$	559,429,981	
Liabilities: Bank overdraft	\$		\$	210,391	
Unremitted tax collections due	Ф	-	Ф	210,391	
to other governments and agencies		-		39,848,480	
Taxes payable to others upon collection		-		491,108,396	
Unremitted payroll tax and					
withholdings		-		2,766,667	
Funds held in trust for others		76,512		25,496,047	
Total liabilities	\$	76,512	\$	559,429,981	
Net assets held in trust for pension benefits	\$	271,038,935			

(see schedule of funding progess on page 73 for additional informtion)

Cobb County, Georgia Fiduciary Funds Statement of Changes in Fiduciary Net Assets For the Fiscal Year Ended September 30, 2005

	Pens	sion Trust Fund
		Employee Retirement System
Additions		
Contributions:		
Employer	\$	17,571,300
Employee		7,872,015
Plan member		
Total contributions	<u></u> \$	25,443,315
Investment earnings:		
Net appreciation (depreciation) in fair value of assets	\$	23,063,122
Interest		4,904,264
Total investment earnings	\$	27,967,386
Less investment expense		(930,968)
Net investment earnings	<u></u> \$	27,036,418
Total additions	\$	52,479,733
Deductions		
Administrative expenses	\$	33,124
Benefits and claims		23,546,840
Total deductions	\$	23,579,964
Change in net assets	\$	28,899,769
Net assets held in trust for pension benefits		
Beginning of year		242,139,166
End of year	\$	271,038,935

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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, 2005 and June 30 2005, 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, 2005, 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.

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 government 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 government 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 includes 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.

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 fund financial statements. 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.

September 30, 2005

Note 1. Summary of Significant Accounting Policies (Continued)

The County uses the following major funds:

1. Major Funds

A. Governmental Funds:

- 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 **Public Facilities Fund** is used to account for monies transferred from various governmental funds for the purpose of the construction of public facilities throughout the County

B. Business-type Funds:

- 1. The **Water and Sewer Fund** accounts for the operating revenue and expense of the water distribution system and sewage processing plants.
- The Solid Waste Disposal Fund accounts for the operating revenue and expense 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.

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 assts 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. Annual appropriated budgets are adopted for the General Fund, the Debt Service Fund and the Special Revenue Funds. The Grant Fund and Housing and Urban Development Special Revenue Funds have twelve month annual adopted budgets that differ from the County's fiscal year end. Project-length financial plans are adopted for the Capital Project Funds. All encumbered appropriations are carried forward in the following year's budget.

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 \$81,382,426 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."

September 30, 2005

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, 2005 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:

Assets	Years
Buildings and structures	25 - 50
Machinery and equipment	4 - 10
Vehicles	5
Buses	10
Sewerage Plants	10 - 50
Infrastructure	10 - 50

September 30, 2005

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.

September 30, 2005

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 taxpaver 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:

Bud	get Transfer	Approval Required
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 parttime 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 parttime 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.

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 and Parking Deck Facility Special Revenue Funds. Twelve month annual budgets, which differ from Cobb's fiscal year, 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 and Hotel/Motel Tax 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 Special Revenue fund 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.

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

Lina

	Fund		 Fund	Revenue Funds		
Budgetary Basis	\$	7,096,532	\$ 3,079,837	\$	508,771	
Encumbrances 9/30/05		3,462,474	543,722		63,216	
Grant-length Plans			 -		143,654	
GAAP Basis	\$	10,559,006	\$ 3,623,559	\$	715,641	

September 30, 2005

Note 2. Budgetary Information (Continued)

		Fund Balances at End of Year						
		General Fire Fund Fund		Fire		major Special		
				Revenue Funds				
Budgetary Basis	\$	53,168,256	\$	17,883,696	\$	4,578,790		
Encumbrances 9/30/05		3,462,474		543,722		63,216		
Grant-length Plans				-		1,087,135		
GAAP Basis	\$	56,630,730	\$	18,427,418	\$	5,729,141		

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					Variance with Final Budget - Positive		
	Original		Final	_	Actual		Negative)	
General Fund:								
General government:								
Sheriff								
Operating expenditures	\$ 1,085,529	\$	973,890	\$	1,052,455	\$	(78,565)	

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 FY05, the Sheriff's Department had a (\$78,565) 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.

September 30, 2005

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, 2005, 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		
PRIMARY GOVERNMENT							
Georgia Fund I	\$ 76,728,932	\$76,728,932	\$ -	\$ -	\$ -		
U.S. Agencies	11,867,006		11,867,006		-		
Total Primary Government (non-fiduciary)	\$ 88,595,938	\$76,728,932	\$11,867,006	\$ -	\$ -		
FIDUCIARY FUND							
Pension Trust Fund:							
Common Stocks	\$115,348,060	n/a	n/a	n/a	n/a		
Mutual Funds	53,766,899	53,766,899	-	-	-		
Bond Mutual Funds	61,852,035	-	-	25,795,993	36,056,042		
Group Annuity Contracts	37,993,317	5,683,164	32,310,153	-	-		
U.S. Agencies	138,238	-	138,238	-	-		
Georgia Fund I	796,070	796,070					
Total Pension Trust Fund	\$269,894,619	\$60,246,133	\$32,448,391	\$25,795,993	\$36,056,042		

Investments of the primary government include \$76,728,932 grouped in cash and cash equivalents and exclude \$2,500,000 of nonnegotiable certificates of deposits.

Credit Risk - Investments

As of September 30, 2005 the County's investments in Georgia Fund 1 were rated AAAm. Of the County's investments in bond mutual funds \$25,795,993 were rated AA and the remaining \$36,056,042 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%, Nondomestic securities 15%, and Fixed income investments and Cash 40%.

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

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, 2005, \$409,897 of the Authority's total bank deposits of \$13,587,105 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized

\$ 409,897

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, 2005, the Authority had the following investments:

Type of Investment	Rating		Investment Maturities (in Years)					
		Less than 1	1-5	6 -10	More than 10			
Governmental & proprietary funds								
Georgia Fund I	AAAm	\$11,232,291	\$	\$	\$	\$ 11,232,291		
Money market funds	AAAm	8,392,503				8,392,503		
U.S. treasuries		5,813,136				5,813,136		
U.S. agencies		33,842,595	5,837,062			39,679,657		
Total non-fiduciary fund	ls	<u>\$ 59,280,525</u>	\$ 5,837,062	<u>\$</u>	<u>\$</u>	\$ 65,117,587		
Fiduciary fund Investment Trust	unrated	\$ 1,782,998	\$ 49,539	\$	<u>\$</u>	\$ 1,832,537		

September 30, 2005

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

B. Cobb County Board of Health

At June 30, 2005 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, 2005:

			weighted	
		Fair	Average	
Description	Rating	Value	Maturity	
Georgia Fund I	AAAm	\$1,500,000	24days	

Note 4. Restricted Assets

A. Cobb-Marietta Coliseum and Exhibit Hall Authority

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

			Interest	
Governmental Funds	Cash	Investments	Receivable	<u>Total</u>
General fund:				
Renewal and expansion	\$ 564,096	\$16,214,060	\$ 94,684	\$ 16,872,840
To be deposited in R&E	839,895			839,895
Total general fund	1,403,991	16,214,060	94,684	17,712,735
Debt service fund:				
Current debt service	4,138,269			4,138,269
Debt service reserve	5,402,494			5,402,494
Total debt service fund	9,540,763			9,540,763
Total governmental funds	\$10,944,754	\$16,214,060	\$ 94,684	\$ 27,253,498

Note 4.	Restricted Assets (Continued))		Intergovernmental		
	Enterprise Funds	Cash	Investments	Receivable	Total	
	Galleria Mall fund:					
	Security deposits	<u>\$ 101,124</u>	\$	\$	\$ 101,124	
	Performing Arts Centre fund:					
	Unspent bond proceeds	8,374,867	39,500,485		47,875,352	
	Intergovernmental contract:					
	Principal – current			905,000	905,000	
	Accrued interest			594,420	594,420	
	Principal – noncurrent			55,255,000	55,255,000	
	Total Performing Arts	0.0-4.0-			101 (20 ===	
	Centre fund	8,374,867	39,500,485	56,754,420	104,629,772	
	Total enterprise funds	\$ 8,475,991	\$ 39,500,485	\$ 56,754,420	\$ 104,730,896	

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2005 was as follows:

Primary Government:

•	Beginning Balance			Increases		Decreases	Ending Balance		
Governmental activities:									
Capital assets, not being depreciated:									
Land	\$	736,718,081	\$	8,077,622	\$	(471,461)	\$	744,324,242	
Construction in progress		36,373,669		21,298,210		(26,932,613)		30,739,266	
Total capital assets, not being depreciated	\$	773,091,750	\$	29,375,832	\$	(27,404,074)	\$	775,063,508	
Capital assets, being depreciated:									
Buildings	\$	270,495,157	\$	5,331,708	\$	(327,026)	\$	275,499,839	
Improvements other than buildings		13,374,683		3,640,508		-		17,015,191	
Machinery and equipment		151,793,210		31,201,818		(5,023,684)		177,971,344	
Infrastructure		1,986,223,143		40,441,995		-		2,026,665,138	
Total capital assets being depreciated		2,421,886,193		80,616,029		(5,350,710)		2,497,151,512	
Less accumulated depreciation for:									
Buildings	\$	(56,248,612)	\$	(5,436,120)	\$	97,476	\$	(61,587,256)	
Improvements other than buildings		(7,528,176)		(59,784)		-		(7,587,960)	
Machinery and equipment		(113,707,159)		(12,849,295)		4,602,249		(121,954,205)	
Infrastructure		(489,524,841)		(51,131,405)		-		(540,656,246)	
Total accumulated depreciation	\$	(667,008,788)	\$	(69,476,604)	\$	4,699,725	\$	(731,785,667)	
Total capital assets, being depreciated, net		1,754,877,405		11,139,425		(650,985)		1,765,365,845	
Governmental activities capital assets, net	\$	2,527,969,155	\$	40,515,257	\$	(28,055,059)	\$	2,540,429,353	

Note 5. Capital Assets (Conti	nued)									
Business-type activities:										
Capital assets, not being depreciated:										
Land and improvements	\$	52,893,139	\$	1,685,194	\$	-	\$	54,578,333		
Construction in progress		315,095,593		65,926,250		(322,633,778)		58,388,065		
Total capital assets, not being depreciated	\$	367,988,732	\$	67,611,444	\$	(322,633,778)	\$	112,966,398		
Capital assets, being depreciated:										
Buildings and structures	\$	47,109,448	\$	3,838,164	\$	-	\$	50,947,612		
Sewerage plants		467,219,358		208,145,471		-		675,364,829		
Machinery and equipment		71,682,145		4,650,474		(5,312,359)		71,020,260		
Infrastructure:										
Sewer lines		342,418,347		106,174,934		-		448,593,281		
Water lines and meters		249,658,492		25,182,028				274,840,520		
Total capital assets being depreciated	\$	1,178,087,790	\$	347,991,071	\$	(5,312,359)	\$	1,520,766,502		
Less accumulated depreciation for:										
Buildings and structures	\$	(7,142,217)	\$	(1,047,511)	\$	-	\$	(8,189,728)		
Sewerage plants		(137,757,728)		(12,174,896)		-		(149,932,624)		
Machinery and equipment		(48,407,379)		(5,709,512)		5,291,127		(48,825,764)		
Infrastructure:										
Sewer lines		(108,761,228)		(6,714,385)		-		(115,475,613)		
Water lines and meters		(92,877,563)		(5,909,548)		-		(98,787,111)		
Total accumulated depreciation	\$	(394,946,115)	\$	(31,555,852)	\$	5,291,127	\$	(421,210,840)		
Total capital assets, being depreciated, net		783,141,675		316,435,219		(21,232)		1,099,555,662		
Business-type activities capital assets, net	\$	1,151,130,407	\$	384,046,663	\$	(322,655,010)	\$	1,212,522,060		

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

\$ 6,260,172
8,278,379
52,001,508
392,436
2,486,531
 57,578
\$ 69,476,604
\$ 27,415,422
1,811,860
67,307
105,040
 2,156,223
\$ 31,555,852
\$

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.

Incurred but not reported claims of \$16,634,365 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.

	Beginning		Claims		Claims		Ending
September 30	 Balance	Incurred			Paid		Balance
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

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.

Note 7. Leases (Continued)

The assets acquired through capital leases are as follows:

		Total
	(Governmental
		Activities
Asset:		
Buildings	\$	3,912,751
Machinery and equipment		7,285,423
Less: Accumulated depreciation		(3,890,174)
Total	\$	7,308,000

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, 2005:

	Total
	Governmental
	Activities
2006	\$ 4,893,341
2007	4,628,805
2008	3,866,736
2009	3,620,245
2010	326,745
2011-2015	1,634,385
2016-2019	1,302,938
Total minimum lease payments	\$ 20,273,195
Less: Amount	_
representing interest	2,528,279
Present value of	
minimum lease payments	\$ 17,744,916

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.

September 30, 2005

Note 7. Leases (Continued)

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.

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.

Note 8. Long-Term Debt

A. Primary Government

Bonds payable at September 30, 2005 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 (\$18,345,000 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 (\$23,830,000 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 (\$2,720,000 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.

September 30, 2005

Note 8. Long-Term Debt (Continued)

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 (\$210,000 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 (\$23,790,000 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 (\$24,260,000 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 (\$19,285,000 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 (\$4,270,000 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, 2005 including interest payments of \$71,455,360 are as follows:

Note 8. Long-Term Debt (Continued)

	Governmental Activites												
	General Obli	gatio	on Bonds		Revenu	e B	onds		Total				
Year Ending													
September	 Principal		Interest		Principal		Interest		Principal		Interest		
2006	\$ 5,800,000	\$	1,949,700	\$	100,000	\$	7,360	\$	5,900,000	\$	1,957,060		
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		
2011-2015	9,180,000		1,828,475		-		-		9,180,000		1,828,475		
2016-2020	 4,300,000		441,300		-				4,300,000		441,300		
	\$ 44,895,000	\$	9,090,050	\$	210,000	\$	9,890	\$	45,105,000	\$	9,099,940		

	Business Type Activities				Component Units						
Year Ending	Revenue Bonds			Revenue Bonds							
September 30	Principal		Interest		Principal		Interest				
2006	\$ 17,880,000	\$	7,822,948	\$	3,025,000	\$	6,279,465				
2007	18,160,000		6,963,248		3,215,000		6,431,748				
2008	18,615,000		6,089,069		3,405,000		6,309,826				
2009	7,495,000		5,195,258		3,600,000		6,178,916				
2010	7,710,000		4,860,503		3,800,000		6,033,338				
2011-2015	41,330,000		18,560,331		22,730,000		27,512,725				
2016-2020	35,325,000		10,445,125		30,835,000		21,456,888				
2021-2025	25,090,000		2,418,938		41,520,000		12,902,651				
2026-2029	 -		-		28,980,000		2,807,631				
	\$ 171,605,000	\$	62,355,420	\$	141,110,000	\$	95,913,188				

The annual requirements to amortize all Water and Sewer Revenue Bonds outstanding at September $30,\,2005$ are as follows:

	 Outstanding Parity Bonds									
	 Principal		Interest		Totals					
2006	\$ 15,770,000	\$	6,891,850	\$	22,661,850					
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					
2011-2015	29,175,000		17,090,850		46,265,850					
2016-2020	35,325,000		10,445,125		45,770,125					
2021-2023	 25,090,000		2,718,938		27,808,938					
	\$ 148,050,000	\$	57,277,913	\$	205,327,913					

Note 8. Long-Term Debt (Continued)

The above 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. However, 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.

\$8,058,583 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, 2005, \$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.

Note 8. Long-Term Debt (Continued)

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. 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.

5. Current Year Advance Refundings

A. G. O. Bonds:

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. These net proceeds, together with

September 30, 2005

Note 8. Long-Term Debt (Continued)

\$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.

B. Revenue Bonds:

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.

6. Notes Payable

Solid Waste Disposal

\$895,321 Note payable due in quarterly installments of \$28,315 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, 2005 are as follows:

	 Interest	 Principal	 Totals			
2006	\$ 4,621	\$ 108,637	\$ 113,258			
2007	336	27,978	 28,314			
	\$ 4,957	\$ 136,615	\$ 141,572			

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

Bonds payable are comprised of the following individual issues at September 30, 2005:

\$7,315,000 1993 Coliseum and Exhibit Hall Authority serial bonds, of which \$4,840,000 was outstanding at September 30, 2005. The serial bonds are due in annual installments of \$1,120,000 to \$1,305,000 through October 1, 2008; interest at 5.25 to 5.50 percent. \$40,650,000 1993 term bonds due as follows:

October 1, 2012	\$ 5,975,000
October 1, 2018	11,735,000
October 1, 2026	22,940,000
	\$40,650,000

September 30, 2005

Note 8. Long-Term Debt (Continued)

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 center.

\$19,000,000 series 1996 A serial bonds, of which \$17,080,000 was outstanding at September 30, 2005. 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, 2005 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 \$17,080,000 was outstanding at September 30, 2005. The serial bonds due in annual installments of \$555,000 to \$705,000 through October 1, 2010; interest at 4.50 to 5.50 percent.

\$16,730,000 series 1999 serial bonds, of which \$3,765,000 was unrefunded and outstanding at September 30, 2005, that 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, 2005. 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, 2005, that are 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 \$43,340,000 was outstanding at September 30, 2005. 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, 2005, that are 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.

Note 8. Long-Term Debt (Continued)

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.

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, 2005 is \$57,480,000.

