

In the opinion of Bond Counsel, under existing laws, regulations and judicial decisions, and assuming continued compliance by the DeKalb County Public Safety and Judicial Facilities Authority and DeKalb County, Georgia with certain covenants, interest on the Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum tax; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. See "LEGAL MATTERS – Opinion of Bond Counsel."

\$50,000,000

DEKALB COUNTY PUBLIC SAFETY AND JUDICIAL FACILITIES AUTHORITY
Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004

Dated: Date of Delivery**Due:** December 1, as shown below

The DeKalb County Public Safety and Judicial Facilities Authority Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004 (the "Bonds") are being issued by the DeKalb County Public Safety and Judicial Facilities Authority (the "Authority"), a public body corporate and politic of the State of Georgia. The Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made only in book-entry form through DTC participants in DTC in the principal amounts of \$5,000 or any integral multiple thereof. No physical delivery of the Bonds will be made to beneficial owners of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payment of the principal of the Bonds, interest thereon and any redemption premium applicable thereto will be made to Cede & Co. as nominee for DTC, which in turn will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System." The proceeds from the sale of the Bonds will be used for the purpose of (i) financing all or a portion of the costs of the acquisition, construction, developing and equipping of public safety and judicial facilities (the "Project"); and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCING."

The Bonds are limited obligations of the Authority. The Bonds are payable solely from payments to be made by DeKalb County, Georgia (the "County") pursuant to a Lease Agreement, dated the date of issuance of the Bonds (the "Agreement"), between the Authority and the County. The County's obligation to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal of and interest on the Bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the Bonds remain outstanding and unpaid. The County has agreed to make payments directly to the Sinking Fund Custodian. See "THE BONDS -- Security and Sources of Payment for the Bonds" and "GENERAL INFORMATION REGARDING THE COUNTY – Property Taxes."

Interest on the Bonds is payable semiannually on June 1 and December 1 (each such date, an "Interest Payment Date"), commencing June 1, 2005, by check or draft mailed by first class mail on the date due by SunTrust Bank, as Paying Agent, to the owners thereof as shown on the registration books maintained by SunTrust Bank, as Bond Registrar. The Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. The principal and premium (if any) on the Bonds are payable upon surrender thereof at the principal corporate trust office of the Paying Agent. See "THE BONDS -- Description."

The Bonds are subject to optional redemption prior to maturity as described herein. See "THE BONDS -- Redemption."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS**\$26,105,000 Serial Bonds**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
12/1/2005	\$ 900,000	3.000%	2.050%
12/1/2006	975,000	3.000	2.170
12/1/2007	1,000,000	3.000	2.300
12/1/2008	1,030,000	3.000	2.470
12/1/2009	1,065,000	3.000	2.730
12/1/2010	1,095,000	3.000	2.980
12/1/2011	1,125,000	3.100	3.170
12/1/2012	1,160,000	3.250	3.340
12/1/2013	1,200,000	3.375	3.480
12/1/2014	1,240,000	3.500	3.590
12/1/2015	1,285,000	3.625	3.720
12/1/2016	1,330,000	3.750	3.830
12/1/2017	1,380,000	3.800	3.930
12/1/2018	1,430,000	3.900	4.020
12/1/2019	1,490,000	4.000	4.090
12/1/2020	1,550,000	4.000	4.160
12/1/2021	1,610,000	4.125	4.240
12/1/2022	1,675,000	4.200	4.310
12/1/2023	1,745,000	4.250	4.350
12/1/2024	1,820,000	4.300	4.420

\$10,500,000 5.000% Term Bond due December 1, 2029 – Yield 4.590%*

\$13,395,000 5.000% Term Bond due December 1, 2034 – Yield 4.630%*

*These bonds are priced to the December 1, 2014 optional redemption date at a redemption price of 100 percent.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriters, subject to prior sale, to the withdrawal or modification of the offer without notice, and subject to the approving opinion of Powell Goldstein LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Authority by its counsel, Golden & Associates, P.C., Atlanta, Georgia, for the County by the County Attorney, Viviane Ernstes, Esq., and by King & Spalding LLP, Atlanta, Georgia, as Underwriters' Counsel. The Bonds are expected to be delivered through The Depository Trust Company, New York, New York on or about December 29, 2004.

Merrill Lynch & Co.**Loop Capital Markets, LLC****Jackson Securities**

DEKALB COUNTY PUBLIC SAFETY AND JUDICIAL FACILITIES AUTHORITY

BOARD MEMBERS

Angelo Fuster, Chairman
Timothy Jones, Vice Chairman
Michael J. Bell (Ex-Officio), Secretary
Richard A. Stogner (Ex-Officio), Treasurer
Dr. Mira Iheme
Sara Fountain
Tom Ulbricht

AUTHORITY COUNSEL

Golden & Associates, P.C.
Atlanta, Georgia

DEKALB COUNTY, GEORGIA

CHIEF EXECUTIVE OFFICER

Vernor Jones

BOARD OF COMMISSIONERS

Elaine C. Boyer
Gale A. Walldorff
Larry Johnson
Burrell Ellis, Presiding Officer
Henry C "Hank" Johnson, Jr.
Judy A. Yates
Connie Stokes

**EXECUTIVE ASSISTANT
TO THE
CHIEF EXECUTIVE OFFICER
AND
BOARD OF COMMISSIONERS**

Richard A. Stogner

DIRECTOR OF FINANCE

Michael J. Bell

COUNTY ATTORNEY

Viviane Ernstes, Esq.

UNDERWRITERS

Merrill Lynch, Pierce, Fenner & Smith Incorporated
New York, New York

Loop Capital Markets, LLC
Chicago, Illinois

Jackson Securities, LLC
Atlanta, Georgia

BOND COUNSEL

Powell Goldstein LLP
Atlanta, Georgia

UNDERWRITERS' COUNSEL

King & Spalding LLP
Atlanta, Georgia

AUDITOR

KPMG LLP
Atlanta, Georgia

FINANCIAL ADVISOR

Public Financial Management
Atlanta, Georgia

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the Authority, the County, public documents, records and other sources considered to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

NO REGISTRATION STATEMENT RELATING TO THE BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the Authority and the County and the terms of the offering, including the merits and risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the Authority has not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the DeKalb County Public Safety and Judicial Facilities Authority (the "Authority") of \$50,000,000 in aggregate principal amount of its Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004 (the "Bonds").

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement including the Appendices hereto.

The Authority and the County

The Authority is a public body corporate and politic of the State of Georgia. See "THE AUTHORITY." DeKalb County, Georgia (the "County") is a political subdivision of the State of Georgia. See "GENERAL INFORMATION REGARDING THE COUNTY."