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 Governmental Activities and Business-type Activities for the fiscal year September 30, 2005:

Note 8. Long-Term Debt (Continued)

Governmental Activities:		Beginning Balance		Additions		Reductions		Ending Balance]	Amounts Due Within One Year
GO Bonds:		·								
2005 Refunding	\$	-	\$	18,345,000	\$	-	\$	18,345,000	\$	100,000
2003 Refunding		28,040,000		-		(4,210,000)		23,830,000		4,370,000
1996 Recreation Authority		22,505,000		-		(19,785,000)		2,720,000		1,330,000
Revenue Bonds:										
1997 Recreation Authority Refunding		310,000				(100,000)		210,000		100,000
Total Bonds before discounts and premiums	\$	50,855,000	\$	18,345,000	\$	(24,095,000)	\$	45,105,000	\$	5,900,000
Less:						_		_		_
Original issuance discounts	\$	(439,559)	\$	(29,750)	\$	58,001	\$	(411,308)	\$	-
Deferred amounts on refunding		(487,350)		(631,130)		133,668		(984,812)		-
Add:										
Bond premiums		1,871,257		900,880		(386,948)		2,385,189		-
Total bonds payable	\$	51,799,348	\$	18,585,000	\$	(24,290,279)	\$	46,094,069	\$	5,900,000
Capital Leases before discounts	\$	19,288,133	\$	-	\$	(1,543,217)	\$	17,744,916	\$	4,163,437
Less:										
Original issuance discounts		(260,894)		-		65,224		(195,670)		-
Total Capital Lease Payable	\$	19,027,239	\$	-	\$	(1,477,993)	\$	17,549,246	\$	4,163,437
Compensated Absences	\$	15,335,194	\$	12,685,845	\$	(12,007,088)	\$	16,013,951	\$	12,007,088
Total Other Liabilities	\$ \$	34,362,433	\$	12,685,845	\$	(13,485,081)	\$	33,563,197	\$	16,170,525
Governmental Activities Long-term Liabilities	\$	86,161,781	\$	31,270,845	\$	(37,775,360)	\$	79,657,266	\$	22,070,525
Pusinoss type Activities										
Business-type Activities: Revenue Bonds:										
2004 Water & Sewer Refunding	\$	34,520,000	\$		\$	(10,730,000)	\$	23,790,000	\$	10,385,000
2003 Water & Sewer Serial Bond	Ф	100,000,000	Ф	-	Ф	(10,730,000)	Ф	100,000,000	Ф	10,383,000
2003 Water & Sewer Refunding		28,955,000		-		(4,695,000)		24,260,000		5,385,000
1997 Refunding Recreation Authority		4,645,000		-		(375,000)		4,270,000		390,000
1995 Serial bond				-		(19,025,000)		4,270,000		390,000
2004 Solid Waste Management		19,025,000		-		(19,023,000)		-		-
Authority Refunding				19,285,000				19,285,000		1,720,000
Total Bonds before discounts and premiums	\$	187,145,000	\$	19,285,000	\$	(34,825,000)	\$	171,605,000	\$	17,880,000
Add: Bond premiums	Ф	7,516,188	Ф	1,081,507	Ф	(1,505,135)	Φ	7,092,560	Φ	17,880,000
-		7,310,100		1,081,307		(1,303,133)		7,092,300		-
Less:	\$	(16 926)	\$		¢	1 606	\$	(15 140)	¢	
Original issuance discount Deferred amount on refunding	Ф	(16,836) (3,355,675)	Ф	(316,394)	\$	1,696 837,986	Ф	(15,140) (2,834,083)	\$	-
	•	191,288,677	\$	20,050,113	\$	(35,490,453)	\$	175,848,337	\$	17,880,000
Total bonds payable Capital Leases	\$	100,058	\$	20,030,113	\$	(100,058)	\$	1/3,646,33/	\$	17,880,000
Closure and postclosure	Ф	-	Ф	-	Ф		Э	- 27 142 222	Þ	-
-		27,147,594		-		(4,261)		27,143,333		100 627
Note Payable		240,190		1 274 950		(103,575)		136,615		108,637
Compensated Absences	•	1,274,614	¢	1,374,859	•	(1,274,614)	¢	1,374,859	•	1,006,014
Total Other Liabilities Business-type Activities Long-term Liabilities	\$	28,762,456	\$	1,374,859	\$	(1,482,508)	\$	28,654,807	\$	1,114,651
business-type Activities Long-term Liabilities	\$	220,051,133	\$	21,424,972	\$	(36,972,961)	\$	204,503,144	\$	18,994,651

Note 8. Long-Term Debt (Continued)

Component Units

Cobb-Marietta Coliseum and Exhibit Hall Au		•							Amounts
	Beginning				5.1	Ending]	Due Within	
Governmental Activities:		Balance		Additions	_	Reductions	 Balance		One Year
Bonds payable:									
Revenue Bonds:	\$	86,990,000	\$	15,375,000	\$	(17,415,000)	\$ 84,950,000	\$	2,120,000
Add: Uamortized issuance premium		-		2,047,735		(67,372)	1,980,363		-
Less deferred amounts:									
On refunding		(3,121,950)		(1,417,645)		180,222	(4,359,373)		-
For issuance discount		(421,161)		-		37,779	 (383,382)		-
Total bonds payable		83,446,889		16,005,090		(17,264,371)	82,187,608		2,120,000
Compensated absences		114,987		220,140		(218,911)	116,216		116,216
•									
Governmental Activities Long-term Liabilities	\$	83,561,876	\$	16,225,230	\$	(17,483,282)	\$ 82,303,824	\$	2,236,216
Business-type Activities:									
Bonds payable:									
Revenue bonds	\$	57,000,000	\$	-	\$	(840,000)	\$ 56,160,000	\$	905,000
Add: Unamortized issuance premium		1,469,285		-		(81,404)	1,387,881		-
Total bonds payable		58,469,285		-		(921,404)	57,547,881		905,000
Unearned revenue				1,000,000		<u> </u>	 1,000,000		
		_				_	_		
Business-type Activities Long-term Liabilities	\$	58,469,285	\$	1,000,000	\$	(921,404)	\$ 58,547,881	\$	905,000
Cobb County Board of Health									
Governmental Activities:									
Compensated absences	\$	644,526	\$	538,109	\$	(534,580)	\$ 648,055	\$	534,580

Internal Service Fund predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$19,082 of Internal Service Fund's compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund, Fire Fund, Senior Services Fund, Parking Deck Fund, Law Library Fund, E-911 Fund and the Grants Fund. The compensated absences of the component units are typically liquidated in the general fund.

Note 9. Short-Term Tax Anticipation Notes

In April 2005, the County issued \$83.5 million in tax anticipation notes to finance the general operations of the County through October 2005. The notes bear interest at a rate of 3.5 percent and are due on December 31, 2005. These notes were paid on December 31, 2005 from 2005 property tax revenues collected between September and December. Total payments of principal and interest on December 31, 2005 amounted to \$85,635,049.

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

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

	Outstanding								
	Principal	Principal Premium							
General Fund	\$57,000,000	\$150,584	\$57,150,584						
Fire District Special Revenue Fund	26,500,000	70,008	26,570,008						
	<u>\$83,500,000</u>	\$ 220,592	\$83,720,592						

Short-term debt activity for the year ended September 30, 2005, was as follows:

	Beginning				Ending	
	Balance	Issued	 Reductions	Balance		
Tax anticipation notes	\$ 59,500,000	\$ 83,500,000	\$ (59,500,000)	\$	83,500,000	
Premium on notes	 162,476	 644,620	(586,504)		220,592	
Total tax anticipation notes payable	\$ 59,662,476	\$ 84,144,620	\$ (60,086,504)	\$	83,720,592	

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 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.

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.
 - 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 1st and are due on October 15th each year. FY05 property taxes were levied on July 29, 2005 with taxes being due on October 15th 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 15th.

Property tax collections will be used primarily to pay off outstanding tax anticipation notes that were issued in April 2005 to provide for financing of County operations for the fiscal year ended September 30, 2005.

Note 12. Interfund Balances and Transfers

A. Primary Government

Individual fund interfund receivable and payable balances for the fiscal year ended September 30, 2005 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 6,570,233
	Solid Waste Fund	210,816
	Nonmajor Governmental Funds	543,679
	Nonmajor Business-Type Funds	2,720,251
	Internal Service Funds	1,699,365
		11,744,344
Public Facilities Fund	General Fund	24,130,362
	Fire District Fund	926,085
	Nonmajor Governmental Funds	660,000
		25,716,447
Water and Sewer Fund	Solid Waste Fund	22,935,753
Solid Waste Fund	Fiduciary Fund	10,448
Nonmajor Governmental Funds	General Fund	145,859
	Fiduciary Fund	66,064
		211,923
Internal Service Fund	General Fund	5,105,258
	Fire District Fund	1,428,122
	Water and Sewer Fund	662,284
	Solid Waste Fund	102,654
	Nonmajor Governmental Funds	291,946
	Nonmajor Business-Type Funds	18,739
		7,609,003
Fiduciary Fund	General Fund	555,085
	Fire District Fund	73,644
	Water and Sewer Fund	11,594
	Nonmajor Governmental Funds	14,724
	Nonmajor Business-Type Funds	1,073
	Internal Service Funds	746
		656,866
		\$ 68,884,784

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, 2006.

Note 12. Interfund Balances and Transfers (Continued)

Advance from/to other funds:		
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				
	General Fund	District	Public Facilities Fund	V	Vater and Sewer Fund	Solid Waste Fund	Nonmajor overnmental Funds	Nonmajor siness-Type Funds	Total
Transfer out:									
General Fund	\$ -	\$ -	\$ 13,945,498	\$	21,449	\$ 5,155,466	\$ 4,957,706	\$ 5,000,000	\$ 29,080,119
Fire District Fund	679,059	-	2,028,721		-	-	-	-	2,707,780
Public Facilities Fund	460,321	-	-		-	-	160,385	510,353	1,131,059
Water and Sewer Fund	14,975,558	5,900	1,740,523		-	-	-	-	16,721,981
Solid Waste Fund	-	-	19,826		-	-	-	-	19,826
Nonmajor Governmental Funds	347,495	-	1,079,379		-	-	484,292	-	1,911,166
Nonmajor Business-Type Funds	-	-	2,967		-	-	-	-	2,967
Internal Service Fund	328,879	-	100		-	-	-	-	328,979
Total transfer out	\$ 16,791,312	\$ 5,900	\$ 18,817,014	\$	21,449	\$ 5,155,466	\$ 5,602,383	\$ 5,510,353	\$ 51,903,877

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or 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, 2005:

	Cobblestone Golf Course			
		Fund		
Condensed Statement of Net Assets				
Assets:				
Current assets	\$	261,744		
Capital assets		6,488,398		
Other assets		32,372		
Total assets	\$	6,782,514		
Liabilities:		_		
Current liabilities	\$	530,287		
Due to other funds		1,102,166		
Noncurrent liabilities		3,553,990		
Total liabilities	\$	5,186,443		

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

Invested in capital assets, net of related debt	Net Assets:		
Unrestricted (948,337) Total net assets 1,596,071 Condensed Statement of Revenues, Expenses and Changes in Net Assets Operating revenues \$ 1,955,870 Operating expenses 1,561,470 Operating income \$ 394,400 Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities \$ 499,329 Noncapital financing activities (608,101) Investing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150)	Invested in capital assets,		
Total net assets \$ 1,596,071 Condensed Statement of Revenues, Expenses and Changes in Net Assets Operating revenues \$ 1,955,870 Operating expenses 1,561,470 Operating income \$ 394,400 Depreciation \$ 327,097 Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities \$ 499,329 Noncapital financing activities \$ (608,101) Investing activities \$ (608,101) Investing activities (608,101) Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	net of related debt	\$	2,544,408
Condensed Statement of Revenues, Expenses and Changes in Net Assets Operating revenues \$ 1,955,870 Operating expenses 1,561,470 Operating income \$ 394,400 Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Operating activities \$ (608,101) Investing activities \$ (608,101) Investing activities \$ (608,101) Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Unrestricted		(948,337)
Operating revenues \$ 1,955,870 Operating expenses 1,561,470 Operating income \$ 394,400 Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (expenses), net (250,039) Net income (loss) before \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Operating activities \$ (2,067) Capital and related financing activities \$ (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Total net assets	\$	1,596,071
Operating expenses 1,561,470 Operating income 394,400 Depreciation \$ 394,400 Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before transfers \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Operating activities \$ (2,067) Capital and related financing activities \$ (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Condensed Statement of Revenues, Expenses and Changes	in Net Asset	s
Operating income \$ 394,400 Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Operating activities \$ 499,329 Noncapital financing activities \$ (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Operating revenues	\$	1,955,870
before depreciation \$ 394,400 Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before \$ 77,054 transfers \$ 74,987 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Noncapital financing activities \$ (2,067) Capital and related financing activities \$ (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Operating expenses		1,561,470
Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before transfers \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Noncapital financing activities \$ (2,067) Capital and related financing activities \$ (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Operating income		
Depreciation \$ (67,307) Operating income \$ 327,093 Nonoperating revenues, (expenses), net (250,039) Net income (loss) before ** 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows ** Net cash provided (used) by: Operating activities Operating activities \$ 499,329 Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	before depreciation	\$	394,400
Nonoperating revenues, (expenses), net (250,039) Net income (loss) before transfers \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows S Net cash provided (used) by: (2,067) Operating activities \$ 499,329 Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Depreciation	\$	(67,307)
(expenses), net (250,039) Net income (loss) before transfers \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows \$ 499,329 Net cash provided (used) by: \$ 499,329 Operating activities \$ (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Operating income	\$	327,093
Net income (loss) before transfers \$ 77,054 Transfers in (out), net (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities \$ 499,329 Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Nonoperating revenues,		
transfers \$ 77,054 Transfers in (out), net \$ (2,067) Changes in net assets \$ 74,987 Beginning net assets \$ 1,521,084 Ending net assets \$ 1,596,071 Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities \$ 499,329 Noncapital financing activities \$ (2,067) Capital and related financing activities \$ (608,101) Investing activities \$ 26,689 Net increase (decrease) \$ (84,150) Beginning cash and cash equivalents \$ 284,503	(expenses), net		(250,039)
Transfers in (out), net Changes in net assets Beginning net assets Ending net assets 1,521,084 Ending net assets 1,596,071 Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities Net increase (decrease) Reginning cash and cash equivalents \$ 284,503	Net income (loss) before		
Changes in net assets\$ 74,987Beginning net assets1,521,084Ending net assets\$ 1,596,071Condensed Statement of Cash FlowsNet cash provided (used) by:Operating activities\$ 499,329Noncapital financing activities(2,067)Capital and related financing activities(608,101)Investing activities26,689Net increase (decrease)(84,150)Beginning cash and cash equivalents\$ 284,503	transfers	\$	77,054
Beginning net assets I,521,084 Ending net assets Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities Noncapital financing activities Capital and related financing activities Investing activities Net increase (decrease) Reginning cash and cash equivalents 1,521,084 \$ 4,501	Transfers in (out), net		(2,067)
Ending net assets Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities Noncapital financing activities Capital and related financing activities Investing activities Net increase (decrease) Seginning cash and cash equivalents \$1,596,071 \$499,329 \$(2,067) \$(608,101) \$26,689	Changes in net assets	\$	74,987
Condensed Statement of Cash Flows Net cash provided (used) by: Operating activities \$ 499,329 Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Beginning net assets		1,521,084
Net cash provided (used) by:\$ 499,329Operating activities\$ (2,067)Noncapital financing activities(608,101)Investing activities26,689Net increase (decrease)(84,150)Beginning cash and cash equivalents\$ 284,503	Ending net assets	\$	1,596,071
Operating activities\$ 499,329Noncapital financing activities(2,067)Capital and related financing activities(608,101)Investing activities26,689Net increase (decrease)(84,150)Beginning cash and cash equivalents\$ 284,503	Condensed Statement of Cash Flows		
Noncapital financing activities (2,067) Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Net cash provided (used) by:		
Capital and related financing activities (608,101) Investing activities 26,689 Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Operating activities	\$	499,329
Investing activities26,689Net increase (decrease)(84,150)Beginning cash and cash equivalents\$ 284,503	Noncapital financing activities		(2,067)
Net increase (decrease) (84,150) Beginning cash and cash equivalents \$ 284,503	Capital and related financing activities		(608,101)
Beginning cash and cash equivalents \$ 284,503	Investing activities		26,689
	Net increase (decrease)		(84,150)
Ending cash and cash equivalents \$ 200,353	Beginning cash and cash equivalents		284,503
	Ending cash and cash equivalents	\$	200,353

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

	Defici	t Fund Balance/
<u>Fund</u>	- 	Net Assets
Solid Waste Disposal Enterprise Fund	\$	58,210,343
Claims Internal Service Fund	\$	3,432,455

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.

Note 14. Deficit Fund Balances/Net Assets of Individual Funds (Continued)

Also, revenues have decreased over the past few years due to a decrease in tonnage received at the landfill. Although a new management plan was adopted in FY04 to address the needs of the Solid Waste Disposal Enterprise Fund, there was still a slight increase in expenses in FY05. This increase above and beyond the normal operational costs to run the two facilities is a result of repairs and maintenance to the equipment at the Compost facility and the purchase of an excavator for the Transfer Station. The total equity of the Solid Waste Disposal Enterprise Fund at September 30, 2005 was a deficit of \$58,210,343.

The deficit in the Claims 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, 2005 was \$16,634,365, which resulted in a deficit of \$3,432,455.

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.

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.

Note 16. Deferred Compensation Plan (Continued)

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	\$ 43,691		
Cobb County Board of Health	682		
Cobb County Community Services Board	74,836		
City of Acworth, Georgia	10,000		
City of Austell, Georgia	918,346		
City of Marietta, Georgia	28,159		
City of Smyrna, Georgia	10,000		
State of Georgia, Emergency Management Agency	111,780		
State of Georgia, Department of Human Resources	 650		
Total General Fund	_		\$ 1,198,144
Special Revenue Funds:			
Community Services Fund:			
State of Georgia, Department of Human Resources		\$ 117,441	
Grant Fund:			
Cobb Housing, Inc.	\$ 17,400		
Cobb County Adult Detention Commissary	97,414		
United States, Department of Justice	64,433		
United States, Federal Aviation Administration	356,624		
State of Georgia, Child and Youth Council	119,887		
State of Georgia, Council of Juvenile Court Judges	1,500		
State of Georgia, Criminal Justice Coordinating Council	16,142		
State of Georgia, Department of Technical and Adult Education	164,986		
State of Georgia, Department of Human Resources	260,937		
State of Georgia, Department of Transportation	565,767		
State of Georgia, Emergency Management Agency	1,323,378		
State of Georgia, Office of Highway Safety Council	40,731		
State of Georgia, Public Safety Training Center	 41,315	\$ 3,070,514	
Housing and Urban Development Fund:	 _		
United States, Department of Housing and Urban Development		1,197,173	
Senior Services Fund:			
Atlanta Regional Commission		217,316	
Total Special Revenue Funds		 	\$ 4,602,444

Note 17. Due From Other Governments and Agencies	s (Continued	d)		
Capital Projects Funds:				
Road Sales Tax 1994 Fund:				
City of Acworth, Georgia	\$	110,307		
City of Austell, Georgia		108,711		
City of Powder Springs, Georgia		40,523	\$ 259,541	
Public Facilities Fund:				
City of Acworth, Georgia	\$	105,165		
City of Austell, Georgia		85,349		
City of Powder Springs, Georgia		61,292		
State of Georgia, Department of Transportation		598,920	 850,726	
Total Capital Projects Funds				\$ 1,110,267
Proprietary Funds:				
Water System Fund:				
Cobb Marietta Water Authority	\$	5,762		
Fulton County		781,336		
City of Powder Springs, Georgia		109,690	\$ 896,788	
Public Transit System Fund:				
Federal Transit Administration	\$	1,081,388		
State of Georgia, Department of Transportation		1,196,378	\$ 2,277,766	
Total Proprietary Funds				\$ 3,174,554
Total Due from Other Governments and Agencies				
- Primary Government				\$ 10,085,409

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, 2005, there were 813 retirees eligible for the benefits. The cost of retiree health care benefits is recognized as an expense as claims are incurred. For fiscal year 2005, those costs were approximately \$5.7 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.