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Authority. The Bonds are payable solely from payments to be made by the County pursuant to a Lease Agreement, dated the date of issuance of the Bonds (the "Agreement"), between the Authority and the County, attached hereto as Appendix D. The County's obligation to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal of and interest on the Bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the Bonds remain outstanding and unpaid. See "THE BONDS -- Security and Sources of Payment for the Bonds," and "GENERAL INFORMATION REGARDING THE COUNTY -- Property Taxes."

Purpose of the Bonds

The proceeds from the sale of the Bonds will be used for the purpose of paying the cost of (i) financing all or a portion of the acquisition, construction, development and equipping of public safety and judicial facilities (the "Project"); and (ii) paying the costs of issuance of the Bonds. See "PLAN OF FINANCING -- Project Description."

Description of the Bonds

Redemption. The Bonds are subject to optional redemption prior to their maturity as described herein. See "THE BONDS -- Redemption."

Denominations. The Bonds are issuable in denominations of \$5,000 and integral multiples thereof.

Registration, Transfers and Exchanges. The Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Bonds (the "Beneficial Owners") will not receive certificates representing their ownership interest in the Bonds. Instead, such Bonds will be held by a securities depository, initially The Depository Trust Company ("DTC") and registered in the name of DTC or its nominee, Cede & Co. Any transfer or exchange of the ownership interest in Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC's Direct and Indirect Participants in the manner described herein under "THE BONDS -- Book-Entry Only System." When not in book-entry form, ownership of any Bond may be transferred upon surrender of such Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not

in book-entry form, the Bonds are exchangeable for a like aggregate principal amount of Bonds of the same maturity in denominations of \$5,000 or integral multiples thereof, subject to the conditions hereinafter described. See "THE BONDS -- Registration Provisions; Transfer and Exchange."

Payments. Interest on the Bonds is payable on June 1 and December 1 of each year (each such date, an "Interest Payment Date"), commencing June 1, 2005. Payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants hereinafter defined) and thereafter to Beneficial Owners of the Bonds. When not in book-entry form, interest on the Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Bond Registrar on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Bonds is payable upon surrender thereof at the corporate trust office of the Paying Agent. See "THE BONDS -- Description."

For a more complete description of the Bonds, see "THE BONDS."

Tax Exemption

In the opinion of Bond Counsel, under existing laws, regulations and judicial decisions, and assuming continued compliance by the Authority and the County with certain covenants, interest on the Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum tax; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. See Appendix C hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For more complete discussion of such opinion and certain other tax consequences of owning the Bonds, including certain exceptions to the exclusion of the interest on the Bonds from gross income, see "LEGAL MATTERS -- Opinion of Bond Counsel."

Bond Registrar, Paying Agent and Custodians

SunTrust Bank, Atlanta, Georgia, will act as Bond Registrar and as Paying Agent for the Bonds, and as custodian for the Sinking Fund and the Project Fund.

Professionals Involved in the Offering

Certain legal matters pertaining to the Authority and its authorization and issuance of the Bonds are subject to the approving opinion of Powell Goldstein LLP, Atlanta, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix C. Certain legal matters will be passed on for the Authority by its counsel, Golden & Associates, P.C., Atlanta, Georgia, and for the County by the County Attorney, Viviane Ernstes, Esq. Certain matters will be passed on by King & Spalding LLP, Atlanta, Georgia, as Underwriters' Counsel. The financial statements of the County attached hereto as Appendix A have been audited by KPMG LLP, independent accountants, to the extent and for the period indicated in their report thereon which appears in Appendix A hereto.

Authority for Issuance

The Bonds are being issued in accordance with and pursuant to the Constitution of the State of Georgia and laws of the State of Georgia, including the War on Terrorism Local Assistance Act (O.C.G.A. Section 36-75-1 et seq.), as amended (the "Act"), the Revenue Bond Law (O.C.G.A. Section 36-82-60 et seq.), as amended (the "Revenue Bond Law"), the Resource Recovery Development Authorities Law (O.C.G.A. Section 36-63-1 et seq.), as amended (the "Resource Recovery Development Authorities Law"), and pursuant to a resolution of the Authority authorizing the issuance of the Bonds adopted on November 22, 2004 (the "Bond Resolution"). See "THE BONDS -- Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriters, subject to prior sale, to the withdrawal or modification of the offer without notice, and subject to the approving opinion of Powell Goldstein LLP, Bond Counsel. The Bonds in definitive form are expected to be delivered through The Depository Trust Company, New York, New York, on or about December 29, 2004.

Continuing Disclosure

The County has covenanted for the benefit of the owners of the Bonds in Article 14 of the Agreement attached hereto as Exhibit D (the "Disclosure Provisions") to provide (a) certain financial information and operating data relating to the County (the "Operating and Financial Data") annually to each nationally recognized municipal securities repository ("NRMSIR") and the state information depository (the "SID"), if any and (b) notices of the occurrence of certain events, if deemed by the County to be material (the "Material Events Notices"), to each NRMSIR or the Municipal Securities Rulemaking Board and to the SID, if any. The covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). As of the date of this Official Statement, there is no SID in the State of Georgia. The County has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide financial information and operating data and notices of material events.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the County, the Bonds, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution and other documents and information are available, upon request and upon payment to the Authority of a charge for copying, mailing and handling, from DeKalb County Public Safety and Judicial Facilities Authority, 1300 Commerce Drive, Decatur, Georgia, 30030 Attention: Michael J. Bell, telephone: (404) 371-2741. During the period of the offering of the Bonds, copies of such documents are available upon request and upon payment of a charge for copying, mailing, and handling from Merrill Lynch, Pierce, Fenner & Smith Incorporated, 4 World Financial Center, FL9, New York, New York 10080.

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PLAN OF FINANCING

Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Bonds are estimated below.

Estimated Sources of Funds:

Par Amount of Bonds	\$50,000,000.00
Plus Net Original Issue Premium	<u>578,557.70</u>

Total Sources of Funds \$50,578,557.70

Estimated Application of Funds:

Project Costs	\$50,095,557.70
Cost of Issuance ⁽¹⁾	<u>483,000.00</u>

Total Application of Funds \$50,578,557.70

⁽¹⁾ Includes Underwriters' discount, legal and accounting fees, initial Bond Registrar and Paying Agent fees, printing and engraving costs, validation court costs, and other costs of issuance.

Project Description

The Authority and the County intend to use the amounts deposited in the Project Fund for the purpose of funding the cost of various public safety and judicial facility projects in the County (collectively, the "Project"). The components of the Project include (a) the acquisition, construction, improvement, modification, equipping and placement into operation of (i) a police and fire headquarters building, (ii) a public safety equipment maintenance facility, (iii) a police and fire centralized warehouse and (iv) several fire stations and police precinct stations to respond to future growth and the number of current responses and (b) the improvement and modification of the DeKalb County Superior Courthouse.

THE BONDS

Description

The Bonds will be dated the date of issuance and delivery. Interest on the Bonds is payable on June 1 and December 1 of each year (each such date, an "Interest Payment Date"), commencing June 1, 2005. The Bonds will bear interest from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is after a record date and prior to the corresponding Interest Payment Date, in which case from such corresponding Interest Payment Date or unless their date of authentication is prior to June 1, 2005 in which case from their dated date) at the rates per annum set forth on the cover of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). Payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC's Direct Participants and thereafter to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System." Interest on the Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Bond Registrar on the 15th day of the calendar month next preceding the Interest Payment Date. Interest on the Bonds is payable to any registered owner of more than \$1,000,000 in aggregate principal amount of Bonds by wire transfer to such registered owner if written wire transfer instructions are given to the Paying Agent prior to the 15th day of the calendar month preceding the Interest Payment Date. When not in book-entry form, principal on the Bonds is payable upon surrender thereof at the corporate trust office of the Paying Agent.

Security and Sources of Payment for the Bonds

General. The Bonds are limited obligations of the Authority. The Bonds are payable solely from payments to be made by the County pursuant to the Agreement. The County's obligation to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal of and interest on the Bonds is absolute and unconditional, is secured by a pledge of the County's full faith and credit and taxing powers and will not expire so long as any of the Bonds remain outstanding and unpaid. The County has agreed to make payments directly to the Sinking Fund Custodian. A form of the Agreement is attached as Appendix D hereto.

The Bonds will not constitute a general obligation of the State of Georgia, the County or any political subdivision of the State of Georgia within the meaning of any constitutional or statutory limitation upon indebtedness. Except as provided in the Agreement, neither the State of Georgia, the County nor any political subdivision of the State of Georgia shall be subject to any pecuniary liability thereon. No owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the State of Georgia, the County or any political subdivision of the State of Georgia to pay the same or the interest thereon. The Authority has no taxing power. The Bonds will not be secured by a lien on any real or personal property of the Authority or the County.

Enforceability of Remedies. The realization of value from the pledge of the taxing power of the County upon any default will depend upon the exercise of various remedies specified by the Bond Resolution and the Agreement. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Redemption

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2029 and bearing interest at 5.000% are subject to mandatory redemption, in part, by lot, on December 1, 2025 and on each December 1 thereafter, in the principal amounts set forth below, at a redemption price equal to the principal amount of the bonds to be redeemed, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2025	\$1,900,000
2026	1,995,000
2027	2,095,000
2028	2,200,000
2029	2,310,000

The Bonds maturing on December 1, 2034 and bearing interest at 5.000% are subject to mandatory redemption, in part, by lot, on December 1, 2030 and on each December 1 thereafter, in the principal amounts set forth below, at a redemption price equal to the principal amount of the bonds to be redeemed, plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>
2030	\$2,425,000
2031	2,545,000
2032	2,675,000
2033	2,805,000
2034	2,945,000

The amounts accumulated for each sinking fund installment may be applied by the Trustee prior to the 45th day preceding the due date of such sinking fund installment to the purchase of Bonds in the open market at a price not exceeding the principal amount thereof plus accrued interest to the date of purchase, and such Bonds may be cancelled in lieu of such sinking fund installment. To the extent that the principal amount of the Bonds so purchased and cancelled exceeds the sinking fund installment due on the next succeeding December 1, future

sinking fund installments set forth above may be redeemed by the amount of such excess in the years and amounts designated by the Authority. Bonds which are redeemed at the option of the Authority as described within this section under “Redemption—Optional Redemption” may be applied at the option of the Authority to satisfy the mandatory sinking fund requirements described above.

Optional Redemption. The Bonds maturing on or after December 1, 2015 are subject to optional redemption, in whole or in part at any time on or after December 1, 2014. Any such redemption will be made at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to the redemption date. Notice of the call for any such redemption identifying the Bonds to be redeemed shall be given by mailing a copy of the redemption notice by first class mail at least 30 days but no more than 60 days prior to the redemption date to the registered owner of each Bond to be redeemed at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of the Bonds.

In case a Bond is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any integral multiple thereof) may be redeemed, but Bonds are redeemable in part only in the principal amount of \$5,000 or any integral multiple thereof. Upon surrender of any Bond for redemption in part only, the Authority shall execute and the Authenticating Agent shall authenticate and deliver to the holder thereof a new Bond or Bonds of the same series and same maturity, of authorized denominations, in the aggregate principal amount equal to the unredeemed portion of the Bond surrendered. In the event less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be redeemed in the inverse order of their maturity, and within a maturity by lot in such manner as shall be determined by the Paying Agent to be fair and equitable. Bonds may only be redeemed in principal amounts which are integral multiples of \$5,000.

The Bonds designated for redemption as described above shall be payable as specified above and interest will cease to accrue on the principal amount of such Bonds from and after the date of redemption unless there is a default in the payment of such Bonds.

Registration Provisions; Transfer and Exchange

The Bonds will be issued only as fully registered bonds without coupons in denominations of \$5,000 and integral multiples thereof. The Authority, the Bond Registrar and the Paying Agent may deem and treat the registered owner as the absolute owner of such Bond for purposes of receiving payment of or on account of principal and interest payable thereon, and for all other purposes; the Authority, the Bond Registrar and the Paying Agent will not be affected by any notice to the contrary.

When in book-entry form, the purchasers of the Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Bonds. Instead, such Bonds will be held by a securities depository, initially The Depository Trust Company (“DTC”) and registered in the name of DTC or its nominee, Cede & Co. Any transfer or exchange of the ownership interest in Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants in the manner described herein under “THE BONDS – Book-Entry Only System.”

When not in book-entry form, ownership of any Bond is transferable upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Bond or Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Bonds surrendered for such transfer. When not in book-entry form, the Bonds may be exchanged for a like principal amount of Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Bonds.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world's largest depository, is a limited-purpose trust company organized under the New York Banking Laws, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the

alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified by a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer to Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agent or Issuer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that no substitute securities depository is obtained, certificates will be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE ISSUER AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE ISSUER, THE TRUSTEE, NOR THE REMARKETING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (ii) THE PAYMENT BY DTC OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF, INTEREST ON, ANY BONDS; (iii) THE DELIVERY OF ANY NOTICE BY DTC OR ANY PARTICIPANT; (iv) THE SELECTION OF THE PARTICIPANTS OR THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY CONSENT GIVEN OR ANY OTHER ACTION TAKEN BY DTC OR ANY PARTICIPANT.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, reference herein to the registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

Authority for Issuance

The Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia, including the Act, the Revenue Bond Law, the Resource Recovery Development Authorities Law and pursuant to the Bond Resolution. A summary of the Bond Resolution is set forth in Appendix E.