September 30, 2005

Note 19. Employee Retirement System (Continued)

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.

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, 2004 was \$163,790,058. Current membership in the plan is comprised of the following:

<u>Group</u>	January 1, 2005
Retirees and beneficiaries	
currently receiving benefits	1,073
Vested terminated employees	630
Fully vested and non-vested	
active employees	3,692

Actuarial assumptions used in the valuation:

Valuation date: 01/01/05

Actuarial cost method: Projected unit credit cost method
Amortization method: Level percentage of projected payroll

Remaining amortization period: 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: 8.5%

Projected salary increases: 4.0 % to 7.0%

Includes inflation at 4.0% Cost-of-living adjustments None

September 30, 2005

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, 2005, the County contributed \$17,458,077 to the Plan. This contribution consisted of \$8,549,841 (5.22% of covered payroll) for normal costs, \$6,273,159 (3.83% of covered payroll) for amortization of the unfunded actuarial accrued liability, and a discretionary contribution of \$2,635,077.

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 January 1, 2004 the employee contribution amount was increased to 4.25% For fiscal year 2005, these contributions totaled \$7,872,015. Effective October 1, 2005, October 1, 2006 and October 1, 2007 the rate will increase to 4.50, 4.75, and 5.00 regularly.

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.

Benefit Formula

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

For those employees electing to contribute 4.25-

after January 1, 1989.

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.

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September 30, 2005

Note 19. Employee Retirement System (Continued)

Minimum Benefits: \$76 times years of credited service.

Early: Eligibility Age 55 with 7 years of service.

Benefit Formula Normal Retirement Benefit accrued to early

retirement actuarially reduced for the number of months Annuity Commencement Date precedes

Normal Retirement Date.

Special Provision 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.

Vested: Eligibility – Seven years of service equals 100%

vested.

Benefit Formula Benefit accrued to date of termination.

Supplemental Benefits:

Pre-Retirement Spouse Benefits:

Active Employees

Eligibility Age 30 with 7 years of service; married one full

year prior to death. Immediate eligibility if

participant killed in the line of duty.

Benefit Formula 45% of Projected Normal Retirement Benefit

unreduced commencing immediately. Benefit is reduced if the spouse is more than ten years

younger than the participant.

Terminated Vested Participant

Eligibility

Terminated participant who had a vested right to

retirement income and has attained age 21,

married one full year prior to death.

Benefit Formula 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.

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.

September 30, 2005

Note 19. Employee Retirement System (Continued)

Refund of Contributions If a participant who is non-vested terminates, he

or she receives a refund of contributions and

interest.

4. Annual Pension Cost and Net Pension Asset

The annual pension cost and net pension asset for the calendar year ended 1/1/2005 were as follows:

Annual required contribution	\$15,072,944
Interest on net pension asset	(209,400)
Adjustment to annual required contribution	537,056
Annual pension cost for 2004	15,400,600
Contributions made for 2004	16,438,800
(Increase) decrease in net pension asset	1,038,200
Net pension asset as of 1/1/2004	2,464,000
Net pension asset as of 1/1/2005	\$ 3,502,200

5. Annual Pension Cost

Annual Pension Cost (APC)

Fiscal Year	Employer Contributions	Employee Contributions	% Of APC Contributed	Net Pension (Asset)
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	101%	* (3,502,200)

^{* –} The net pension asset of \$3,502,200 does not agree to the net pension asset reported on the Statement of Net Assets September 30, 2005. The governmental portion (91% or \$3,187,002) of the net pension asset was the only amount reported on the Statement of Net Assets. The business-type portion (9% or \$315,198) was determined to be immaterial and therefore was not reported.

B. Component Unit

Defined contribution plan

The Authority administers and contributes to the Cobb-Marietta Coliseum and Exhibit Hall Authority Profit-Sharing Plan, which is a defined contribution plan under Section 401(a) of the Internal Revenue Code. A defined contribution plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution plan, the benefits a participant will receive depend on the amount contributed by the employer to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

September 30, 2005

Note 19. Employee Retirement System (Continued)

As established by resolution of the Authority, all employees who have performed one (1) hour of service are eligible to participate in the plan. The plan consists solely of employer contributions. Contributions made by the Authority vest 100% after three (3) years of vesting service. A participant that leaves the employment of the Authority is entitled to their account balance, if vesting requirements are satisfied. The employer contribution for each plan year shall be such an amount, if any, as determined by the employer for each plan year ending. Currently, the Authority has agreed to contribute a minimum of 7.5% of each participant's wages to the plan. The Authority made actual contributions of \$308,950. 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

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, 2005 are presented below:

Source:

 Developers
 \$16,380,653

 Donations
 8,725,261

 Total Capital Contributions
 \$25,105,914

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 closure and postclosure care costs that will be incurred near or after the date the landfill no longer accept waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability of landfill closure and postclosure care costs had a balance of \$27,143,333 and \$27,147,594 as of September 30, 2005 and 2004, respectively, which is based on 100% usage (filled) of the landfills. The estimated remaining useful life of the landfills are 26 - 27 years. In accordance with GASB 18, the estimated total current cost of the landfill closure and postclosure care 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, 2005. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

September 30, 2005

Note 22. Closure and Postclosure Care Costs (Continued)

The County will fund the closure and postclosure care costs with subsidies from the General Fund. As of September 30, 2005, 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, 2005 follows:

Lodging tax receipts \$ 8,872,436

Disbursements to bond Trustee on behalf of the Cobb-Marietta Coliseum and Exhibit Hall Authority

(8,052,416)

Balance of lodging tax on hand at end of year

820,020

Balance on hand at the end of the year was distributed to the bond trustee of the Cobb-Marietta Coliseum and Exhibit Hall Authority in October 2005 per contractual agreement.

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.

The Cobb-Marietta Coliseum and Exhibit Hall Authority is contractually obligated to remit back to Cobb County 37.5% of collected amounts. During the fiscal year this amounted to \$3,019,656. Cobb County expended these monies for the promotion of tourism and payment of intergovernmental contract as required by OCGA 48-13-51.

Note 24. Other Commitments

Commitments for water and sewerage system improvements at September 30, 2005 total approximately \$98,146,165.

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 \$644,624 to the ARC for the year ended September 30, 2005. 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.

Note 25. Joint Venture (Continued)

Separate financial statements may be obtained from: Atlanta Regional Commission, 40 Courtland Street N.E., Atlanta, Georgia 30303.

Note 26. Related Organization

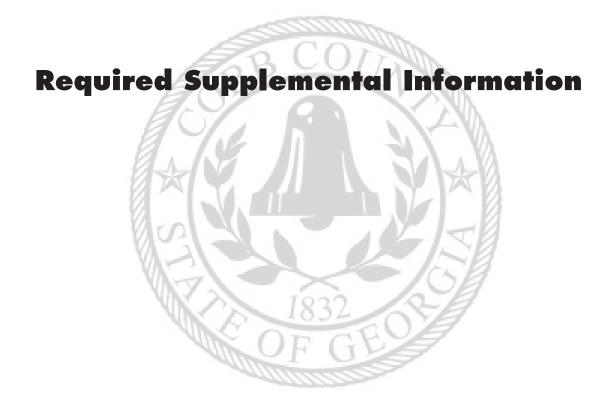
The Housing Authority of Cobb County is a related organization of Cobb County. The Housing Authority of Cobb County is excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Audited financial statements are available from the respective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

Note 27. Restatement of Fund Balances and Net Assets

The County and the Cobb-Marietta Coliseum and Exhibit Hall Authority made prior period adjustments to fund balances and net assets as previously stated at September 30, 2005:

	Governmental Activities	Public Facilities Fund	Nonmajor Governmental Funds	Cobb-Marietta Coliseum and Exhibit Hall Authority
Net Assets/Fund Balance as previously reported	\$2,594,889,601	\$ 50,451,748	\$ 28,367,939	\$ 33,474,509
To properly record debt payments	-	_	6,403,959	-
To properly record deferred interest revenue	(315,555)	-	(315,555)	-
To properly record prior years escrow revenue	2,029,634	-	2,029,634	-
To properly record intergovernmental payable (1)	(57,606,711)	-	-	-
To properly record intergovernmental receivable (1)	-	-	-	57,606,711
To properly record intergovernmental revenue	-	(582,260)	(404,142)	-
To properly record preopening expenses	-	-	-	(319,329)
To properly record the net pension asset	2,242,240	-	-	-
Net Assets/Fund Balance as adjusted	\$2,541,239,209	\$ 49,869,488	\$ 36,081,835	\$ 90,761,891
Net Change in Net Assets/Fund Balance				
as previously reported in FY04	17,675,485	36,966,993	(10,578,813)	(129,695)
Effect of restatements	(57,236,385)	290,312	1,234,189	57,287,382
Net Change in Net Assets/Fund Balance as restated for FY04	\$ (39,560,900)	\$ 37,257,305	\$ (9,344,624)	\$ 57,157,687

⁽¹⁾ In March 2004, Cobb County, Georgia and the Cobb-Marietta Coliseum and Exhibit Hall Authority entered into an intergovernmental contract. Under the term of the contract, the County agreed to pay to the Authority, thru the Authority's Trustee, amounts sufficient to pay the semiannual debt service on the Series 2004 serial and term bonds issued by the Authority for the purpose of financing the construction of a new Performing Arts Centre.



COBB COUNTY, GEORGIA EMPLOYEE RETIREMENT SYSTEM Required Supplementary Information September 30, 2005

ANALYSIS OF FUNDING PROGRESS

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded Actuarial Liability (UAL)	Annual Covered Payroll	UAL As A % Of Covered Payroll
01/01/98	130,800,036	189,909,736	68.9%	59,109,700	109,579,000	53.9%
01/01/99	154,816,357	216,839,757	71.4%	62,023,400	125,387,800	49.5%
01/01/00	182,828,526	245,056,064	74.6%	62,227,500	129,270,400	48.1%
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%

COBB COUNTY, GEORGIA EMPLOYEE RETIREMENT SYSTEM

Required Supplementary Information September 30, 2005

SCHEDULE OF FUNDING PROGRESS

Annual Pension Cost (APC)

Fiscal Year	Employer Contributions		Employee Contributions	% Of APC Contributed		Net Pension Obligation
09/30/97	1	7,476,015		100%	\$	
09/30/98	2	8,748,764	2,325,982	100%		
09/30/99	3	9,187,867	5,099,922	100%		
09/30/00		10,555,333	5,399,483	126%		(2,211,300)
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	101%	*	(3,502,200)

^{1 –} This amount includes \$175,710 of imputed interest.

^{2 –} This amount includes \$192,156 of imputed interest.

^{3 –} This amount includes \$214,176 of imputed interest.

^{* –} The net pension asset of \$3,502,200 does not agree to the net pension asset reported on the Statement of Net Assets September 30, 2005. The governmental portion (91% or \$3,187,002) of the net pension asset was the only amount reported on the Statement of Net Assets. The business-type portion (9% or \$315,198) was determined to be immaterial and therefore was not reported.

COBB COUNTY, GEORGIA EMPLOYEE RETIREMENT SYSTEM

Required Supplementary Information September 30, 2005

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: 01/01/05

Actuarial cost method: Projected unit credit cost method
Amortization method: Level percentage of projected payroll

Remaining amortization period: 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: 8.5%

Projected salary increases: 4.0 % to 7.0%

Includes inflation at 4.0% 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%.

COBB COUNTY, GEORGIA EMPLOYEE RETIREMENT SYSTEM

Required Supplementary Information September 30, 2005

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

		Effective Date	
Effective Date	County %	Merit Payday	Employee %
Oct. 1, 2005	9.57 to 10.00	Feb. 12, 2006	4.25 to 4.50
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



COBB COUNTY, GEORGIA September 30, 2005

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.

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 **Road Sales Tax Extension 1990 Fund** accounts for the proceeds of a 1 percent local option sales tax approved in 1990 for construction and improvements of roads 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.

COBB COUNTY, GEORGIA September 30, 2005

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, 2005

		Total Nonmajor Special Revenue Funds		Total Nonmajor Capital Project Funds		Debt Service Fund		Total Nonmajor Governmental Funds	
Assets									
Cash and cash equivalents Equity in pooled investments, at fair value Receivables:	\$	5,493,422 951,827	\$	15,042,939 3,693,549	\$	3,494,150	\$	24,030,511 4,645,376	
Taxes		_		_		4,705,272		4,705,272	
Accrued interest		607		_		855		1,462	
Other		1,351,160		_		73,197		1,424,357	
Due from other funds		66,064		-		145,859		211,923	
Due from component units		307,508		-		-		307,508	
Due from other governments and agencies		4,602,444		259,541		-		4,861,985	
Prepaid expenditures		5,573		-				5,573	
Total assets	\$	12,778,605	\$	18,996,029	\$	8,419,333	\$	40,193,967	
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$	2,987,465	\$	626,527	\$	8	\$	3,614,000	
Accrued payroll		182,353		-		-		182,353	
Due to other funds		1,510,349		-		-		1,510,349	
Due to others		210,391		-		-		210,391	
Due to other governments and agencies		651		-		-		651	
Deferred revenue		2,158,255		157,994		360,742		2,676,991	
Total liabilities	\$	7,049,464	\$	784,521	\$	360,750	\$	8,194,735	
Fund balances: Reserved for:									
Encumbrances	\$	63,216	\$		\$		\$	63,216	
Inventories and prepaid expenditures	Ф	5,573	Ф	-	Ф	-	Ф	5,573	
Debt service		3,373 -		-		8,058,583		8,058,583	
Unreserved designated for:		_		_		0,030,303		0,030,303	
Construction and capital outlay		305,352		18,211,508		_		18,516,860	
Debt service		220,972		10,211,500				220,972	
Unreserved undesignated		5,134,028		<u>-</u>		-		5,134,028	
Total fund balances	\$	5,729,141	\$	18,211,508	\$	8,058,583	\$	31,999,232	
Total liabilities and fund balances	\$	12,778,605	\$	18,996,029	\$	8,419,333	\$	40,193,967	

Cobb County, Georgia All Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended September 30, 2005

	Total Nonmajor Special Revenue Funds		Total Nonmajor Capital Project Funds		Debt Service Fund		Total Nonmajor Governmental Funds	
Revenues:								
Taxes	\$	3,327,163	\$	161,617	\$	6,049,216	\$	9,537,996
Intergovernmental		25,684,885		1,431,999		-		27,116,884
Charges for services		10,325,667		-		-		10,325,667
Fines and forfeits		-		-		1,655,181		1,655,181
Interest earned		152,888		538,572		98,947		790,407
Contributions		73,565		-		-		73,565
Miscellaneous		1,233,620		1,003,650		115,770		2,353,040
Total revenues	\$	40,797,788	\$	3,135,838	\$	7,919,114	\$	51,852,740
Expenditures:								
Current:								
General government	\$	4,239,982	\$	-	\$	6,209	\$	4,246,191
Public safety		15,452,771		-		-		15,452,771
Public works		5,297,494		7,582,142		-		12,879,636
Health and welfare		5,180,304		-		-		5,180,304
Culture and recreation		725,253		-		-		725,253
Housing and development		9,834,035		-		-		9,834,035
Debt Service:								
Principal		1,005,000		-		5,580,000		6,585,000
Interest and fiscal charges		2,389,019				2,435,920		4,824,939
Total expenditures	\$	44,123,858	\$	7,582,142	\$	8,022,129	\$	59,728,129
Excess (deficiency) of revenues								
over (under) expenditures	\$	(3,326,070)	\$	(4,446,304)	\$	(103,015)	\$	(7,875,389)
Other financing sources (uses):								
Transfers in	\$	5,259,802	\$	342,581	\$	-	\$	5,602,383
Transfers out		(1,218,091)		(693,075)		-		(1,911,166)
Refunding bonds		-		-		18,345,000		18,345,000
Premium on refunding bonds issued						900,880		900,880
Payment to refund bond escrow agent						(19,144,311)		(19,144,311)
Total other financing sources (uses)	\$	4,041,711	\$	(350,494)	\$	101,569	\$	3,792,786
Net change in fund balances	\$	715,641	\$	(4,796,798)	\$	(1,446)	\$	(4,082,603)
Fund balances at								
beginning of year, before restatement		3,091,756		23,412,448		1,863,735		28,367,939
Restatement	\$	1,921,744	\$	(404,142)	\$	6,196,294	\$	7,713,896
Fund balances at								
beginning of year, restated		5,013,500		23,008,306		8,060,029		36,081,835
Fund balances at end of year	\$	5,729,141	\$	18,211,508	\$	8,058,583	\$	31,999,232

Cobb County, Georgia Nonmajor Governmental Funds - Special Revenue Funds Combining Balance Sheet September 30, 2005

Assets		Law Library Fund	Community Services Fund			Grant Fund	D	sing & Urban evelopment Grant Fund
	¢	214 450	¢.	5 440	ď	1 470 725	¢.	404 176
Cash and cash equivalents Equity in pooled investments,	\$	214,458	\$	5,440	\$	1,479,735	\$	494,176
at fair value		51,839		-		95,039		-
Receivables:								
Accrued interest		-		20		-		587
Other Due from other funds		47,901 179		-		193,136		-
Due from other funds Due from component units		1/9		-		-		-
Due from other governments		-		-		-		-
and agencies		_		117,441		3,070,514		1,197,173
Prepaid expenditures						-		5,498
Total assets	\$	314,377	\$	122,901	\$	4,838,424	\$	1,697,434
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$	29,881	\$	76,895	\$	912,496	\$	1,176,549
Accrued payroll		1,365		-		73,191		-
Due to other funds		544		6		941,306		13,266
Due to others		-		37,292		1,139		171,960
Due to other governments								651
and agencies		-		-		2 05 4 1 4 1		651
Deferred revenue						2,054,141		104,024
Total liabilities	\$	31,790	\$	114,193	\$	3,982,273	\$	1,466,450
Fund balances:								
Reserved for encumbrances	\$	75	\$	-	\$	-	\$	-
Reserved for inventories and								<i>5.</i> 400
prepaid expenditures Unreserved:		-		-		-		5,498
Designated for construction								
and capital outlay		-		_		_		225,486
Designated for debt service		-		-		-		-
Undesignated		282,512		8,708		856,151		
Total fund balances	\$	282,587	\$	8,708	\$	856,151	\$	230,984
Total liabilities and								
fund balances	\$	314,377	\$	122,901	\$	4,838,424	\$	1,697,434

bb Senior Services Fund	otel/Motel Cax Fund	Emergency 911 Fund		king Deck Facility Fund	tal Nonmajor ecial Revenue Funds
\$ 2,843	\$ -	\$ 3,023,468	\$	273,302	\$ 5,493,422
-	-	743,030		61,919	951,827
- 7,526 - -	- - - 307,508	1,102,556 65,736		- 41 149 -	607 1,351,160 66,064 307,508
217,316 75	- -	- -		- -	 4,602,444 5,573
\$ 227,760	\$ 307,508	\$ 4,934,790	\$	335,411	\$ 12,778,605
\$ 9,281 38,113 150,030	\$ - - 307,508	\$ 782,141 69,190 95,497	\$	222 494 2,192	\$ 2,987,465 182,353 1,510,349 210,391
- -	- -	- -		- 90	 651 2,158,255
\$ 197,424	\$ 307,508	\$ 946,828	\$	2,998	\$ 7,049,464
\$ 23,842	\$ -	\$ 35,799	\$	3,500	\$ 63,216
75	-	-		-	5,573
48,122 - (41,703)	- - -	31,744 - 3,920,419		- 220,972 107,941	 305,352 220,972 5,134,028
\$ 30,336	\$ -	\$ 3,987,962	\$	332,413	\$ 5,729,141
\$ 227,760	\$ 307,508	\$ 4,934,790	\$	335,411	\$ 12,778,605