Principal and Interest Requirements

The following are the principal and interest payment requirements with respect to the Bonds.

<u>Calendar Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service Requirement</u>
2005	\$900,000.00	\$1,981,510.88	\$2,881,510.88
2006	975,000.00	2,121,626.26	3,096,626.26
2007	1,000,000.00	2,092,376.26	3,092,376.26
2008	1,030,000.00	2,062,376.26	3,092,376.26
2009	1,065,000.00	2,031,476.26	3,096,476.26
2010	1,095,000.00	1,999,526.26	3,094,526.26
2011	1,125,000.00	1,966,676.26	3,091,676.26
2012	1,160,000.00	1,931,801.26	3,091,801.26
2013	1,200,000.00	1,894,101.26	3,094,101.26
2014	1,240,000.00	1,853,601.26	3,093,601.26
2015	1,285,000.00	1,810,201.26	3,095,201.26
2016	1,330,000.00	1,763,620.00	3,093,620.00
2017	1,380,000.00	1,713,745.00	3,093,745.00
2018	1,430,000.00	1,661,305.00	3,091,305.00
2019	1,490,000.00	1,605,535.00	3,095,535.00
2020	1,550,000.00	1,545,935.00	3,095,935.00
2021	1,610,000.00	1,483,935.00	3,093,935.00
2022	1,675,000.00	1,417,522.50	3,092,522.50
2023	1,745,000.00	1,347,172.50	3,092,172.50
2024	1,820,000.00	1,273,010.00	3,093,010.00
2025	1,900,000.00	1,194,750.00	3,094,750.00
2026	1,995,000.00	1,099,750.00	3,094,750.00
2027	2,095,000.00	1,000,000.00	3,095,000.00
2028	2,200,000.00	895,250.00	3,095,250.00
2029	2,310,000.00	785,250.00	3,095,250.00
2030	2,425,000.00	669,750.00	3,094,750.00
2031	2,545,000.00	548,500.00	3,093,500.00
2032	2,675,000.00	421,250.00	3,096,250.00
2033	2,805,000.00	287,500.00	3,092,500.00
2034	<u>2,945,000.00</u>	<u>147,250.00</u>	<u>3,092,250.00</u>
Total	\$50,000,000.00	\$42,606,303.48	\$92,606,303.48

THE AUTHORITY

The Authority is a public body corporate and politic organized and existing under the laws of the State of Georgia, including the Act and an activating resolution of the Board of Commissioners of DeKalb County, Georgia duly adopted on July 8, 2003 and approved by the Chief Executive Officer of the County on July 11, 2003.

The Authority is governed by a seven-member Board of Directors. The current members of the Authority, their principal occupation and the dates on which their present terms expire are as set forth below:

<u>Name and Office Held</u>	<u>Principal Occupation/Business</u>	<u>Expiration of Term</u>
Dr. Mira Iheme	Psychotherapist	January 27, 2008
Timothy Jones, Vice Chairman	Retired Public Sector Executive	January 27, 2008
Sara Fountain	Executive Director of Leadership DeKalb	March 9, 2008
Tom Ulbricht	Deputy Court Administrator	May 11, 2008
Angelo Fuster, Chairman	Communications Consultant	June 8, 2008
Richard Stogner (Ex-Officio), Treasurer	Executive Assistant to the Chief Executive Officer of the County	N/A
Michael J. Bell (Ex-Officio), Secretary	Director of Finance for the County	N/A

GENERAL INFORMATION REGARDING THE COUNTY

General

DeKalb County, Georgia is situated immediately east of the City of Atlanta and embraces within its borders a small portion of the corporate limits of the City of Atlanta. The County ranks second in population among counties in Georgia (2002 population of 676,996), and in the 20-county Atlanta Metropolitan Statistical Area ("MSA"). The County occupies an area of 268 square miles, bordered by Fulton County on the west, Gwinnett County on the north, and Clayton, Henry, and Rockdale Counties on the south. The County consists of nine cities, which include the City of Decatur, seven smaller municipalities, and a small portion of the City of Atlanta.

Governance

DeKalb County Government is administered by a seven-member Board of Commissioners and a full-time Chief Executive Officer. The Chief Executive Officer is elected countywide, and the seven commissioners are elected by district. All commissioners and the Chief Executive Officer serve four-year staggered terms. The Board of Commissioners elects one of its members each year to serve as the presiding officer. The Board of Commissioners has several primary responsibilities: to adopt an annual budget and to levy a tax rate and service charge structure sufficient to balance the budget; to rule on requests to rezone property; and to adopt and amend the County Code.

The Chief Executive Officer and the members of the Board of Commissioners and the dates that their terms of office expire are as follows:

<u>Name</u>	<u>Date Term Expires</u>
Vernon Jones (Chief Executive Officer)	December 31, 2004
Elaine Boyer(District 1).....	December 31, 2004
Gale Walldorff.....(District 2).....	December 31, 2006
Larry Johnson.....(District 3).....	December 31, 2006
Burrell Ellis, (Presiding Officer)(District 4).....	December 31, 2004
Henry "Hank" Johnson, Jr.(District 5).....	December 31, 2004
Judy Yates(District 6).....	December 31, 2004
Connie Stokes(District 7).....	December 31, 2006

County Services

The County provides, to virtually all areas of the County, the following services: police, fire, and emergency medical service protection, sewage collection and treatment, water supply and distribution, refuse collection and disposal, recreational facilities, library services, public health services, court services, road construction and maintenance, building inspection, animal control service, and planning and land use services. In addition, the County owns and operates the DeKalb-Peachtree Airport, a 600-acre general aviation facility. The County employs approximately 7,017 persons. The school system for the County, outside certain incorporated areas, is operated by the DeKalb County Board of Education. Through contractual arrangements, the County provides support to the Fulton-DeKalb Hospital Authority.

Annual Budget

An annual operating budget is formally adopted each fiscal year for each fund of the County. The levels of control (the level on which expenditures may not legally exceed appropriations) for each adopted annual operating budget is at the department level. Any necessary adjustments to budgets are made annually at mid-year by the Board of Commissioners. Supplemental appropriations, if necessary, are normally made out of the County's General Fund Contingency Account by the Board of Commissioners to fund unforeseen expenditures in the County government funds.

The annual budget cycle begins in September of the preceding year when budget preparation materials are distributed to each department. The County Code requires that the Chief Executive Officer of the County submit a proposed budget to the Board of Commissioners by December 15. The Board advertises and conducts public hearings on the proposed budget in adherence to local ordinances and Georgia law, and adopts a final budget prior to March 1.