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, 2005

		Law Library Fund		ommunity Services Fund	(Grant Fund		ousing & Urban Development Grant Fund
Revenues:								
Taxes	\$	-	\$	-	\$	-	\$	-
Intergovernmental		-		373,869		14,937,098		9,363,432
Charges for services		540,629		-		-		-
Interest earned		7,234		276		16,798		7,807
Contributions		-		-		-		-
Miscellaneous		9,585				713,300		386,807
Total revenues	\$	557,448	\$	374,145	\$	15,667,196	\$	9,758,046
Expenditures:								
Current:								
General government	\$	451,420	\$	-	\$	3,788,562	\$	-
Public safety		-		-		7,276,559		-
Public works		-		-		5,177,557		-
Health and welfare		-		330,373		120,821		-
Culture and recreation		-		-		685,367		-
Housing and development		-		-		6,614		9,827,421
Debt service:								
Principal retirement		-		-		-		-
Interest and fiscal charges		-						
Total expenditures	\$	451,420	\$	330,373	\$	17,055,480	\$	9,827,421
F(4-6-i) -6								
Excess (deficiency) of revenues		106.020	Ф	42.772	Φ	(1.200.204)	Φ.	(60.275)
over (under) expenditures	\$	106,028	\$	43,772	\$	(1,388,284)	\$	(69,375)
Other financing sources (uses):								
Transfers in	\$	-	\$	-	\$	1,724,269	\$	-
Transfers out		(95,808)		(45,500)		(122,956)		-
Total other financing								
sources (uses)	\$	(95,808)	\$	(45,500)	\$	1,601,313	\$	
Net change in fund balances	\$	10,220	\$	(1,728)	\$	213,029	\$	(69,375)
Fund balances at beginning of year,								
before restatement		272,367		10,436		958,677		300,359
Restatement	\$	-	\$	_	\$	(315,555)	\$	
Fund balances at beginning of year,								
restated		272,367		10,436		643,122		300,359
	¢.		•		Ф.		•	
Fund balances at end of year	\$	282,587	\$	8,708	\$	856,151	\$	230,984

C	Services Fund		lotel/Motel Tax Fund		Emergency 911 Fund	Parking Deck Facility Fund			tal Nonmajor ecial Revenue Funds	
\$	_	\$	3,327,163	\$	_	\$	_	\$	3,327,163	
	1,009,691		- · · · · · · · · · · · · · · · · · · ·		795		_		25,684,885	
	79,569		_		9,210,118		495,351		10,325,667	
	5,985		_		108,911		5,877		152,888	
	73,565		_		-		-		73,565	
	120,403				2,786		739		1,233,620	
\$	1,289,213	\$	3,327,163	\$	9,322,610	\$	501,967	\$	40,797,788	
\$		\$		\$		\$		\$	4,239,982	
Ф	_	Ф	_	Ф	8,176,212	Ф	_	Ф	15,452,771	
	_		_		6,170,212		119,937		5,297,494	
	4,729,110		_		_		117,737		5,180,304	
	4,727,110		39,886		_		_		725,253	
	_		57,860		_		_		9,834,035	
									7,034,033	
	_		840,000		_		165,000		1,005,000	
	_		2,222,235		_		166,784		2,389,019	
\$	4,729,110	\$	3,102,121	\$	8,176,212	\$	451,721	\$	44,123,858	
Ψ	1,723,110	Ψ	3,102,121	Ψ	0,170,212	Ψ	131,721		11,123,030	
\$	(3,439,897)	\$	225,042	\$	1,146,398	\$	50,246	\$	(3,326,070)	
\$	3,535,533	\$	_	\$	_	\$	_	\$	5,259,802	
	(43,477)		(225,042)		(685,308)		-		(1,218,091)	
\$	3,492,056	\$	(225,042)	\$	(685,308)	\$		\$	4,041,711	
Φ	3,492,030	Φ	(223,042)	Φ	(003,300)	Ф		Ф.	4,041,711	
\$	52,159	\$	-	\$	461,090	\$	50,246	\$	715,641	
	(21,823)				1,497,238		74,502		3,091,756	
\$		\$	-	\$	2,029,634	\$	207,665	\$	1,921,744	
	(21.823)				3 526 872		282 167		5,013,500	
	(21,023)				3,520,072		202,107		2,013,500	
\$	30,336	\$	_	\$	3,987,962	\$	332,413	\$	5,729,141	

Cobb County, Georgia Nonmajor Governmental Funds - Capital Projects Funds Combining Balance Sheet September 30, 2005

	Road Sales Tax Extension 1994	Road Sales Tax Extension 1990	Total Nonmajor Capital Project Funds		
Assets					
Cash and cash equivalents Equity in pooled investments, at fair value Due from other governments and agencies	\$ 15,042,939 3,693,549 259,541	\$ - - -	\$ 15,042,939 3,693,549 259,541		
Total assets	\$ 18,996,029	\$ -	\$ 18,996,029		
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 626,527	\$ -	\$ 626,527		
Deferred revenue	157,994	<u> </u>	157,994		
Total liabilities	\$ 784,521	\$ -	\$ 784,521		
Fund balances: Designated for construction and capital outlay	\$ 18,211,508	<u> </u>	\$ 18,211,508		
Total liabilities and fund balances	\$ 18,996,029	\$ -	\$ 18,996,029		

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, 2005

	Road Sales ax Extension 1994	Road Sales ax Extension 1990	Total Nonmajor Capital Project Funds		
Revenues:					
Taxes	\$ 161,617	\$ -	\$	161,617	
Intergovernmental	1,431,999	-		1,431,999	
Interest earned	532,230	6,342		538,572	
Miscellaneous	 1,003,611	 39		1,003,650	
Total revenues	\$ 3,129,457	\$ 6,381	\$	3,135,838	
Expenditures - capital projects: Current:					
Public works	\$ 7,429,048	\$ 153,094	\$	7,582,142	
Total expenditures	\$ 7,429,048	\$ 153,094	\$	7,582,142	
Excess (deficiency) of revenues					
over expenditures	\$ (4,299,591)	\$ (146,713)	\$	(4,446,304)	
Other financing sources (uses):					
Transfers in	\$ 73,531	\$ 269,050	\$	342,581	
Transfers out	 (333,981)	 (359,094)		(693,075)	
Total other financing sources (uses)	\$ (260,450)	\$ (90,044)	\$	(350,494)	
Net change in fund balances	\$ (4,560,041)	\$ (236,757)	\$	(4,796,798)	
Fund balances at beginning					
of year, before restatement	 23,175,691	 236,757		23,412,448	
Restatement	\$ (404,142)	\$ 	\$	(404,142)	
Fund balances at beginning of year, restated	 22,771,549	 236,757		23,008,306	
Fund balances at end of year	\$ 18,211,508	\$ <u>-</u>	\$	18,211,508	

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, 2005

		Budgeted	Amou	nts				Variance with Final Budget - Positive
		Original		Final		Actual		(Negative)
Revenues: Taxes Fines and forfeits	\$	5,965,863 1,303,748	\$	5,965,863 1,303,748	\$	6,049,216 1,655,181	\$	83,353 351,433
Interest earned Miscellaneous		44,136 111,188		44,136 111,188		98,947 115,770		54,811 4,582
Total revenues	\$	7,424,935	\$	7,424,935	\$	7,919,114	\$	494,179
Expenditures: Current:								
General government Debt service:	\$	5,761	\$	6,266	\$	6,209	\$	57
Principal retirement Interest and fiscal charges		5,800,000 2,324,929		5,900,000 2,976,245		5,580,000 2,435,920		320,000 540,325
Total expenditures	\$	8,130,690	\$	8,882,511	\$	8,022,129	\$	860,382
Excess (deficiency) of revenues over expenditures	\$	(705,755)	\$	(1,457,576)	\$	(103,015)	\$	1,354,561
Other financing sources (uses):		, ,	<u> </u>	<u> </u>			-	, ,
Refunding bonds issued Premium on refunding bonds issued Payment to refund bond escrow agent	\$	- - -	\$	18,599,120 900,880 (19,233,602)	\$	18,345,000 900,880 (19,144,311)	\$	(254,120) - 89,291
Total other financing sources (uses)	\$		\$	266,398	\$	101,569	\$	(164,829)
Net change in fund balance	\$	(705,755)	\$	(1,191,178)	\$	(1,446)	\$	1,189,732
Fund balance at beginning of year, before	restate	ment				1,863,735		
Restatement					\$	6,196,294		
Fund balance at beginning of year, restated	d					8,060,029		
Fund balance at end of year - budgetary ba	asis				\$	8,058,583		
Reconciliation to GAAP basis: Elimination of encumbrances outstandi end of year	ng at							
Fund balance at end of year - GAAP basis					\$	8,058,583		

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, 2005

		D .1	1.4				Fina	lance with
		Budgeted Original	d Amou	nts Final		Actual		Positive (egative)
Revenues:	-	Original		Fillal	Actual		(ivegative)	
Charges for services	\$	470,000	\$	485,341	\$	540,629	\$	55,288
Interest earned		3,500		3,500		7,234		3,734
Miscellaneous		5,000		5,000		9,585		4,585
Total revenues	\$	478,500	\$	493,841	\$	557,448	\$	63,607
Expenditures:								
Current:								
Personal services	\$	101,471	\$	93,051	\$	91,723	\$	1,328
Operating expenditures		335,833		359,723		359,772		(49)
Capital outlay		2,165		2,155				2,155
Total expenditures	\$	439,469	\$	454,929	\$	451,495	\$	3,434
Excess (deficiency) of revenues over								
(under) expenditures	\$	39,031	\$	38,912	\$	105,953	\$	67,041
Other financing sources (uses):								
Transfers out	\$	(95,708)	\$	(95,808)	\$	(95,808)	\$	
Total other financing sources (uses)	\$	(95,708)	\$	(95,808)	\$	(95,808)	\$	
Net change in fund balance	\$	(56,677)	\$	(56,896)	\$	10,145	\$	67,041
Fund balance at beginning of year						272,367		
Fund balance at end of year - budgetary basis					\$	282,512		
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at end of year						75		
Fund balance at end of year-GAAP basis					\$	282,587		

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, 2005

		Budgeted	Amour	nts				Variance with Final Budget - Positive
		Original		Final		Actual		(Negative)
Revenues:								
Intergovernmental	\$	275,671	\$	380,762	\$	373,869	\$	(6,893)
Interest earned						276		276
Total revenues	\$	275,671	\$	380,762	\$	374,145	\$	(6,617)
Expenditures:								
Current:	Φ	221 550	Ф	224762	Φ.	220.002	Φ.	4.050
Operating expenditures	\$	231,770	\$	334,762	\$	329,903	\$	4,859
Capital outlay	-		-	500		470		30
Total expenditures	\$	231,770	\$	335,262	\$	330,373	\$	4,889
Excess of revenues over expenditures	\$	43,901	\$	45,500	\$	43,772	\$	(1,728)
Other financing sources (uses):								
Transfers out	\$	(43,901)	\$	(45,500)	\$	(45,500)	\$	-
Net change in fund balance	\$		\$	-	\$	(1,728)	\$	(1,728)
Fund balance at beginning of year						10,436		
Fund balance at end of year - budgetary basis					\$	8,708		
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at end of year								
Fund balance at end of year - GAAP basis					\$	8,708		

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, 2005

							Variance with Final Budget -	
	Budgeted	d Amou	ints			Positive		
	Original		Final		Actual		(Negative)	
Revenues:	_		_	'	_			
Intergovernmental	\$ 1,042,178	\$	1,042,773	\$	1,009,691	\$	(33,082)	
Charges for services	73,800		73,800		79,569		5,769	
Interest earned	-		-		5,985		5,985	
Contributions	57,534		66,941		73,565		6,624	
Miscellaneous	 109,349		109,349		120,403		11,054	
Total revenues	\$ 1,282,861	\$	1,292,863	\$	1,289,213	\$	(3,650)	
Expenditures:								
Current:								
Personnel services	\$ 3,015,399	\$	3,123,933	\$	3,110,978	\$	12,955	
Operating expenditures	1,646,935		1,628,313		1,641,974		(13,661)	
Capital outlay	 112,083		80,404				80,404	
Total expenditures	\$ 4,774,417	\$	4,832,650	\$	4,752,952	\$	79,698	
Excess (deficiency) of revenues								
over (under) expenditures	\$ (3,491,556)	\$	(3,539,787)	\$	(3,463,739)	\$	76,048	
Other financing sources (uses):								
Transfers in	\$ 3,534,033	\$	3,534,033	\$	3,535,533	\$	1,500	
Transfers out	 (42,477)		(43,477)		(43,477)			
Total other financing sources (uses)	\$ 3,491,556	\$	3,490,556	\$	3,492,056	\$	1,500	
Net change in fund balance	\$ 	\$	(49,231)	\$	28,317	\$	77,548	
Fund balance at beginning of year					(21,823)			
Fund balance at end of year - budgetary basis				\$	6,494			
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at								
end of year					23,842			
Fund balance at end of year - GAAP basis				\$	30,336			

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, 2005

		Budgeted	d Amo	ounts				Variance with Final Budget - Positive
		Original		Final		Actual		(Negative)
Revenues: Taxes	\$	3,106,088	\$	3,331,130	\$	3,327,163	\$	(3,967)
Tures	Ψ	3,100,000	Ψ	3,331,130	Ψ	3,327,103	Ψ	(3,507)
Total revenues	\$	3,106,088	\$	3,331,130	\$	3,327,163	\$	(3,967)
Expenditures:								
Current:								
Operating expenditures	\$	43,853	\$	43,853	\$	39,886	\$	3,967
Debt service:								
Principal retirement		840,000		840,000		840,000		-
Interest and fiscal charges		2,222,235		2,222,235		2,222,235		-
Total expenditures	\$	3,106,088	\$	3,106,088	\$	3,102,121	\$	3,967
Excess of revenues over expenditures	\$	-	\$	225,042	\$	225,042	\$	-
Other financing sources (uses):								
Transfers out		-		(225,042)		(225,042)		
Total other financing sources (uses)	\$	_	\$	(225,042)	\$	(225,042)	\$	_
3				(- 3 - 7		(- , -)		
Net change in fund balance	\$	-	\$		\$	-	\$	<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					\$			

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, 2005

		D 1 4 1				/ariance with inal Budget -
		Budgeted A Original	Amou	Final	Actual	Positive (Negative)
Revenues:		Originar		1 11141	 Tiotaai	 (Tregutive)
Intergovernmental	\$	-	\$	-	\$ 795	\$ 795
Charges for services		8,500,289		8,508,381	9,210,118	701,737
Interest earned		45,000		45,000	108,911	63,911
Miscellaneous			_		 2,786	 2,786
Total revenues	\$	8,545,289	\$	8,553,381	\$ 9,322,610	\$ 769,229
Expenditures:						
Current:						
Personnel services	\$	5,686,298	\$	5,822,960	\$ 4,936,153	\$ 886,807
Operating expenditures		2,320,969		2,973,532	3,007,787	(34,255)
Capital outlay		484,314		415,043	268,071	146,972
Debt Service:						
Principal				13,897	 	 13,897
Total expenditures	\$	8,491,581	\$	9,225,432	\$ 8,212,011	\$ 1,013,421
Excess of revenues over						
(under) expenditures	\$	53,708	\$	(672,051)	\$ 1,110,599	\$ 1,782,650
Operating transfers in		_		_	_	_
Transfers out	\$	(53,708)	\$	(685,308)	\$ (685,308)	\$ _
Total other financing sources (uses)	\$	(53,708)	\$	(685,308)	\$ (685,308)	\$ -
Net change in fund balance	\$	-	\$	(1,357,359)	\$ 425,291	\$ 1,782,650
Fund balance at beginning of year, before restater	ment				1,497,238	
Restatement					\$ 2,029,634	
Fund balance at beginning of year restated					3,526,872	
Fund balance at end of year - budgetary basis					\$ 3,952,163	
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at						
end of year					 35,799	
Fund balance at end of year - GAAP basis					\$ 3,987,962	

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, 2005

	Budgeted Amounts Original Final					Actual	Variance with Final Budget - Positive (Negative)	
Revenues:	-	Original		Tillai		Actual		ivegative)
Charges for services	\$	469,782	\$	469,782	\$	495,351	\$	25,569
Interest earned	•	2,500	,	2,500	•	5,877	*	3,377
Miscellaneous		160		160		739		579
Total Revenues	\$	472,442	\$	472,442	\$	501,967	\$	29,525
Expenditures:								
Current:								
Personnel services	\$	37,485	\$	41,685	\$	37,353	\$	4,332
Operating expenditures		82,168		92,632		86,084		6,548
Capital outlay		7,697		733		-		733
Debt service:								
Principal		180,000		180,000		165,000		15,000
Interest and fiscal charges		165,092		165,092		166,784		(1,692)
Total expenditures	\$	472,442	\$	480,142	\$	455,221	\$	24,921
Net change in fund balance	\$		\$	(7,700)	\$	46,746	\$	54,446
Fund balance at beginning of year, before restate	ment					74,502		
Restatement					\$	207,665		
Fund balance at beginning of year, restated						282,167		
Fund balance at end of year - budgetary basis					\$	328,913		
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at						2.500		
end of year						3,500		
Fund balance at end of year - GAAP basis					\$	332,413		

Cobb County, Georgia Nonmajor Business-Type Enterprise Funds Combining Balance Sheet September 30, 2005