The Board of Commissioners adopted the 2004 Budget on January 27, 2004. The 2004 Budget for the Tax Funds (General, Special Tax, Hospital, Fire, and Debt Service Funds) and Street Light Fund totals \$502,736,426, an increase of \$11,817,884 over the 2003 Adopted Budget. Revenues to support the 2004 Budget are derived primarily from Real, Personal, Public Utility, Motor Vehicle, and Sales Taxes.

Basis of Accounting

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units. Reference is made to Note A of the County's Financial Statements included as Appendix A for a summary of these policies.

Section 10 of Ga. Laws 1981, p. 4317 requires an annual audit of County financial records by a certified public accounting firm selected by the Board of Commissioners.

Governmental Funds - Tax-Supported Funds

The County maintains a General Fund and five designated tax funds. The five designated tax funds have distinct millage levies and are designed to fund general government operations; fire district operations; contractual funding arrangements with the Fulton-DeKalb Hospital Authority; operations of the County's Police, Roads and Drainage, and Parks and Recreation departments; various activities which collect revenues which are restricted for use in the unincorporated areas of the County; and general obligation bond debt service. The overall 2004 property tax rate for the five funds is 1/10th of a mill less than the 2003 rate. The tax supported governmental funds and the Street Light Fund were in sound financial condition at December 31, 2003, recording cash balances aggregating \$40,685,000.

Sales Tax

On March 18, 1997, the voters approved a referendum to levy a 1% Homestead Option Sales Tax in the County. The tax became effective on July 1, 1997. During the initial appropriation period (July 1, 1997-December 31, 1998), the proceeds of the tax, by resolution of the Board of Commissioners, were appropriated for Capital Outlay Projects and were not available for otherwise tax supported and street light operations of the County. Sales tax receipts during that period totaled \$108,966,189.

Beginning January 1, 1999, the proceeds of the tax were utilized for property tax relief as well as for capital improvements. Sales tax proceeds were used to increase the exemptions on homestead properties. Homestead exemptions do not apply to the tax levied for debt service. Sales taxes collected during 2003 that were utilized for additional homestead exemptions and capital improvements totaled \$81,684,425.

Retirement Plan

The County provides pension benefits for substantially all of its full-time and permanent part-time employees through a single employer defined benefit plan (the "Plan"). The DeKalb County Pension Board administers the Plan. The funding methods and determination of benefits payable are provided in or authorized by various acts of the Georgia General Assembly and by County Ordinances. The Plan provides, in general, that funds for retirement benefits are to be accumulated from employee contributions, County contributions, and income from investment of accumulated funds. Should the accumulated funds be insufficient to meet and pay the benefits when due, the County is required to satisfy any deficiency. On an actuarial basis, the value of Plan assets has exceeded the Plan's accrued liability for the last ten years.

Property Taxes

Property tax details are as follows: lien date - December 31 of each year; levy date - Second Tuesday in June; bills issued by July 1; tax bill due dates - August 15 and November 15; and collection dates anytime during the year.

Recent and Future Financings

The County has no current plans to issue any future general obligation bonds. The DeKalb County Building Authority (Georgia), (the "Authority") issued \$15,000,000 in aggregate principal amount of Revenue Bonds (Juvenile Justice Center Facilities Project), Series 2003A on June 17, 2003. These bonds are secured by a lease agreement between the Authority and the County wherein the County's obligation to make the rental payments pursuant to the lease is absolute and unconditional and a general obligation of the County. On July 22, 2003, the County issued \$53,295,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2003A for the purpose of refunding, for savings, certain of the County's outstanding general obligation bonds. On October 14, 2003, \$25,000,000 in aggregate principal amount of Certificates of Participation were executed and delivered for the purpose of refunding all outstanding certificates of participation and funding other infrastructure needs of the County. These Certificates of Participation represent undivided ownership interests in certain rentals to be paid by the County pursuant to an annually-renewable lease agreement between Association County Commissioners of Georgia, as lessor, and the County, as lessee. On December 18, 2003, the County

issued \$74,620,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2003B for the purpose of refunding, for savings, certain of the County's outstanding general obligation bonds.

Additional Statistical Information

Further statistical information regarding the County is set forth in this Official Statement in Appendix B hereto.

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Population Data
Ten County Atlanta Region and the City of Atlanta

	1980 <u>Census</u>	1990 <u>Census</u>	2000 <u>Census</u>	Average Annual Change 80 – 90	Average Annual Change 90 – 00
Atlanta Region	1,896,182	2,557,800	3,429,379	61,162	87,158
Cherokee	51,699	90,204	141,903	3,851	5,170
Clayton	150,357	182,052	236,517	3,170	5,447
Cobb	297,718	447,745	607,751	15,003	16,001
DeKalb	483,024	545,837	665,865	6,281	12,003
Unincorporated (1)	--	462,322	578,736	--	11,641
Douglas	54,573	71,120	92,174	1,655	2,105
Fayette	29,043	62,415	91,263	3,337	2,885
Fulton	589,904	648,951	816,006	5,905	16,706
Gwinnett	166,808	352,910	588,448	18,610	23,554
Henry	36,309	58,741	119,341	2,243	6,060
Rockdale	36,747	54,091	70,111	1,734	1,602
City of Atlanta	424,922	394,017	416,474	(3,091)	2,246
In DeKalb	37,183	33,539	29,775	(364)	(376)
In Fulton	387,739	360,478	386,645	(2,726)	2,617

Source: Population figures are taken from official publications of the U.S. Department of Commerce, Bureau of the Census.

(1) Statistics for unincorporated DeKalb County for 1980 are unavailable.

Investment of Bond Proceeds and Other Moneys

Investment of Bond Proceeds. The proceeds of the sale of the Bonds will be invested pending their disbursement. Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Bonds may be invested and reinvested in the following investments, and no others:

(i) bonds or obligations of the State of Georgia, or of any county, municipality, or political subdivision of the State of Georgia;

(ii) bonds or other obligations of the United States or subsidiary corporations of the United States government which are fully guaranteed by such government;

(iii) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank and the Central Bank for Cooperatives,

(iv) bonds or other obligations issued by any public housing agency or municipality in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(v) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Federal Savings and Loan Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation (including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds); provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the Georgia Credit Union Deposit Insurance

Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia, or of any county, municipality corporation in the State of Georgia, or obligations included in subsections (b), (c), or (d) above;

(vi) repurchase agreements relating to obligations included in subsection (b) above to the extent authorized by O.C.G.A. § 50-17-2; and

(vii) any other investments to the extent at the time permitted by then applicable law for the investment of public funds.

LEGAL MATTERS

Pending Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with the County Attorney, Viviane Ernstes, Esq., believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have material adverse effect upon the financial position or results of operations of the County.

There is no litigation now pending or, to the knowledge of the Authority or the County, threatened against the Authority or the County which restrains or enjoins the issuance or delivery of the Bonds, the execution, delivery or performance of the Agreement, or the use of the proceeds of the Bonds or which questions or contests the validity of the Bonds, the Agreement or the proceedings and authority under which they are to be issued, executed and delivered. Neither the creation, organization, or existence of the Authority or the County, nor the title of the present members or other officials of the Authority or the County to their respective offices, is being contested or questioned.

Opinion of Bond Counsel

Legal matters incident to the authorization, validity, and issuance of the Bonds are subject to the unqualified approving opinion of Powell Goldstein LLP, Bond Counsel. The form of the opinion of Bond Counsel is attached to this Official Statement as Appendix C. Copies of such opinion will be available at the time of the initial delivery of the Bonds.

Federal Tax Matters. In the opinion of Powell Goldstein LLP, Atlanta, Georgia, Bond Counsel, under existing statutes, rulings and court decisions and under applicable regulations, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. No opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Bonds.

Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers, including without limitation, corporations subject to the environmental tax, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering its opinion that the interest on the Bonds is not included in gross income for federal income tax purposes, Bond Counsel will (i) rely as to questions of fact material to its opinion upon certificates and certified proceedings of public officials, including officials of the Authority and the County, and representations of the Authority and the County (including representations as to the use and investment of the proceeds of the Bonds), without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the Authority and the County with their covenants relating to the use of the proceeds of the Bonds and compliance with the requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order for the interest on the Bonds to be and continue to be excluded from gross income for federal income tax purposes. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

State Tax Matters. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Bonds should consult their tax advisors as to the taxable status of the Bonds in a particular state or local jurisdiction other than Georgia.

Validation Proceedings

The Authority will cause proceedings to be instituted in the Superior Court of DeKalb County, Georgia to validate the Bonds. The State of Georgia will be the plaintiff in the proceeding, and the Authority and the County will be the defendants. A final judgment confirming and validating the Bonds is a condition to the issuance and purchase thereof.

Closing Certificates

The Authority and the County will deliver to the Underwriters a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Bonds or the execution, delivery and performance of the Agreement or on the financial condition of the County. In addition, the Authority and the County will represent to the Underwriters in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

MISCELLANEOUS

Ratings

Moody's Investors Service ("Moody's") and Standard and Poor's ("S&P") have assigned the Bonds ratings of Aaa and AA+, respectively. Each rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. There is no assurance that such ratings will remain unchanged for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the liquidity and market price of the Bonds. Neither the Authority nor the County has undertaken any responsibility to oppose any such revision, suspension or withdrawal.

Underwriting

Merrill Lynch, Pierce, Fenner & Smith Incorporated, Loop Capital Markets, LLC and Jackson Securities, LLC (collectively, the "Underwriters") have agreed to purchase the Bonds pursuant to a Bond Purchase Agreement entered into among the Authority, the County and the Underwriters. The price and other terms regarding underwriting of the Bonds were established through negotiation. The Underwriters have agreed to purchase the Bonds at a purchase price of \$50,341,057.70 (par, plus net original issue premium of \$578,557.70, less

Underwriters' discount of \$237,500.00). The Bond Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriters intend to offer the Bonds initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with other dealers and underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers at prices lower than the public offering.

Independent Auditors

The basic financial statements of the County attached hereto as Appendix A have been audited by KPMG LLP, independent accountants, to the extent and for the period indicated in their report thereon, which appears in Appendix A.

Additional Information

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

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CERTIFICATION

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters, have been duly authorized and approved by the Authority and the County.

DEKALB COUNTY PUBLIC SAFETY AND JUDICIAL
FACILITIES AUTHORITY

By: /s/ Angelo Fuster
Chairman

DEKALB COUNTY, GEORGIA

By: /s/ Vernon Jones
Chief Executive Officer,
DeKalb County, Georgia

APPENDIX A

FINANCIAL STATEMENTS OF THE COUNTY

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303 Peachtree Street, N.E.
Suite 2000
Atlanta, GA 30308

Independent Auditors' Report

Chief Executive Officer and Honorable Members
of the Board of Commissioners
DeKalb County, Georgia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Georgia (the "County") as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the DeKalb County Board of Health, which represent 83% and 71%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the DeKalb County Board of Health, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of DeKalb County, Georgia, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Special Tax District – Designated Services Fund, and the Special Tax District – Unincorporated 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 12, 2004 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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, the schedule of funding progress, and the schedule of employer contributions on pages 9 through 18 and page 51, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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 the County's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

March 12, 2004

Management's Discussion and Analysis

As management of DeKalb County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2003.

Financial Highlights

The assets of the County exceeded its liabilities at the close of the fiscal year by \$1,592,371,000 (*net assets*). Of this amount, \$133,309,000 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net assets increased by \$86,846,000 during 2003. \$34,547,000 of the increase was due to business-type activities with the governmental funds experiencing an increase of \$52,299,000.

As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$228,290,000, a decrease of \$15,542,000 in comparison with the previous year.

At the close of the fiscal year, unreserved fund balance for the General Fund was \$16,709,000, or 7.9% of total general fund expenditures.

The County's total debt increased by \$72,220,000 (10%) during the current fiscal year. The County refinanced several bond issues and combined that with financing of new capital projects primarily in water & sewer.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, civil and criminal court system, planning, public works, community development, parks and recreation, health and welfare, and other miscellaneous activities. The business-type activities of the County include water and sewerage, sanitation, and DeKalb-Peachtree Airport, and the initial activity of the newly created Stormwater Utility Fund, which will begin significant operations in 2004.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Board of Health and the Public Library Board for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19 - 20 of this report.

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

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

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

The County maintains thirty-eight individual governmental funds. 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, the special tax district designated services fund, the special tax district unincorporated fund, and the 2001 parks bond fund, which are considered to be major funds. Data from the other thirty-four funds are combined into a single aggregated presentation.

The basic governmental fund financial statements can be found on pages 21 - 27 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses *enterprise funds* to account for its water and sewerage system fund, sanitation fund, DeKalb Peachtree Airport fund, and Stormwater Utility fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its vehicle maintenance fund, vehicle replacement fund, and risk management fund. Because the risk management fund predominantly benefits governmental activities rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Because the vehicle maintenance fund and vehicle replacement fund predominantly benefit business-type functions rather than governmental, they have been included within business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage system fund, the sanitation fund, the DeKalb Peachtree Airport fund, and Stormwater Utility fund, all of which are considered to be major funds of the County. The Stormwater Utility Fund began initial operations in 2003 and expects to have significantly more activity in 2004 and thus is reported as a major fund. Conversely, all three internal service funds are combined into a single

aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28 - 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 55 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1,592,371,000 at the close of the fiscal year.