Annata	Cobblestone Golf Course Fund		Mable House Barnes Amphitheatre Fund		Public Transit System Fund		Totals	
Assets								
Current assets:								
Cash	\$	200,353	\$	106,193	\$	2,770,936	\$ 3,077,482	
Equity in pooled investments, at fair value		54,719		-		681,111	735,830	
Receivables:		((72				02.010	00.401	
Other Due from other governments		6,672		-		83,819 2,277,766	90,491	
Due from other governments						2,277,700	 2,277,766	
Total current assets	\$	261,744	\$	106,193	\$	5,813,632	\$ 6,181,569	
Property, plant and equipment:								
Capital assets not being depreciated	\$	5,453,615	\$	210	\$	4,521,154	\$ 9,974,979	
Capital assets being depreciated, net		1,034,783		6,768,046		26,325,403	 34,128,232	
Net property, plant and equipment	\$	6,488,398	\$	6,768,256	\$	30,846,557	\$ 44,103,211	
Unamortized bond costs	\$	32,372	\$	-	\$	_	\$ 32,372	
Total noncurrent assets	\$	6,520,770	\$	6,768,256	\$	30,846,557	\$ 44,135,583	
Total assets	\$	6,782,514	\$	6,874,449	\$	36,660,189	\$ 50,317,152	

Cobb County, Georgia Nonmajor Business-Type Enterprise Funds Combining Balance Sheet September 30, 2005

	(Tabblastana	M	lable House Barnes		Public		
	Cobblestone Golf Course Fund		Amphitheatre		Transit System			
			7.	Fund	•	Fund		Totals
Liabilities and Fund Equity	_							
Liabilities:								
Current liabilities (payable from current assets):								
Accounts payable	\$	63,731	\$	46,679	\$	954,624	\$	1,065,034
Accrued liabilities		51,789		-		5,449		57,238
Due to other funds		1,102,166		1,620,251		17,646		2,740,063
Due to other governments		10,444		11,432		-		21,876
Deferred revenues		14,323		-		-		14,323
Current portion of revenue bonds		390,000		-		-		390,000
Current portion of compensated absences		-		-		14,936		14,936
Total current liabilities	\$	1,632,453	\$	1,678,362	\$	992,655	\$	4,303,470
Long-term liabilities: Revenue bonds (net of current portion,								
bond discount, and loss on refunding) Advances from other funds	\$	3,553,990	\$	600,000	\$	-	\$	3,553,990 600,000
Total long-term liabilities	\$	3,553,990	\$	600,000	\$	-	\$	4,153,990
Total liabilities	\$	5,186,443	\$	2,278,362	\$	992,655	\$	8,457,460
Net Assets:								
Invested in capital assets, net of related debt	\$	2,544,408	\$	6,768,256	\$	30,846,557	\$	40,159,221
Unrestricted	_	(948,337)	_	(2,172,169)		4,820,977		1,700,471
Total net assets	\$	1,596,071	\$	4,596,087	\$	35,667,534	\$	41,859,692
			_		_		_	

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, 2005

	Cobblestone Golf Course Fund		Mable House Barnes Amphitheatre Fund			Public Transit System Fund		Totals	
Operating revenues: Charges for services Miscellaneous income	\$	1,951,679 4,191	\$	589,952 2,044	\$	3,220,558 76,472	\$	5,762,189 82,707	
Total operating revenues	\$	1,955,870	\$	591,996	\$	3,297,030	\$	5,844,896	
Operating expenses: Personnel services Other operating expenses	\$	- 1,561,470	\$	1,265,218	\$	401,272 12,804,899	\$	401,272 15,631,587	
Total operating expenses	\$	1,561,470	\$	1,265,218	\$	13,206,171	\$	16,032,859	
Operating income (loss) before depreciation	\$	394,400	\$	(673,222)	\$	(9,909,141)	\$	(10,187,963)	
Less depreciation		(67,307)		(105,040)		(2,156,223)		(2,328,570)	
Operating income (loss)	\$	327,093	\$	(778,262)	\$	(12,065,364)	\$	(12,516,533)	
Nonoperating revenues (expenses): Interest income Intergovernmental Interest and fiscal charges Decrease in fair value of investments Loss from sale of fixed assets Amortization of bond costs	\$	2,293 - (246,986) (18) - (5,328)	\$	7,172 - - - - -	\$	42,583 7,342,104 - (572)	\$	52,048 7,342,104 (246,986) (18) (572) (5,328)	
Total nonoperating revenues (expenses)	\$	(250,039)	\$	7,172	\$	7,384,115	\$	7,141,248	
Net income (loss) before transfers	\$	77,054	\$	(771,090)	\$	(4,681,249)	\$	(5,375,285)	
Transfers: Transfers in Transfers out	\$	(2,067)	\$	- -	\$	5,510,353 (900)	\$	5,510,353 (2,967)	
Total transfers	\$	(2,067)	\$		\$	5,509,453	\$	5,507,386	
Net change in net assets	\$	74,987	\$	(771,090)	\$	828,204	\$	132,101	
Total net assets - beginning	\$	1,521,084	\$	5,367,177	\$	34,839,330	\$	41,727,591	
Total net assets - ending	\$	1,596,071	\$	4,596,087	\$	35,667,534	\$	41,859,692	

Cobb County, Georgia Nonmajor Business-Type Enterprise Funds Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2005

	Cobblestone Golf Course Fund			able House Barnes nphitheatre Fund	Public Transit System Fund		 Total
Cash flows from operating activities: Cash received from customers Cash payments for goods and services Cash payments for employee services	\$	1,952,437 (1,453,108)	\$	591,996 (492,765)	\$	3,271,696 (13,014,637)	\$ 5,816,129 (14,960,510)
and fringe benefits					_	(402,997)	 (402,997)
Net cash from operating activities	\$	499,329	\$	99,231	\$	(10,145,938)	\$ (9,547,378)
Cash flows from noncapital financing activities: Transfers in Transfers out Federal/State Grants Net cash from noncapital	\$	(2,067)	\$	- - -	\$	5,510,353 (900) 9,765,100	\$ 5,510,353 (2,967) 9,765,100
financing activities	\$	(2,067)	\$		\$	15,274,553	\$ 15,272,486
Cash flows from capital and related financing activities: Payments for capital acquisitions Bond principal payments Bond interest and fiscal charges	\$	(20,930) (375,000) (212,171)	\$	(210) - -	\$	(2,951,304)	\$ (2,972,444) (375,000) (212,171)
Net cash from capital and related financing activities	\$	(608,101)	\$	(210)	\$	(2,951,304)	\$ (3,559,615)
Cash flows from investing activities: Proceeds from investment maturities Interest received Investment purchases	\$	24,414 2,275 -	\$	- 7,172 -	\$	- 42,583 (189,938)	\$ 24,414 52,030 (189,938)
Net cash from investing activities	\$	26,689	\$	7,172	\$	(147,355)	\$ (113,494)
Net increase (decrease) in cash and cash equivalents	\$	(84,150)	\$	106,193	\$	2,029,956	\$ 2,051,999
Cash and cash equivalents at beginning of year		284,503			_	740,980	 1,025,483
Cash and cash equivalents at end of year	\$	200,353	\$	106,193	\$	2,770,936	\$ 3,077,482

Cobb County, Georgia Nonmajor Business-Type Enterprise Funds Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2005

	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)	\$	327,093	\$	(778,262)	\$	(12,065,364)	\$ (12,516,533)
Adjustments to reconcile operating income	-			<u> </u>			
(loss) to net cash from operating activities:							
Depreciation	\$	67,307	\$	105,040	\$	2,156,223	\$ 2,328,570
Change in assets and liabilities:							
Decrease (increase) in other receivables		(3,433)		-		(25,574)	(29,007)
Decrease (increase) in other assets		-		-	240		240
Increase (decrease) in bank overdraft		-		(857,549)		-	(857,549)
Increase (decrease) in accounts payable		(37,826)		720		(207,386)	(244,492)
Increase (decrease) in accrued liabilities		(1,625)		-		430	(1,195)
Increase (decrease) in accrued vacation payable		(3,766)		-		(1,725)	(5,491)
Increase (decrease) in due to other funds		149,591		1,620,251		(607)	1,769,235
Increase (decrease) in due to							
other governments		6,297		9,031		-	15,328
Increase (decrease) in due to others		(1,958)		-		(2,175)	(4,133)
Increase (decrease) in deferred revenues		(2,351)					 (2,351)
Total adjustments	\$	172,236	\$	877,493	\$	1,919,426	\$ 2,969,155
Net cash provided by operating activities	\$	499,329	\$	99,231	\$	(10,145,938)	\$ (9,547,378)

Continued from preceding page.

Cobb County, Georgia Claims Internal Service Fund Balance Sheet September 30, 2005

Assets

Current assets:	
Cash and cash equivalents	\$ 5,102,228
Equity in pooled investments, at fair value	2,036,132
Receivables:	
Other	245,370
Due from other funds	7,609,003
Total current assets	\$ 14,992,733
Noncurrent assets:	
Capital assets being depreciated net	\$ 35,745
Total assets	\$ 15,028,478
Liabilities and Fund Equity	
Current liabilities:	
Accounts payable	\$ 85,356
Accrued liabilities	41,101
Due to other funds	1,700,111
Estimated liability for claims and judgments	16,634,365
Total liabilities	\$ 18,460,933
Net Assets:	
Invested in capital assets, net of related debt	\$ 35,745
Unrestricted	(3,468,200)
Total net assets	\$ (3,432,455)

Cobb County, Georgia

Claims Internal Service Fund

Statement of Revenues, Expenses and Changes in Retained Earnings For the Fiscal Year Ended September 30, 2005

Operating revenues:		
Charges for services	\$	45,504,300
Operating expenses:		
Personnel services	\$	376,276
Other operating expenses	Ψ	4,972,495
Benefits and claims		40,961,207
Total operating expenses	\$	46,309,978
	Φ.	(00 5 (50)
Operating income (loss) before depreciation	\$	(805,678)
Less depreciation		(9,703)
Less depreciation		(7,703)
Operating income (loss)	\$	(815,381)
Nonoperating revenues:		
Interest income		197,522
Net income (loss) before transfers	\$	(617,859)
Net income (loss) before transfers	Þ	(017,839)
Transfers:		
Transfers out	\$	(328,979)
Total transfers	\$	(328,979)
	Φ.	(0.4.6.020)
Net change in net assets	\$	(946,838)
Total net assets at beginning of year		(2,485,617)
Total not abbets at beginning of your		(2,100,017)
Total net assets at end of year	\$	(3,432,455)

Cobb County, Georgia Claims Internal Service Fund Statement of Cash Flows For the Fiscal Year Ended September 30, 2005

Cash flows from operating activities:	
Cash received for services provided	\$ 46,849,064
Cash payments for goods and services	(3,511,086)
Cash payments for employee services and fringe benefits	(370,966)
Cash payments for benefits and claims	 (38,035,702)
Net cash from operating activities	\$ 4,931,310
Cash flows from noncapital and related financing activities:	
Transfers out	\$ (328,979)
Net cash flows from noncapital and related financing activities	\$ (328,979)
Cash flows from investing activities:	
Investment purchases	\$ (669,031)
Interest received	 197,522
Net cash from investing activities	\$ (471,509)
Net increase (decrease) in cash and cash equivalents	\$ 4,130,822
Cash and cash equivalents at beginning of year	 971,406
Cash and cash equivalents at end of year	\$ 5,102,228
Reconciliation of operating income (loss) to net cash	
from operating activities:	
Operating income (loss)	\$ (815,381)
Adjustments to reconcile operating income (loss)	
to net cash from operating activities:	
Depreciation	\$ 9,703
Change in assets and liabilities:	
(Increase) decrease in other receivables	455,044
(Increase) decrease in due from other funds	889,711
(Increase) decrease in due from others	9
(Increase) decrease in prepaid expenses	1,828
Increase (decrease) in accounts payable	(25,271)
Increase (decrease) in accrued payroll	5,310
Increase (decrease) in due to other funds	1,520,677
Increase (decrease) in due to others	(35,825)
Increase (decrease) in estimated liability for claims and judgments	 2,925,505
Total adjustments	\$ 5,746,691
Net cash from operating activities	\$ 4,931,310

Cobb County, Georgia

Agency Funds

Combining Statement of Changes in Assets and Liabilities For the Fiscal Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005		
Clerk of State Court						
Assets Cash and cash equivalents	\$ 5,810,752	\$ 46,874,749	\$ 45,116,031	\$ 7,569,470		
Liabilities Funds held in trust for others	\$ 5,810,752	\$ 46,874,749	\$ 45,116,031	\$ 7,569,470		
Clerk of Juvenile Court Assets						
Cash	\$ 12,180	\$ 36,949	\$ 44,555	\$ 4,574		
Liabilities Funds held in trust for others	\$ 12,180	\$ 36,949	\$ 44,555	\$ 4,574		
Sheriff Assets						
Cash and cash equivalents	\$ 4,297,636	\$ 5,782,942	\$ 4,800,075	\$ 5,280,503		
Liabilities Funds held in trust for others	\$ 4,297,636	\$ 5,782,942	\$ 4,800,075	\$ 5,280,503		
Clerk of Superior Court						
Assets Cash and cash equivalents	\$ 10,399,400	\$ 89,192,497	\$ 86,979,438	\$ 12,612,459		
Liabilities Funds held in trust for others	\$ 10,399,400	\$ 89,192,497	\$ 86,979,438	\$ 12,612,459		
Clerk of Probate Court						
Assets Cash	\$ -	\$ 798,110	\$ 798,110	\$ -		
Liabilities Due to other funds	¢	¢ 700.110	¢ 700.110	ø		
Due to other runds	<u> </u>	\$ 798,110	\$ 798,110	\$ -		
Tax Commissioner Assets						
Cash	\$ 59,733,710	\$ 1,437,986,899	\$ 1,457,872,129	\$ 39,848,480		
Taxes and penalties receivable	445,187,526	563,635,522	517,714,652	491,108,396		
	\$ 504,921,236	\$ 2,001,622,421	\$ 1,975,586,781	\$ 530,956,876		
Liabilities						
Unremitted tax collections	\$ 59,733,710	\$ 1,437,986,899	\$ 1,457,872,129	\$ 39,848,480		
Taxes payable to others upon collection	\$ 504,921,236	\$ 563,635,522 \$ 2,001,622,421	\$ 1,975,586,781	\$ 530,956,876		
Continued on next page.	ψ 504,721,230	Ψ 2,001,022,421	Ψ 1,773,300,701	\$ 530,956,876		

Cobb County, Georgia Agency Funds

Combining Statement of Changes in Assets and Liabilities For the Fiscal Year Ended September 30, 2005

	O	Balance ctober 1, 2004	OO4 Additions			Deductions	Sep	Balance tember 30, 2005
Accounts Payable Fund								
Assets								
Accounts receivable	\$	1,488,206	\$	17,352,477	\$	18,630,292	\$	210,391
Liabilities								
Bank overdraft	\$	1,488,206	\$	17,352,477	\$	18,630,292	\$	210,391
Payroll Fund								
Assets								
Cash and cash equivalents	\$	430,742	\$	377,784,655	\$	377,239,932	\$	975,465
Accounts receivable		-		1,791,202				1,791,202
	\$	430,742	\$	379,575,857	\$	377,239,932	\$	2,766,667
Liabilities								
Unremitted payroll tax and withholdings	\$	430,742	\$	379,575,857	\$	377,239,932	\$	2,766,667
Child Support, Witness and Jurors' Fees								
Assets								
Cash	\$	150,679	\$	3,932,318	\$	4,053,956	\$	29,041
T : 1 700						•		
Liabilities Funds held in trust for others	\$	150,679	\$	3,932,318	\$	4,053,956	¢	29,041
runds neid in trust for others	Ψ	130,079	φ	3,732,316	φ	4,033,930	Ψ	27,041
Total assets	\$	527,510,831	\$	2 545 168 320	\$	2 513 240 170	\$	559,429,981
1 Otal assets	Ф	541,510,631	Ф	2,545,168,320	Ф	2,513,249,170	Φ	339,429,981
Total liabilities	\$	527,510,831	\$	2,545,168,320	\$	2,513,249,170	\$	559,429,981

Continued from preceding page.



Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

	Budgeted	d Amou	nts				Variance with Final Budget - Positive
	 Original		Final		Actual		(Negative)
Revenues:							
Taxes	\$ 188,735,905	\$	188,926,466	\$	185,453,283	\$	(3,473,183)
Licenses and permits	18,619,258		18,687,148		21,952,259		3,265,111
Intergovernmental	2,564,455		7,584,520		11,768,504		4,183,984
Charges for services	35,702,314		36,335,564		35,479,503		(856,061)
Fines and forfeits	15,895,125		17,398,351		17,784,401		386,050
Interest earned	312,696		312,696		1,481,712		1,169,016
Miscellaneous	 2,235,856		3,008,204	-	2,590,049		(418,155)
Total revenues	\$ 264,065,609	\$	272,252,949	\$	276,509,711	\$	4,256,762
Expenditures:							
Current							
General government:							
Legislative:							
Board of Commissioners							
Personnel services	\$ 750,843	\$	766,740	\$	761,055	\$	5,685
Operating expenditures	 60,358		59,796		55,242		4,554
	 811,201		826,536		816,297		10,239
Other Governmental							
Operating expenditures	 3,096,147		2,873,097		2,866,042		7,055
Total legislative	 3,907,348		3,699,633		3,682,339		17,294
Judicial:							
Pre-Trial Services							
Personnel services	451,930		-		-		-
Operating expenditures	 5,941						
	 457,871						
Clerk of State Court							
Personnel services	3,238,240		3,391,029		3,370,742		20,287
Operating expenditures	151,114		160,724		125,245		35,479
Capital outlay	 16,200		6,590				6,590
	 3,405,554		3,558,343		3,495,987		62,356
Clerk of Superior Court							
Personnel services	4,141,269		4,282,461		4,162,712		119,749
Operating expenditures	175,489		173,039		170,398		2,641
Capital outlay	 14,560		24,781		10,402		14,379
	 4,331,318		4,480,281		4,343,512		136,769
District Attorney							
Personnel services	5,436,865		5,283,274		5,173,729		109,545
Operating expenditures	210,055		385,869		361,159		24,710
Capital outlay	 3,700		978,537				978,537
	 5,650,620		6,647,680		5,534,888		1,112,792