By far the largest portion of the County's net assets (85 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DeKalb County's Net Assets
December 31, 2003 and 2002
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$289,395	\$292,046	\$302,300	\$368,593	\$591,695	\$660,639
Capital assets	851,063	778,523	1,069,265	899,709	1,920,328	1,678,232
Total assets	1,140,458	1,070,569	1,371,565	1,268,302	2,512,023	2,338,871
Long-term liabilities	335,186	320,190	532,893	473,148	868,079	793,338
Other liabilities	25,518	22,924	26,055	17,084	51,573	40,008
Total liabilities	360,704	343,114	558,948	490,232	919,652	833,346
Net assets:						
Invested in capital assets,						
net of related debt	670,833	618,643	681,681	646,745	1,352,514	1,265,388
Restricted	57,533	57,159	49,015	59,822	106,548	116,981
Unrestricted	51,388	51,653	81,921	71,503	133,309	123,156
Total net assets	\$779,754	\$727,455	\$812,617	\$778,070	\$1,592,371	\$1,505,525

An additional portion of the County's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$133,309,000) may be used to meet the governments' ongoing obligations to citizens and creditors.

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

The government's net assets increased by \$86,846,000 during the current fiscal year. Business-type activities increased by \$34,547,000 while governmental activities had an increase of \$52,299,000.

The most significant changes between 2002 and 2003 in both governmental activities and business-type activities relate to additions to capital assets and an increase in debt predominately related to those capital assets. See more explanation of the capital asset and long-term debt activity in later sections of this analysis.

**DeKalb County's Changes in Net Assets
For the Years Ended December 31, 2003 and 2002
(In thousands of dollars)**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$90,929	\$81,867	\$175,670	\$166,755	\$266,599	\$248,622
Operating grants and contributions	24,165	20,200	-	-	24,165	20,200
Capital grants and contributions	30,969	6,391	7,602	13,974	38,571	20,365
General revenues:						
Property taxes	219,265	189,354	-	-	219,265	189,354
Sales taxes	81,684	83,143	-	-	81,684	83,143
Other taxes	66,502	62,872	-	-	66,502	62,872
Grants not restricted to specific programs	17,307	16,418	-	-	17,307	16,418
Other	6,332	5,243	3,079	8,567	9,411	13,810
Total revenues	537,153	465,488	186,351	189,296	723,504	654,784
Expenses:						
General government	67,434	60,307	-	-	67,434	60,307
Public safety	148,775	137,806	-	-	148,775	137,806
Civil and criminal court system	110,237	103,493	-	-	110,237	103,493
Planning	1,599	1,374	-	-	1,599	1,374
Public works	50,950	47,761	-	-	50,950	47,761
Community development	9,444	8,266	-	-	9,444	8,266
Parks and recreation	18,003	20,600	-	-	18,003	20,600
Library	11,286	10,681	-	-	11,286	10,681
Health and welfare	34,539	34,590	-	-	34,539	34,590
Miscellaneous	12,181	10,842	-	-	12,181	10,842
Interest on long-term debt	19,796	18,977	-	-	19,796	18,977
Water	-	-	48,421	44,917	48,421	44,917
Sewer	-	-	56,843	52,728	56,843	52,728
Stormwater Utility	-	-	597	-	597	-
Sanitation	-	-	43,896	46,696	43,896	46,696
Airport	-	-	2,657	2,582	2,657	2,582
Total expenses	484,244	454,697	152,414	146,923	636,658	601,620
Increase in net assets before transfers	52,909	10,791	33,937	42,373	86,846	53,164
Transfers	(610)	1,569	610	(1,569)	-	-
Increase in net assets	52,299	12,360	34,547	40,804	86,846	53,164
Net assets-beginning	727,455	715,095	778,070	737,266	1,505,525	1,452,361
Net assets-ending	\$779,754	\$727,455	\$812,617	\$778,070	\$1,592,371	\$1,505,525

Analysis of governmental activities.

Net assets of the governmental activities of the County increased by \$52,299,000 in 2003. Property taxes accounted for 41% of the governmental activities revenues, sales taxes accounted for 15%, and charges for services accounted for an additional 17%. Public safety expenses accounted for 31% of governmental activities expenses and were used for police, fire, and rescue services. The civil and criminal court system accounted for an additional 23% of the total expenses for governmental activities. General government expenses, which represented 14% of the total expenses for governmental activities, included the general administration of the County such as management of finances, information systems, human resources, and facilities management, as well as the executive and legislative functions of County government. Public works, which includes the management of roads, drainage, and transportation networks of the County, accounted for 11% of the total expenses of the governmental activities.

Charges for services increased in the areas of emergency management services, golf course fees and court fees. Property tax collections increased partially as a result of the lower homestead exemption (60.58% in 2003 compared to 86.8% in 2002) from the Homestead Option Sales Tax (HOST). As a result of low mortgage interest rates, refinancings continued at a brisk pace, thereby, generating increased Intangible Recording taxes. With respect to significant changes in expenses, general government increased due to a settlement of a lawsuit with the homebuilders association, and incurred additional lease payments for voting equipment and major computer software upgrades. Planning expenses increased as a result of several consultant studies, and community development assumed the responsibility for the Senior Centers in 2003. Group insurance costs increased the miscellaneous expenses. Parks and recreation expenses decreased as a result of the reorganization of the maintenance staff to Facilities Management.

Analysis of business-type activities.

Charges for services accounted for 94% of business-type activities revenues. Water expenses accounted for 32% of business-type activities expenses, sewer expenses accounted for 37%, sanitation services accounted for 29%, and the Peachtree-DeKalb Airport accounted for the remaining 2% of expenses. The Stormwater Utility program incurred expenses in 2003, and those activities will increase significantly in 2004.

Residential sanitation fees were increased effective July 1, 2002 from \$186 per annum to \$225 per annum. This fee remains one of the lowest fees in the metropolitan area. Furthermore, the billing of this fee has been transferred to the tax bill to improve the collection rate. Sanitation expenses declined slightly due to one-time expenses not recurring in 2003.

Water & sewer metered rates were increased by 19 percent effective December 2002, but remain the lowest fees in the metropolitan area. Rates were last increased in 1997, and this recent increase supports a significant capital improvements program for the Water & Sewer Department. Operating expenses increased slightly due to personnel expenses and cost of operating supplies.

Analysis of the County's Funds.