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

Variance with

	Budgeted Am	ounts		Final Budget - Positive
	Original	Final	Actual	(Negative)
Chief Magistrate				
Personnel services	2,109,710	2,734,834	2,674,193	60,641
Operating expenditures	141,695	123,754	126,952	(3,198)
Capital outlay	21,435	36,340	16,203	20,137
	2,272,840	2,894,928	2,817,348	77,580
Juvenile Court				
Personnel services	3,560,649	3,902,074	3,902,059	15
Operating expenditures	154,425	325,503	322,943	2,560
Capital outlay	3,252	195,693		195,693
	3,718,326	4,423,270	4,225,002	198,268
State Court Division II				
Personnel services	941,565	1,004,271	1,004,265	6
Operating expenditures	120,437	153,551	164,906	(11,355)
Capital outlay	6,500	14,419	<u>-</u>	14,419
	1,068,502	1,172,241	1,169,171	3,070
Probate Court				
Personnel services	832,022	831,774	821,735	10,039
Operating expenditures	70,329	75,622	72,940	2,682
	902,351	907,396	894,675	12,721
Solicitor				
Personnel services	3,612,442	4,234,489	4,158,731	75,758
Operating expenditures	38,660	85,532	72,898	12,634
Capital outlay	590	427,330	14,969	412,361
	3,651,692	4,747,351	4,246,598	500,753
State Court				
Personnel services	3,244,921	3,867,579	3,867,563	16
Operating expenditures	472,126	492,482	477,749	14,733
Capital outlay	7,700	15,844	<u> </u>	15,844
	3,724,747	4,375,905	4,345,312	30,593
Superior Court				
Personnel services	3,391,049	3,603,750	3,598,839	4,911
Operating expenditures	870,050	835,934	797,383	38,551
Capital outlay	7,000	352,332	24,104	328,228
	4,268,099	4,792,016	4,420,326	371,690
Circuit Defender				
Personnel services	564,819	564,819	561,167	3,652
Operating expenditures	4,259,079	4,869,307	4,853,210	16,097
Capital outlay	<u> </u>	1,807	<u> </u>	1,807
	4,823,898	5,435,933	5,414,377	21,556
Total judicial	38,275,818	43,435,344	40,907,196	2,528,148
Executive and administrative:				
County Manager				
Personnel services	563,781	597,112	594,838	2,274
Operating expenditures	39,154	43,522	55,416	(11,894)
Capital outlay		63,631	3,930	59,701
	602,935	704,265	654,184	50,081

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

Variance with

Final Budget -Positive **Budgeted Amounts** Original Final Actual (Negative) General Administrative Personnel services 28,000 Operating expenditures 6,510,688 4,361,168 2,149,520 4,126,165 2,510,491 Capital outlay 9,831,400 2,510,491 13,985,565 9,021,179 4,361,168 4,660,011 Information Services Personnel services 7,516,595 7,247,387 7,233,860 13,527 Operating expenditures 543,648 4,004,678 4,007,416 3,463,768 Capital outlay 103,724 105,424 31,379 74,045 11,360,227 10,729,007 631,220 11,624,997 Drug Treatment Personnel services 232,823 241,789 240,453 1,336 Operating expenditures 224,520 224,520 219,807 4,713 55,184 Capital outlay 55,184 55,184 512,527 521,493 460,260 61,233 Finance Personnel services 2,107,828 2,130,355 2,129,210 1,145 238,503 Operating expenditures 309,415 195,062 114,353 Capital outlay 1,750 646,406 646,406 3,086,176 2,348,081 2,324,272 761,904 Purchasing Personnel services 3,098,387 3,103,875 3,007,269 96,606 Operating expenditures 2,529,068 2,492,227 35,377 2,527,604 3,092,927 Capital outlay 3,109,421 3,220,789 127,862 8,736,876 8,852,268 8,592,423 259,845 Tax Assessor 2,798,865 14,345 Personnel services 2,743,983 2,784,520 2,848,001 3,577,663 2,835,066 742,597 Operating expenditures 23,290 Capital outlay 30,630 78,130 54,840 5,622,614 6,454,658 5,674,426 780,232 Internal Audit 652,131 615,984 Personnel services 652,131 36,147 21,007 21,007 20,922 Operating expenditures 85 36,232 673,138 673,138 636,906 Human Resources Personnel services 1,554,690 1,647,407 1,645,917 1,490 439,978 72,141 Operating expenditures 398,140 367,837 118,498 Capital outlay 118,498 1,952,830 2,205,883 2,013,754 192,129 Ethics Board Operating expenditures 1,130 1,130 1,130 1,130 1,130 1,130 Property Management Personnel services 32,925 3,325,201 3,452,349 3,419,424 Operating expenditures 4,151,400 4,491,860 4,493,813 (1,953)Capital outlay 359,231 218,772 180,078 38,694 7,835,832 8,162,981 8,093,315 69,666

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

Variance with

	Budgeted An	nounts		Final Budget - Positive
	Original	Final	Actual	(Negative)
Tax Commissioner				
Personnel services	4,801,938	4,928,945	4,922,338	6,607
Operating expenditures	442,718	443,156	352,982	90,174
Capital outlay	94,289	120,101	80,189	39,912
	5,338,945	5,492,202	5,355,509	136,693
Public Services				
Personnel services	183,105	201,127	197,359	3,768
Operating expenditures	5,084	5,084	5,022	62
<u> </u>	188,189	206,211	202,381	3,830
Communications				
Personnel services	715,849	797,893	795,800	2,093
Operating expenditures	270,939	310,293	305,198	5,095
Capital outlay		443,653	351,784	91,869
<u> </u>	986,788	1,551,839	1,452,782	99,057
Support Services			5 044 5 0	
Personnel services	685,664	725,288	704,129	21,159
Operating Services	1,602,151	1,572,452	1,057,110	515,342
Capital outlay	5,372	35,071	5,091	29,980
	2,293,187	2,332,811	1,766,330	566,481
Elections & Registration Personnel services	1.705.046	2 220 460	2 150 054	70.615
	1,785,946	2,230,469	2,159,854	70,615
Operating expenditures Capital outlay	692,908	736,789	476,135	260,654
Сарпат оппау	379,495 2,858,349	95,728 3,062,986	1,462 2,637,451	94,266 425,535
County Clerk	2,636,349	3,002,980	2,037,431	423,333
Personnel services	261,049	271,309	271,051	258
Operating expenditures	43,267	51,029	48,918	2,111
operating expenditures	304,316	322,338	319,969	2,369
Law Department	304,310	322,330	317,707	2,307
Personnel services	1,266,784	1,313,754	1,313,012	742
Operating expenditures	422,515	629,229	626,646	2,583
Capital outlay	3,950	5,050	-	5,050
	1,693,249	1,948,033	1,939,658	8,375
Total executive and administrative	67,559,548	65,959,818	57,213,795	8,746,023
Total general government	109,742,714	113,094,795	101,803,330	11,291,465
blic Safety:				
P S Training Center				
Personnel services	1,350,325	1,365,583	1,360,295	5,288
Operating expenditures	282,524	280,304	278,820	1,484
Capital outlay	61,200	64,505	39,180	25,325
_	1,694,049	1,710,392	1,678,295	32,097
Police Department	. ,	· ,	<u> </u>	ŕ
Personnel services	40,008,595	39,834,291	39,701,445	132,846
Operating expenditures	2,613,935	3,255,975	3,275,046	(19,071)
Capital outlay	162,148	564,237	435,984	128,253
·	42,784,678	43,654,503	43,412,475	242,028
—				

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

Variance with

	Budgeted An	nounts		Final Budget - Positive
	Original	Final	Actual	(Negative)
Countywide-800MHZ				
Personnel services	119,615	186,275	185,358	917
Operating expenditures	999,240	998,409	782,729	215,680
Capital outlay		1,365,534	<u>-</u>	1,365,534
	1,118,855	2,550,218	968,087	1,582,131
Animal Control				
Personnel services	1,532,653	1,705,422	1,685,941	19,481
Operating expenditures	378,511	387,919	387,004	915
Capital outlay	18,700	48,831	16,246	32,585
	1,929,864	2,142,172	2,089,191	52,981
Public Safety				_
Personnel services	1,169,686	1,163,892	1,162,775	1,117
Operating expenditures	78,731	79,290	60,357	18,933
Capital outlay	36,000	36,000	29,230	6,770
1	1,284,417	1,279,182	1,252,362	26,820
Sheriff		<u> </u>		
Personnel services	14,400,903	14,335,810	14,286,184	49,626
Operating expenditures	1,085,529	973,890	1,052,455	(78,565)
Capital outlay	8,500	145,217	139,066	6,151
	15,494,932	15,454,917	15,477,705	(22,788)
Corrections	<u> </u>			
Personnel services	22,532,568	21,942,493	21,836,755	105,738
Operating expenditures	11,722,930	11,796,823	11,818,301	(21,478)
Capital outlay	29,620	175,733	88,046	87,687
- · · · · · · · · · · · · · · · · · · ·	34,285,118	33,915,049	33,743,102	171,947
Medical Examiner				
Personnel services	434,495	418,225	418,093	132
Operating expenditures	455,724	455,683	451,231	4,452
	890,219	873,908	869,324	4,584
Total public safety	99,482,132	101,580,341	99,490,541	2,089,800
Public works:				
Department of Transportation				
Personnel services	8,776,742	8,828,698	8,797,777	30,921
Operating expenditures	7,172,019	7,892,462	7,538,834	353,628
Capital outlay	2,379,282	2,573,985	2,167,070	406,915
Capital outlay	18,328,043	19,295,145	18,503,681	791,464
Total public works	18,328,043	19,295,145	18,503,681	791,464
Culture and Recreation				
Extension Service				
Personnel services	428,143	394,316	394,440	(124)
Operating expenditures	32,108	32,108	30,563	1,545
Speruing experiences	460,251	426,424	425,003	1,421
	400,231	420,424	423,003	1,421

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

		Budgete	d Amoui	nts				Variance with Final Budget - Positive
		Original		Final		Actual		(Negative)
Library								
Personnel services		6,955,360		7,370,462		7,370,155		307
Operating expenditures		2,013,074		2,051,243		2,042,125		9,118
Capital outlay		-		380,814				380,814
		8,968,434		9,802,519		9,412,280		390,239
Parks and Recreation								
Personnel services		10,581,821		10,988,456		10,947,636		40,820
Operating expenditures		5,986,424		6,655,326		6,762,853		(107,527)
Capital outlay		211,883		1,219,937		715,095		504,842
		16,780,128		18,863,719		18,425,584		438,135
Total culture and recreation		26,208,813		29,092,662		28,262,867		829,795
Health and welfare:								
Cobb County Board of Health								
Operating expenditures		1,146,779		1,115,249	-	1,104,742		10,507
Total health and welfare		1,146,779		1,115,249		1,104,742		10,507
Housing and development:								
Economic Development								
Personnel services		229,724		237,430		237,429		1
Operating expenditures		29,536		144,427		82,789		61,638
		259,260		381,857		320,218		61,639
Community Development								
Personnel services		6,248,432		6,378,340		6,378,067		273
Operating expenditures		324,515		334,100		327,152		6,948
Capital outlay		19,216		252,192		<u> </u>		252,192
		6,592,163		6,964,632		6,705,219		259,413
Total housing and development		6,851,423		7,346,489		7,025,437		321,052
Total current	\$	261,759,904	\$	271,524,681	\$	256,190,598	\$	15,334,083
Debt service:								
Principal retirement	\$	186,532	\$	153,667	\$	143,231	\$	10,436
Interest and fiscal charges	•	718,300	Ψ	790,544	Ψ	790,543	Ψ.	10,.50
Total debt service	\$	904,832	\$	944,211	\$	933,774	\$	10,437
Total expenditures	\$	262,664,736	\$	272,468,892	\$	257,124,372	\$	15,344,520
······································		,,		,,		,		,,- 20
Excess (deficiency) of revenues over expenditures	\$	1,400,873	\$	(215,943)	\$	19,385,339	\$	19,601,282
r		,,		(,)		. , , /		.,,

Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended September 30, 2005

	Budgeted	l Amoun	ts			Variance with Final Budget - Positive
	 Original	· · · · · · · · · · · · · · · · · · ·	Final	Actual		(Negative)
Other financing sources (uses):	 				-	
Transfers in	\$ 15,751,365	\$	16,825,131	\$ 16,791,312	\$	(33,819)
Transfers out	 (20,266,441)		(32,271,610)	 (29,080,119)		3,191,491
Total other financing sources (uses)	\$ (4,515,076)	\$	(15,446,479)	\$ (12,288,807)	\$	3,157,672
Net change in fund balance	\$ (3,114,203)	\$	(15,662,422)	\$ 7,096,532	\$	22,758,954
Fund balance at beginning of year				 46,071,724		
Fund balance at end of year - budgetary basis				\$ 53,168,256		
Reconciliation to GAAP basis: Elimination of encumbrances outstanding at						
end of year				3,462,474		
Fund balance at end of year - GAAP basis				\$ 56,630,730		

Cobb County, Georgia Capital Assets Used in the Operation of Governmental Funds Comparative Schedules by Source September 30, 2005 and 2004

		2005		2004
General fixed assets:		_		_
Land	\$	744,324,242	\$	736,718,081
Buildings and structural improvements		275,499,839		270,495,157
Improvements other than buildings		17,015,191		13,374,683
Infrastructure		2,026,665,138		1,986,223,143
Furniture, machinery and equipment		177,827,980		151,643,189
Construction in progress		30,739,266		36,373,669
Total general fixed assets	\$	3,272,071,656	\$	3,194,827,922
Investment in general fixed assets by source:				
Capital Projects Funds:	¢	100 (01 100	\$	100 025 200
General obligation bonds Grants	\$	198,691,180	Э	198,925,300
		64,642,961		53,609,650
Sales tax revenue General Fund revenue		1,026,381,191		1,008,309,334
		286,191,335		252,968,256
Special Revenue Funds revenue		44,263,362		42,757,992
Other		462,103		502,951
Donations		1,651,439,524		1,637,754,439
Total investment in general fixed assets	\$	3,272,071,656	\$	3,194,827,922

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Cobb County, Georgia
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
September 30, 2005

Function and Activity	Land	Buildings and Structural mprovements	Improvements Other Than Buildings		Infrastructure	Furniture, Machinery and Equipment	 Construction in Progress	 Total
General Government Legislative	\$ -	\$ 6,582,997	\$ -	\$	-	\$ 1,655,536	\$ -	\$ 8,238,533
Judicial	-	23,159,466	-		-	20,593,618	-	43,753,084
Executive and Administrative	11,788,844	32,134,399	68,873		-	36,789,294	97,428	80,878,838
Public Works	687,823,070	5,077,500	15,574,964		2,026,665,138	9,998,917	24,912,475	2,770,052,064
Culture and Recreation	39,864,475	92,950,260	1,289,349		-	10,896,969	2,353,767	147,354,820
Public Safety	4,348,611	103,680,979	82,005		-	95,454,977	849,034	204,415,606
Community Development	499,242	 11,914,238	 	_		2,438,669	2,526,562	 17,378,711
Total general fixed assets	\$ 744,324,242	\$ 275,499,839	\$ 17,015,191	\$	2,026,665,138	\$ 177,827,980	\$ 30,739,266	\$ 3,272,071,656

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Cobb County, Georgia Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity For the Fiscal Year Ended September 30, 2005

Function and Activity	General Fixed Assets otember 30, 2004	Additions	Deletions	Se	General Fixed Assets ptember 30, 2005
General Government					
Legislative	\$ 8,245,804	\$ -	\$ 7,271	\$	8,238,533
Judicial	42,895,493	1,150,907	293,316		43,753,084
Executive and Administrative	73,209,656	8,135,573	466,391		80,878,838
Public Works	2,732,064,908	38,438,330	451,174		2,770,052,064
Culture and Recreation	142,945,958	5,588,654	1,179,792		147,354,820
Public Safety	180,764,486	27,002,290	3,351,170		204,415,606
Community Development	 14,701,617	 2,743,494	66,400		17,378,711
Total general fixed assets	\$ 3,194,827,922	\$ 83,059,248	\$ 5,815,514	\$	3,272,071,656

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

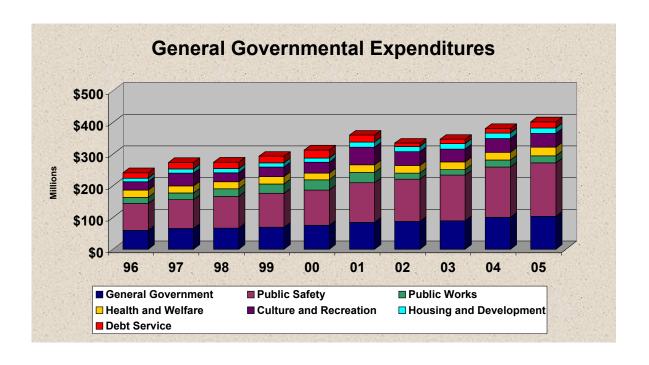
Statistical Section

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 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year	Go	General vernment (2)	 Public Safety (2)	 Public Works	_	Health and Welfare	_	Culture and Recreation	De	Housing and velopment (2)	_	Debt Service	_	Total
1996	(1) \$	59,800,335	\$ 84,325,361	\$ 19,843,273	\$	22,315,752	\$	27,010,462	\$	11,281,263	\$	16,613,666	\$	241,190,112
1997	(1)	65,598,441	90,546,065	21,158,382		22,229,257		40,297,710		13,593,418		20,506,288		273,929,561
1998	(1)	66,521,149	100,522,542	23,684,350		21,966,145		28,792,053		12,668,244		20,659,200		274,813,683
1999	(1)	69,386,326	106,929,782	29,450,882		23,322,044		30,625,728		12,753,001		20,803,054		293,270,817
2000	(1)	75,297,649	111,338,360	32,686,109		21,008,333		34,384,061		12,865,601		25,313,112		312,893,225
2001	(1)	84,874,631	124,741,315	32,963,840		23,456,071		55,840,470		16,312,199		21,972,518		360,161,044
2002	(1)	88,320,161	132,464,746	19,845,201		23,339,767		44,223,800		15,906,049		10,767,331		334,867,055
2003	(1)	89,971,201	143,901,003	17,849,851		23,935,649		40,257,757		17,335,630		13,652,995		346,904,086
2004	(1)	100,918,757	158,580,855	21,904,655		24,756,363		43,052,112		17,401,587		13,780,093		380,394,422
2005	(1)	104.462.946	167.813.661	22.590.749		27.108.464		43.776.176		16.859.368		19.109.462		401.720.826

⁽¹⁾ Includes General, Special Revenue and Debt Service Funds and Discretely Presented Component Units

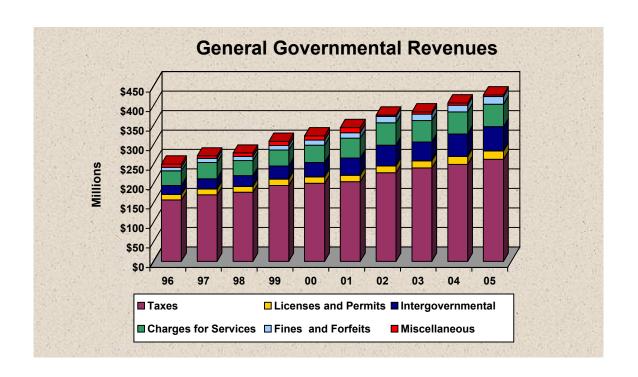


⁽²⁾ In 2002, the Sheriff's Department operations were reclassified as Public Safety from General Government and Economic Development and Community Development were reclassified as Housing and Development from General Government and Public Safety. Prior years have been adjusted accordingly.

COBB COUNTY, GEORGIA GENERAL GOVERNMENTAL REVENUES BY SOURCE (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year Taxes		Taxes	Licenses and Permits		Inter- Governmental		Charges for Services		Fines and Forfeits		Miscellaneous (2)		 Total (3)
1996	(1) \$	157,295,369	\$	13,906,004	\$	23,262,506	\$	37,637,413	\$	9,109,956	\$	8,270,425	\$ 249,481,673
1997	(1)	170,505,850		14,547,554		27,026,116		41,826,147		9,993,814		6,669,929	270,569,410
1998	(1)	176,836,169		15,153,427		28,130,151		38,479,972		10,482,786		8,992,884	278,075,389
1999	(1)	194,883,823		16,195,202		33,704,175		40,639,247		12,020,994		10,742,379	308,185,820
2000	(1)	199,990,624		16,466,884		37,002,705		44,472,031		12,812,943		11,385,964	322,131,151
2001	(1)	204,285,004		16,527,532		44,015,435		50,972,520		14,469,760		12,919,394	343,189,645
2002	(1)	227,076,999		17,714,856		53,234,237		57,757,372		15,738,490		3,995,148	375,517,102
2003	(1)	239,278,805		18,073,485		48,985,027		55,283,210		16,307,448		5,792,873	383,720,848
2004	(1)	248,764,677		20,081,455		58,030,769		56,918,568		16,781,751		6,198,011	406,775,231
2005	(1)	261,504,786		21,952,259		61,988,172		57,867,294		19,439,582		4,456,375	427,208,468

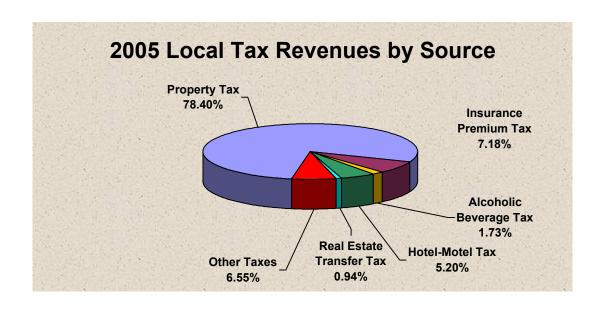
- (1) Includes General, Special Revenue, and Debt Service Funds and Discretely Presented Component Units
- (2) Miscellaneous revenues includes contribution revenues included in Special Revenue Funds
- (3) Interest earned is not included in the total



COBB COUNTY, GEORGIA GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year		Property Tax		Insurance Premium Tax		Alcoholic Beverage Tax		Hotel-Motel Tax		Real Estate Transfer Tax		Other Taxes		Total
1996	(1) \$	123,096,206	\$	10,742,506	\$	4,046,278	\$	12,064,117	\$	932,520	\$	6,413,742	\$	157,295,369
1997	(1)	135,134,945		11,455,244		4,164,147		11,864,388		672,912		7,214,214		170,505,850
1998	(1)	136,729,235		12,054,570		4,576,793		12,869,126		1,165,105		9,441,340		176,836,169
1999	(1)	151,832,341		12,636,016		4,892,897		13,669,407		1,382,842		10,470,320		194,883,823
2000	(1)	156,522,585		12,826,375		4,963,186		14,810,703		1,390,933		9,476,842		199,990,624
2001	(1)	158,284,815		13,523,125		4,464,913		14,865,666		1,492,815		11,653,671		204,285,004
2002	(1)	178,513,880		14,653,816		4,552,006		13,097,946		1,421,517		14,837,834		227,076,999
2003	(1)	182,763,605		16,180,639		4,378,044		12,420,224		3,962,093		19,574,200		239,278,805
2004	(1)	196,008,674		17,352,880		4,548,280		12,473,993		1,908,363		16,472,487		248,764,677
2005	(1)	205,023,826		18,776,151		4,524,862		13,598,624		2,449,347		17.131.976		261,504,786

⁽¹⁾ Includes General, Special Revenue, and Debt Service Funds and Discretely Presented Component Unit.



COBB COUNTY, GEORGIA PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year Levy		Levy	Collection of Current and Prior Years Taxes			Taxes Receivable at End of Fiscal Year	Percent of Levy Collected at 9/30/05 (2)	
1996	\$	109,989,920	\$	107.176.019	\$	72.247.114	99.866%	
1997	φ	115.877.624	Ψ	88.295.119	φ	99.169.520	99.193%	
1998		120,561,981		121,157,521		98,945,855	99.213%	
1999		132,259,856		114,071,785		117.107.611	99.743%	
2000		140,808,137		126,957,154		129,292,048	99.524%	
2001		147,388,883		148,670,405		126,300,168	99.152%	
2002		168,071,481		142,277,678		150,768,888	99.430%	
2003		173.817.379		172,574,556		147.351.603	99.325%	
2004		182,667,127		169,246,668		157,474,072	98.780%	
2005		197,751,595		180.850.249		171.742.453	13.400% (

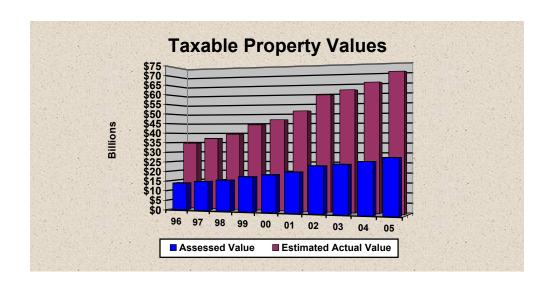
⁽¹⁾ Under the modified accrual basis of accounting, 96.86% of the 2005 tax levy was recognized as revenue for the fiscal year ended September 30, 2005.

⁽²⁾ Percent calculated after levy was adjusted for releases.

COBB COUNTY, GEORGIA ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY UNAUDITED LAST TEN FISCAL YEARS

	Real and Per	sonal Property	Motor Veh Mobile I		To	otal	Ratio of Total Assessed to Total	
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Estimated Actual Value	
1996	\$ 12,580,474,679	\$ 31,451,186,697 \$	1,319,254,960	\$ 3,298,137,400 \$	S 13,899,729,639	\$ 34,749,324,097	40	
1997	13,385,206,101	33,463,015,252	1,454,485,808	3,636,214,520	14,839,691,909	37,099,229,772	40	
1998	14,545,372,933	36,363,432,332	1,191,776,173 (1	1) 2,979,440,432 (1)	15,737,149,106	39,342,872,764	40	
1999	16,183,564,448	40,458,911,120	1,550,308,980	3,875,772,450	17,733,873,428	44,334,683,570	40	
2000	17,236,157,234	43,090,393,085	1,692,964,879	3,875,772,450	18,929,122,113	46,966,165,535	40	
2001	18,634,462,070	46,586,155,175	1,891,744,769	4,729,361,923	20,526,206,839	51,315,517,098	40	
2002	21,753,120,087	54,382,800,218	1,959,611,029	4,899,027,573	23,712,731,116	59,281,827,791	40	
2003	22,662,866,622	56,657,166,555	1,955,727,315	4,889,318,288	24,618,593,937	61,546,484,843	40	
2004	24,151,603,729	60,379,009,323	1,934,856,890	4,837,142,225	26,086,460,619	65,216,151,548	40	
2005	26,243,941,702	65,609,854,255	1,854,878,498	4,637,196,245	28,098,820,200	70,247,050,500	40	

⁽¹⁾ New tax collection period - based on nine month collection.



COBB COUNTY, GEORGIA TAX DIGEST (UNAUDITED)

	General	Fund	Fire Di	strict	Debt Servi	ice Fund
	2005	2004	2005	2004	2005	2004
Gross property digest	\$25,760,641,526	\$23,665,138,227	\$20,492,705,690	\$18,817,875,623	\$25,760,641,526	\$23,665,138,227
Public service digest	483,300,176	486,465,502	405,461,890	402,084,812	483,300,176	486,465,502
Motor vehicle and mobile home digest	1,854,878,498	1,934,856,890	1,572,135,086	1,633,798,204	1,854,878,498	1,934,856,890
Timber	24,502	43,803	24,502	43,803	24,502	43,803
Heavy Duty Equipment	3,184,116	2,024,161	2,552,145	1,623,652	3,184,116	2,024,161
Gross taxable digest	\$28,102,028,818	\$26,088,528,583	\$22,472,879,313	\$20,855,426,094	\$28,102,028,818	\$26,088,528,583
Less: Exempt property Net taxable digest	5,451,908,457 \$22,650,120,361	4,865,356,166 \$21,223,172,417	387,365,707 \$22,085,513,606	<u>348,910,517</u> \$20,506,515,577	1,302,354,787 \$26,799,674,031	1,172,750,212 \$24,915,778,371
Tax Rates: Property Motor vehicle	\$6.85/M	\$6.85/M	\$2.65/M	\$2.65/M	\$.22/M	\$.22/M
and mobile home	\$6.85/M	\$6.85/M	\$2.65/M	\$2.65/M	\$.22/M	\$.22/M

COBB COUNTY, GEORGIA TOTAL PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (1) PER \$1,000 ASSESSED VALUE (UNAUDITED) LAST TEN FISCAL YEARS

,										
	<u>2005</u>	2004	2003	2002	<u>2001</u>	2000	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
* Cobb County (with fire)	29.87	29.87	29.87	29.87	30.02	29.14	29.27	31.70	32.50	32.65
* Cobb County (without fire)	27.22	27.22	27.22	27.22	27.37	26.37	26.50	28.93	29.53	29.68
Acworth	37.74	37.24	37.32	37.37	37.75	36.94	37.17	39.60	40.40	40.55
Austell	30.34	30.34	30.34	30.72	30.73	29.87	30.00	32.68	33.53	33.93
Kennesaw	38.12	36.62	36.62	36.62	36.77	35.89	36.02	38.45	39.25	39.40
** Marietta	29.97	29.97	29.97	29.47	26.97	27.04	27.18	27.68	28.38	28.88
Powder Springs	38.37	38.37	36.87	36.87	37.02	36.14	36.27	38.70	39.50	39.65
Smyrna	36.79	36.87	37.07	37.07	37.47	36.82	37.20	40.13	40.83	41.08
Community Improvement District	34.87	34.87	34.87	34.87	35.02	34.14	34.27	36.70	37.50	37.65

^{*} Includes levy for Cobb County Board of Education and State of Georgia

⁽¹⁾ All millage rates presented above, except for Marietta, include a millage rate for the Cobb County Board of Education and State of Georgia as follows:

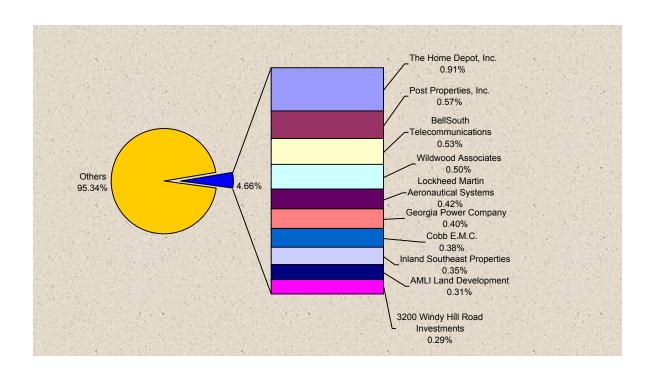
Cobb County Board	<u>2005</u>	<u>2004</u>	<u>2003</u>	2002	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
of Education	19.90	19.90	19.90	19.90	20.05	19.05	21.33	21.63	21.63	22.43
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25

^{**} Includes levy for Marietta Board of Education

COBB COUNTY, GEORGIA PRINCIPAL TAXPAYERS (UNAUDITED) 2005 TAX DIGEST

<u>Taxpayer</u>	Type of Business	Taxes Levied (1)	Percentage of Total Taxes Levied
The Home Depot, Inc.	Retail	\$5,486,039	0.91%
Post Properties, Inc.	Real Estate	3,475,860	0.57%
BellSouth Telecommunications	Utilities	3,186,562	0.53%
Wildwood Associates	Real Estate	3,032,732	0.50%
Lockheed Martin Aeronautical Systems	Aircraft Manufacturing	2,556,145	0.42%
Georgia Power Company	Utilities	2,400,274	0.40%
Cobb E.M.C.	Utilities	2,318,837	0.38%
Inland Southeast Properties	Real Estate	2,136,492	0.35%
AMLI Land Development	Real Estate	1,850,929	0.31%
3200 Windy Hill Road Investments	Real Estate	1,728,169	0.29%
All others		577,668,060	95.34%
Total		\$605,840,099	100.00%

(1) Total tax assessed for Cobb County and Cobb County Board of Education. Based on 2005 Real & Personal Property Digest and 2004 Public Utility Digest.



COBB COUNTY, GEORGIA COMPUTATION OF LEGAL DEBT MARGIN UNAUDITED SEPTEMBER 30, 2005

Gross assessed value	\$ 26,799,674,031
Debt limit - 10 percent of assessed value	2,679,967,403
Amount of debt applicable to debt limit: Total general obligation bonded debt	 44,895,000
Legal debt margin	\$ 2,635,072,403

COBB COUNTY, GEORGIA RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA (UNAUDITED) LAST TEN FISCAL YEARS

Fiscal Year	Population*	Assessed Value (in thousands)	Gross Bonded Debt (1)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	521,200	\$ 13,899,730	\$ 76,310,000	\$ 1,485,395	\$ 74,824,605	0.54%	\$ 143.56
1997	535,000	14,839,692	99,500,000	2,239,448	97,260,552	0.66%	181.80
1998	550,100	15,737,149	92,555,000	3,110,930	89,444,070	0.59%	162.60
1999	567,800	17,733,873	85,260,000	3,962,938	81,297,062	0.46%	143.18
2000	616,548	18,926,869	77,585,000	2,638,987	74,946,013	0.40%	121.56
2001	628,367	19,730,968	69,440,000	1,751,265	67,688,735	0.34%	107.72
2002	641,748	22,886,087	60,785,000	2,459,518	58,325,482	0.26%	90.89
2003	651,027	23,691,991	55,355,000	1,985,667	53,369,333	0.23%	81.98
2004	654,005	24,915,778	50,545,000	1,863,735	48,681,265	0.20%	74.44
2005	663,815	28,102,028	44,895,000	8,058,583	36,836,417	0.13%	55.49

^{*} Source - 1994-1999 based on Atlanta Regional Commission estimates; 2000-2004 based on U.S. Census; 2005 is estimated.

⁽¹⁾ Includes all long-term general obligation debt.

COBB COUNTY, GEORGIA RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES UNAUDITED LAST TEN FISCAL YEARS

Fiscal Year	_	Principal	 Interest	 Total Debt Service	Total eral Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1996	(1) \$	8,252,803	\$ 8,360,863	\$ 16,613,666	\$ 241,190,112	6.89%
1997	(1)	9,986,656	10,519,632	20,506,288	273,929,561	7.49%
1998	(1)	10,631,489	10,027,711	20,659,200	274,813,683	7.52%
1999	(1)	11,216,111	9,586,943	20,803,054	293,270,817	7.09%
2000	(1)	13,513,223	11,799,889	25,313,112	312,893,225	8.09%
2001	(1)	11,471,598	10,500,920	21,972,518	360,161,044	6.10%
2002	(1)	8,165,129	9,078,706	17,243,835	334,867,055	5.15%
2003	(1)	7,758,191	7,553,267	15,311,458	346,904,086	4.41%
2004	(1)	9,156,335	7,477,146	16,633,481	380,394,422	4.37%
2005	(1)	6,728,231	5,978,820	12,707,051	401,720,826	3.16%

⁽¹⁾ Includes General, Special Revenue, and Debt Service Funds and Discretely Presented Component Units.

COBB COUNTY, GEORGIA DIRECT GENERAL OBLIGATION OVERLAPPING GENERAL OBLIGATION AND CONTRACTUAL OBLIGATION DEBT (UNAUDITED) SEPTEMBER 30, 2005

			_
Direct General Obligation, Overlapping General Obligation, and Contractual Obligation Debt			
Tax Anticipation Notes		\$	83,500,000
Direct General Obligation			44,895,000
Direct Contractual Obligations			
Direct Contractual Obligations: Cobb County Solid Waste Disposal Bonds	\$ 19,285,000		
Cobb County Recreation Authority	4,480,000		
Downtown Marietta Development Authority	3,340,000		
Cobb-Marietta Coliseum and Exhibit Hall Authority	56,160,000		
Total Direct Contractual Obligations		\$	83,265,000
Total Direct Debt		\$	211,660,000
Overlapping General Obligation Debt:			
Cobb County School District	\$ 127,665,000		
Municipalities within Cobb County	79,705,000	_	
Total Overlapping General Obligation Debt		\$	207,370,000
Total Direct and Overlapping General Obligation Debt		\$	419,030,000
Overlapping Contractual Obligations:			
Acworth Downtown Development Authority	\$ 19,070,000		
Downtown Marietta Development Authority	30,299,323		
Downtown Smyrna Development Authority	21,880,000	_	
Total Overlapping Guaranteed Revenue Debt		\$	71,249,323
Total Direct, Overlapping General Obligation and Overlapping			
Contractual Obligation Debt		\$	490,279,323
•			
Cobb County Debt Per Capita*			
Tax Anticipation Notes		\$	125.79
Direct General Obligation Debt			67.63
Direct Contractual Obligations Overlapping General Obligation Debt			125.43 312.39
Overlapping General Obligation Debt Overlapping Contractual Obligations			107.33
Total Debt per Capita		\$	738.57
1 ° F **			

*Based on U.S. Census

2005 population estimate of 663,815

COBB COUNTY, GEORGIA REVENUE BOND COVERAGE (UNAUDITED) LAST TEN FISCAL YEARS

Water and Sewer Bonds:

Fiscal	Gross		Direct Operating		let Revenue vailable for		Debt S	ervice Re	quiren	nents	
Year	Revenues	Е	xpenses (1)	D	ebt Service	Principal	Inter	est		Total	Coverage
1996	\$ 120,804,599	\$	51,114,142	\$	69,690,457	\$ 9,830,000	8,	645,855	\$	18,475,855	3.77
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

Solid Waste Disposal Bonds:

Fiscal	Gross		Direct Operating		et Revenue vailable for		D	ebt Service Re	quiren	nents	
Year	Revenues	Е	xpenses (1)	Debt Service		Principal	Interest		Total		Coverage
1996	\$ 5,134,428	\$	4,703,909	\$	430,519	\$ 0	\$	1,640,578	\$	1,640,578	0.26
1997	6,354,157		4,352,390		2,001,767	0		1,640,578		1,640,578	1.22
1998	9,413,754		27,629,240		0	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		0	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		0	1,110,000		1,311,003		2,421,003	0.00
2004	12,620,017		9,044,479		3,575,538	0		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

Golf Course Bonds:

Fiscal		Gross		Direct Operating		Revenue ailable for				Debt Service R	equire	ments	
Year	Year Revenues		Expenses (1)		Debt Service		Principal		Interest		Total		Coverage
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

⁽¹⁾ Depreciation expense not included.

COBB COUNTY, GEORGIA DEMOGRAPHIC STATISTICS UNAUDITED

		School	Labor	Unemployme	nt Rate
	Population	Enroll.	Force	County	State
Year	(1)	(2)	(3)	(3)	(3)
1996	521,200	91,874	325,914	3.0%	4.6%
1997	535,000	94,297	338,941	3.2%	4.5%
1998	550,100	94,190	340,949	2.7%	4.2%
1999	567,800	101,300	354,677	2.6%	4.0%
2000	612,438	103,048	367,762	2.5%	3.7%
2001	626,788	104,774	366,575	3.0%	4.0%
2002	638,410	106,682	377,141	4.7%	5.1%
2003	646,200	108,990	386,372	4.2%	4.7%
2004	654,005	111,348	388,307	4.1%	4.6%
2005	663,815	112,696	380,036 *	4.7% *	5.5%

	Household	Per Capita Income (Current \$)								
	Income	County	State	Country						
Year	(4)	(4 & 5)	(5 & 6)	(5 & 6)						
1996	78,052	29,730	23,586	24,651						
1997	80,183	31,050	24,547	25,874						
1998	86,120	33,660	26,134	27,322						
1999	89,012	35,304	26,536	27,880						
2000	90,248	36,427	27,794	29,469						
2001	89,137	36,830	28,523	30,413						
2002	86,488	36,357	28,683	30,814						
2003	87,901	37,729	28,890	31,487						
2004	88,891	39,076	30,074	33,041						
2005	89,726	40,412	30,525 **	33,537 **						
Population Age	e Distribution (4):									
	0 - 19	20 - 44	45 - 64	65+						
	28.4%	39.7%	24.2%	7.7%						

SOURCE:

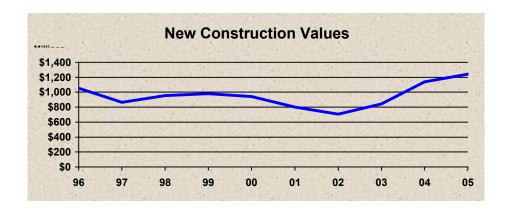
- (1) 1994-1999 Atlanta Regional Commission, 2000-2004 U.S. Census.
- (2) Cobb County and Marietta City Boards of Education
- (3) Georgia Department of Labor
- (4) Woods and Poole Economics, 2005 Data Pamphlet
- (5) Georgia Department of Revenue
- (6) US Dept of Commerce Bureau of Economic Analysis
- * Estimated as of September 2005.
- ** Estimated as of January 2006.

COBB COUNTY, GEORGIA PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS UNAUDITED LAST TEN FISCAL YEARS

	Single Family Residences			otal New nstruction			
Fiscal Year	Number of Units (1)		Value (1)	Total Number of Permits (1)	Value (1)	 Real Property Value (2)	 Bank Deposits (3)
1996	3,551	\$	508,804,299	6,723	\$ 1,051,278,078	\$ 23,411,285,261	\$ 4,458,978,000
1997	3,461		428,982,656	7,529	865,801,228	25,950,404,476	4,672,034,000
1998	4,242		522,191,462	8,695	955,671,648	29,695,417,500	5,058,860,000
1999	4,084		524,789,748	8,627	980,407,867	33,850,980,783	5,344,506,000
2000	3,505		476,284,752	8,606	939,825,604	36,400,630,295	5,743,446,000
2001	2,631		402,309,633	7,975	799,343,486	39,680,491,563	6,043,610,000
2002	2,392		372,699,455	8,058	706,131,687	47,342,898,793	6,527,602,000
2003	2,470		453,586,573	8,345	843,696,648	49,484,110,543	6,760,408,000
2004	2,684		632,354,567	9,703	1,140,005,238	52,615,028,010	7,424,716,000
2005	2,712		639,717,589	9,879	1,242,616,957	57,446,264,583	8,478,070,000

Source:

- (1) Cobb County Building Inspections Department(2) Cobb County Tax Commissioner
- (3) Georgia Department of Banking and Finance, as of June 30th



COBB COUNTY, GEORGIA MISCELLANEOUS STATISTICS (UNAUDITED) SEPTEMBER 30, 2005

Date Founded	1832	Form of Government E	Board of Commissioners
Website	www.co.cobb.ga.us		
Area	340.2 square miles	Population	663,815
Miles of Streets	2,434		
Miles of Sidewalks	1,030	E-911:	
		Number of calls	849,625
Fire Protection:		Police Protection:	
Number of stations	27	Number of precincts	5
Number of sworn firefighters	596	Number of sworn police officers	588
Fire/EMS dispatches (2005)	62,013	Police service calls (2005)	520,575
Education:		Recreation and Culture (County-owned facili	ties):
Elementary schools	72	Number of park properties	[′] 65
Middle schools	24	Total acreage of parks	5,001
High schools	15	Number of golf courses	2
Special schools	6	Number of tennis centers	6
Adult education schools	1	Number of cultural affairs centers	3
Schools of higher education:		Number of aquatic centers	4
Four year colleges	3	Number of Civic Center/Theater Complex	1
Vocational technical schools	2	Number of libraries:	17
Number of school students (K - 12)	112,696	Library materials	1,056,793
		Items checked out	3.7m
County Water System:		County sewer system:	
Daily average consumption - 1,000 gal units	61,705	Number of advanced treatment disposal p	
Water storage capacity - MG	3.8	Number of pumping stations	34
Water supply source	Cobb-Mtta Water Authority	Miles of sewers	2,595
Miles of water mains	3,119	Miles of sewers constructed in FY05	16
Miles of water mains constructed in FY05	38	Number of wastewater accounts	133,774
Number of water accounts	164,323	Sewer treatment capacity - MGD	120
Building Permits:			
Number of permits issued, FYE 9/30/05	9,879	Number of streetlights	105,940
Dollar value	\$1,242,616,957	•	
Employees:			
Full-Time at 9/30/05	4,306		
Part-Time at 9/30/05	1,035		

COBB COUNTY, GEORGIA WATER AND SEWERAGE SYSTEMS (UNAUDITED) SEPTEMBER 30, 2005

Water Purchases and Sales:

(thousands of gallons for 12 months ending September 30)

	 Purchases	 Sales	Unaccounted %
1996	\$ 18,944,575	\$ 16,818,567	11.22%
1997	\$ 19,213,781	\$ 16,676,739	13.20%
1998	\$ 20,689,624	\$ 17,996,311	13.02%
1999	\$ 22,507,083	\$ 20,194,451	10.28%
2000	\$ 23,326,746	\$ 21,037,504	9.81%
2001	\$ 22,200,275	\$ 19,483,759	12.24%
2002	\$ 23,662,134	\$ 21,786,436	7.93%
2003	\$ 21,589,669	\$ 18,157,036	15.90%
2004	\$ 22,817,176	\$ 20,006,490	12.32%
2005	\$ 22,522,196	\$ 19,742,381	12.34%

Ten Largest Sewerage (S)/Water and Sewerage (W&S) Customers: (twelve months ending September 30, 2005)

Customer		Consumption Gallons		Total Billing
			_	
City of Marietta	(S)*	3,490,931,000	\$	9,166,497
Fulton County	(S)*	2,780,857,000		4,904,288
City of Smyrna	(S)*	1,670,520,000		4,332,750
Cobb County Government	(W&S)	398,808,000		1,472,327
Cobb County School System	(W&S)	198,268,000		1,151,878
City of Powder Springs	(S)*	350,811,000		1,075,766
City of Austell	(S)	489,768,000		910,165
Kennesaw State University	(W&S)*	76,251,000		463,416
Cherokee County	(S)*	138,402,000		406,961
Six Flags Over Georgia	(W&S)	73,387,000		296,659
Total:			\$	24,180,707

^{*} Wholesale Sewerage Customer

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, 2005

	Original	Revised		Expenditures		Estimated Percentage
Project	Estimated Cost	Estimated Cost	Prior Years	Current Year	Total	of Completion
1990:						
Road Improvement Program	\$ 226,000,000	\$ 323,592,401	* \$ 323,080,213	\$ 512,188	\$ 323,592,401	100.00%
1994:						
Road Improvement Program	\$ 377,875,873	\$ 471,269,133	\$ 374,608,325	\$ 7,763,029	\$ 382,371,354	81.14%

^{*} As restated

Cobb County, Georgia Water and Sewer Enterprise Fund Comparative Statements of Revenues and Expenses For the Fiscal Years Ended September 30, 2005 and 2004

	_	2005		2004
Operating revenues:	6	56 406 500	Ф	55 700 221
Water sales Sewer sales	\$	56,406,582 77,585,831	\$	55,799,231 77,279,614
Water connection charges		4,454,448		4,307,715
Sewer connection charges		3,202,384		3,216,515
Other		1,521,977		1,356,576
Total operating revenues	\$	143,171,222	\$	141,959,651
Operating expenses:				
Administrative	\$	13,675,595	\$	15,650,280
Engineering		2,345,862		2,288,558
Water operations		34,061,788		31,464,240
Sewer operations		38,644,357		38,596,759
Total operating expenses	\$	88,727,602	\$	87,999,837
Operating income before depreciation	\$	54,443,620	\$	53,959,814
Less depreciation		(27,415,422)		(26,739,129)
Operating income	\$	27,028,198	\$	27,220,685
Nonoperating revenues (expenses):				
Intergovernmental	\$	6,222,428	\$	13,475,480
Interest income		3,615,447		2,296,189
Interest and fiscal charges		(7,055,206)		(6,376,591)
Increase in fair value of investments		-		(2,525)
Loss from sale of capital assets		-		(426,413)
Proceeds of sale of capital assets		158,450		1,438,650
Total nonoperating revenues (expenses)	\$	2,941,119	\$	10,404,790
Net income before transfers and capital contributions	\$	29,969,317	\$	37,625,475
Capital contributions	\$	25,105,914		29,153,535
Total capital contributions	\$	25,105,914	\$	29,153,535
Transfers:				
Transfers in	\$	21,449	\$	5,020,711
Transfers out		(16,721,981)		(19,614,179)
Total transfers	\$	(16,700,532)	\$	(14,593,468)
Net income	\$	38,374,699	\$	52,185,542

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



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&
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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, 2005, and have issued our report thereon dated March 3, 2006. 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.

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*.

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 FS05-1

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. We also noted other matters involving the internal control over financial reporting, which we have reported to management of Cobb County, Georgia in a separate letter dated March 3, 2006.

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

March 3, 2006

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 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, 2005. 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, 2005.

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 of Cubbidge, LLP

Moore & Cubbedge, LLP

March 3, 2006

Cobb County, Georgia Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Section I—Summary	of Auditor's Results				
Financial Statements					
Type of auditor's repo Internal control over f Material weakness Reportable condition not considered to b	inancial reporting: identified?	X		lified	no none reported
Noncompliance mater noted?	ial to financial statement	S	yes	_X_	no
<u>Federal</u> <u>Awards</u>					
Internal Control over a Material weakness Reportable condition not considered to be	identified?		yes	X X	no none reported
Type of auditor's repe for major programs	ort issued on compliance		unqual	ified	
Any audit findings di to be reported in ac Circular A-133, S			yes	_X_	no
Identification of major	r programs:				
CFDA Number 17.258 17.259 17.260	Name of Federal Pro Workforce Investme Workforce Investme Workforce Investme	nt Act – nt Act –	Youth	Program	er Program
97.004	State Domestic Prepare	aredness	Equip	ment Suppo	ort
14.218	Community Develop	oment Bl	ock Gr	ant/Entitle	ment
Dollar threshold used between Type A and	_	<u>\$ 797.</u>	<u>,899</u>		
Auditee qualified as lo	ow-risk auditee?	X	yes		no

Cobb County, Georgia Schedule of Findings and Questioned Costs Year Ended September 30, 2005

Section II- Financial Statement Findings

FS05-01 Reconciling the General Ledger to Supporting Documentation

Condition: Significant adjustments were required during the audit to reconcile the

general ledger to supporting documentation.

Effect: General ledger balances were incorrect.

Recommendation: Discrepancies between the general ledger and supporting documentation

should be investigated and resolved in a timely manner.

Management Response: Some significant adjustments were required during the audit to reconcile

the general ledger to supporting documentation. We use the audit period to finalize any year-end adjustments that are necessary and were not able to be addressed before the audit team began their research. For example, our depreciation must be adjusted each month between posting codes so that it can be posted as a budgetary expense on our internal financial statements and not shown simply as a reporting item for GASB34 purposes. The first entry was backed out correctly; however, the second

entry was not posted until the audit period. These issues have been noted and any future discrepancies will be investigated and resolved

before the audit team begins.

Section III - Federal Award Findings

None Reported

		• • • • • • • • • • • • • • • • • • • •	
	Federal	Pass-Through	
Federal Grantor/Pass-Through Grantor	CFDA	or Grant	
Program Title	Number	Number	Expenditures
U. S. Department of Defense			
Pass-through			
Ga. Office of Treasury and Fiscal Services	12.112		\$ 18,939
U. S. Department of Homeland Security			
Pass-through United Way of America:			
Emergency Food and Shelter Grant	97.024	LR0-005	2,500
Pass-through Georgia Emergency Management Agency:			
Cert Off. Domestic Preparedness Grant	97.004	2004-GE-T4-0012	27,899
CERT Classes	97.004	2004-GE-T4-0012	2,283
Terrorism Response Equipment	97.004	2004-GE-T4-0012	893,371
CERT Equipment	97.004	2004-GE-T4-0012	4,587
Medical Operations Vehicle	97.004	2003-TE-TX-0181	11,213
Homeland Security Exercises (3)	97.004	2003-MU-T3-0010	24,000
HAZMAT Tractor Trailer	97.004	2003-MU-T3-0010	188,811
Web-based Emergency MGT Software	97.004	2003-MU-T3-0010	309
800MHz Portable Repeater Jump Kits	97.004	2003-MU-T3-0010	62,792
ITAC - International Talk Around Channels	97.004	2004-GE-T4-0012	2,600,000
Fire HazMat Equipment	97.004	2004-GE-T4-0012	94,580
Hazard Mitigation - Warning Sirens (GEMA)	97.039		438
Emergency Management Performance Grant	97.042	2005-GE-T5-0052	1,846
Local Emergency Operations Plan (GEMA)	97.051		586
Pre-Hazard Mitigation Plan	97.047	PDMC-PL-04-GA-2003-01_	22,420
Total for U. S. Department of Homeland Security		-	3,937,635
U.S. Department of Health and Human Services Pass-through Georgia Department of Human Resources:			
Community Services Block Grant	93.569	427-93-05050831-99	373,869
Child Support Enforcement	93.563	427-93-05050698-99	415,767
	93.563	427-93-06060600-99	172,218

	Federal	Pass-Through	
Federal Grantor/Pass-Through Grantor	CFDA	or Grant	.
Program Title	Number	Number	Expenditures
Pass-through Atlanta Regional Commission:			
Social Services Block Grant Aging Cluster	93.667	AG0507 & AG0603	114,542
Special Programs for the Aging - Title III, Part B	93.044	AG0507 & AG0603	210,815
Special Programs for the Aging - Title III, Part C	93.045	AG0507 & AG0603	242,942
Nutrition Services Incentive Program	93.053	AG0507 & AG0603	26,986
National Family Caregiver Support Title III, Part E	93.052	AG0507 & AG0603	51,456
Total for U. S. Department of Health and Human	1,608,595		
U.S. Department of Housing and Urban Development Direct Grants:	<u>ment</u>		
Community Development Block Grant/ Entitlement	14.218		5,917,537
Super NOFA Supportive Housing Grant	14.235		108,831
Home Investment Partnership	14.239		3,337,062
Emergency Shelter Grants Program	14.231		2,500
Total for U. S. Department of Housing and Urban	9,365,930		
<u>U.S. Department of Justice</u> Office of Justice Programs:			
Community Oriented Policing Service	16.579		402,280
COPS Technology Initiative	Fed Earmark		313,356
Pass-through Georgia Council of Juvenile Court Judges:			
Purchases of Services 05	16.540	03B-ST-0001	10,000

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	53,157
Pass-through Georgia Children and Youth Coordinating Council:			
Enforcing Underage Drinking	16.542	03D-12-0005	41,912
Juvenile Court Service Enhancements 04	16.523	02B-IC-0008	2,332
Juvenile Court Service Enhancements 05	16.523	03B-IC-0007	185,749
Pass-through Metro Atlanta Project Pact:			
Local Law Enforcement Block			
Grant Program	16.592	2003-LB-BX-1560	132,077
, and the second	16.592	2004-LB-BX-0055	28,987
Total for U. S. Department of Justice			1,169,850
J.S. Department of Labor			
Pass through Georgia Department of Labor			
Workforce Investment Act (WIA)			
04 GoodWorks Program	17.255		649
WIA Cluster			0.0
Adult Program	17.258	11-04-11-03-004	180,799
Additiogram	17.258	10-04-11-03-004	14,809
	17.258	10-05-11-03-004	(636)
	17.258	11-05-11-03-004	125,239
Youth Program	17.259	15-03-11-03-004	32,716
rodin rogidin	17.259	20-04-SF03-134	6,105
	17.259	15-04-11-03-004	383,029
	17.259	15-05-11-03-004	352,142
	17.259	20-05-SF03-134	31,724
Dislocated Worker Program	17.260	31-02-11-03-004	44
2.000diod Frontoi i Togram	17.260	30-02-11-03-004	30
	17.260	30-02-11-03-004	4,267
	17.260	31-04-11-03-004	273,078
	17.260	30-04-11-03-004	26,643
	17.260	30-05-11-03-004	(2,031)
	17.260	31-05-11-03-004	616,274
Fotal for U. S. Department of Labor			2,044,881

	Federal	Pass-Through	
Federal Grantor/Pass-Through Grantor	CFDA	or Grant	- m
Program Title	Number	Number	Expenditures
U.S. Department of Transportation			
Direct Grants:			
Federal Aviation Administration			
Airport Improvement Program	20.106		1,687,341
Federal Transit Administration -			
Federal Transit Formula Grants	20.507		6,495,713
Pass-through Georgia Dept Motor Vehicle Safety	,		
Motor Carrier Safety Assistance	20.218	MC-05-13-1	35,791
·	20.218	MN-05-13-1	25,149
Pass-through Georgia Office Of Highway Safety:			
Safe America HW Safety	20.600	2004-033-402SA	40,823
DUI Task Force	20.600	2005-033-163AL	123,800
Total for U.S. Department of Transportation			8,408,617
votarior c.c. soparmon or manoportation			
U. S. Department of Treasury			
Social Security-Inmate Reporting Incentives			42,200
Total Federal Financial Awards			\$ 26,596,647

COBB COUNTY, GEORGIA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

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, 2005

NONE REPORTED