Governmental Funds

As noted earlier, the focus of the County's governmental fund statements is to provide information on near-term inflows, outflows, and balances of resources available to spend. In its general and special revenue funds, the County reported combined ending fund balances of \$46,974,000, a decrease of \$1,814,000 over the prior year. Of this total fund balance for general and special revenue funds, \$37,816,000 is unreserved. Additionally, the governmental funds include the debt service and capital project funds with a total fund balance of \$181,316,000 which will be spent on outstanding debt and capital projects of the County.

At the end of the year, fund balance in the General Fund was \$22,513,000, representing a decrease of \$5,022,000 from the fund balance in the prior year. The decrease resulted from lower than anticipated revenues from property taxes and sales taxes.

The fund balance of the Special Tax District - Designated Services Fund at year-end was \$5,149,000 which represented an increase of \$4,951,000 from the prior year.

The Special Tax District – Unincorporated Fund had a decrease in fund balance of \$116,000 from the prior year to end the year with a fund balance of \$1,090,000.

The fund balance of the 2001 Parks Bond Fund decreased by \$19,890,000 as bond proceeds were expended for the purchase of greenspace in the County. Approximately 2,000 acres of greenspace have been purchased since the beginning of this program, with 490 acres purchased in 2003. Parks and recreation facilities improvements are currently underway utilizing 30 percent of the bond funds.

Proprietary Funds

The County's proprietary funds report the activities of the water and sewer, sanitation, airport and stormwater utility services within the County and report the same level of activity, with an overall increase in net assets of \$28,864,000, as the business-type activities described earlier only in greater detail. The increase in net assets was predominately in the Water and Sewerage System which increased its net assets by \$21,378,000. The increase resulted from revenues which exceeded expenses of approximately \$15 million, which was consistent with the prior year, and infrastructure contributions from developers of \$6.5 million. The Sanitation Fund's net assets increased by \$6,402,000 as revenues exceeded expenditures for the year. Overall activity in the fund increased within the fund from the prior year, with revenue, primarily user charges increasing 3.5% and expenses, primarily operating charges, decreasing 1.3%. The activity within the Airport Fund remained consistent with the prior year.

Each of the funds has charges for its services as the major source of revenue within the fund with the expenses being predominately for salaries, employee benefits, and operating services and charges. Additionally, the Water and Sewerage System has significant expenses for interest on its long-term bonds and for depreciation of the capital assets of the system.

General Fund Budgetary Highlights

Property taxes increased in the General Fund in 2003 as a result of a decrease in the Homestead Exemption from 86.8 percent to 60.58 percent. Rising unemployment rates and slowing retail sales in the metropolitan economy, as a result of the overall national recession, impacted sales tax receipts. Investment income declined sharply as interest rates remained low throughout the year. There were no significant changes between the original and final amended budgets. Actual results differed from the amended budget due to the following reasons. Sales tax receipts continued to decline and property taxes were lower than anticipated. Expenses exceeded the budgeted amounts for five departments: Registrar & Elections for lease payments on voting equipment; Juvenile Court attorney fees; and Public Works-Administration for moving expenses for the new director; Parks and recreation granted more scholarships than expected, and the County Jail fund collected more revenue than anticipated, which was subsequently transferred to the General Fund.

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of year-end, amounts to \$1,920,328,000 (net of accumulated depreciation). The investment in capital assets includes land, land improvements, buildings, plants, infrastructure, vehicles and portable equipment, other

equipment, leaseholds, and construction in progress. Among the significant activity in 2003 was the County's acquisition of more than 490 acres of greenspace in 2003, the acquisition of a new office building for \$11 million, and the completion of the Courthouse annex (\$35 million).

The water & sewer system is nearing completion of the water treatment plant valued at \$155 million. Improvements to the landfill have also been undertaken. Readers should refer to note 7 of the financial statements for more information on capital asset activity.

Capital asset balances at year-end are as follows:

Capital Assets				
December 31, 2003 and 2002				
(In thousands of dollars, net of depreciation)				
	Governmental Activities		Business-type Activities	
	2003	2002	2003	2002
Land	\$177,753	\$144,259	\$40,620	\$40,334
Land improvements	16,026	16,609	44,296	32,564
Buildings	185,342	187,930	5,660	6,001
Plants		-	104,459	89,073
Infrastructure	384,578	366,183	421,941	386,336
Vehicles and portable equipment		-	50,509	51,611
Other equipment	21,887	23,975	41,103	38,244
Leaseholds		-	152,320	155,797
Construction in progress	65,477	39,567	208,357	99,749
Total	\$851,063	\$778,523	\$1,069,265	\$899,709
			\$1,920,328	\$1,678,232

Debt Administration

DeKalb County's financial condition is demonstrated by the ratings of its bonds as of year-end:

	Moody's Investors Service	Standard and Poors
General Obligation	Aaa	AA+
Refunded General Obligation	Aaa	AAA
Water and Sewerage System Revenue	Aa2	AA
Refunded Water and Sewerage Revenue	Aaa	AAA
Certificates of Participation	Aa1	AA

Outstanding Debt at Year End
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$250,345	\$267,640	-	-	\$250,345	\$267,640
Certificates of participation	25,000	9,270	-	-	25,000	9,270
Revenue bonds	15,000	-	\$505,365	\$446,580	520,365	446,580
Total	\$290,345	\$276,910	\$505,365	\$446,580	\$795,710	\$723,490

In 2001, the County's General Obligation debt was upgraded by Moody's to Aaa. Except for bonds, which are supported by bond insurance or other forms of credit enhancement, DeKalb County's ratings for 2003 are equal to or higher than those of all but three local governments in the State.

On a budget basis, \$8,675,000 of general obligation bonds were retired during the year. The County's gross principal amount, less debt retirement funds available on general obligation debt at year-end was \$239,531,000. The constitutional debt limit for general obligation bonds is 10% of the assessed value of taxable property within the County. Based on current gross assessed property values of \$21,506,000,000, the County's net outstanding debt of \$239,531,000 represented only 1.11 % of gross assessed property values.

In terms of bonded debt per capita, the net direct general obligation debt outstanding at year-end represented \$346.64 per capita compared to \$368.31 in the previous year. Total direct and overlapping debt applicable to the County at year-end was \$320,881,000 or \$464.17 per capita. This compares to last year's amount of \$478.02. Details of direct and overlapping debt and legal debt margin are contained in the Statistical Section of this report.

Readers should refer to note 8 of the financial statements for more information on long-term debt activity. The County refinanced several general obligation issues and the certificates of participation and increased the amount outstanding to \$25 million to acquire and renovate additional general governmental office space, and to renovate and furnish existing courthouse space. The DeKalb Building Authority issued \$15 million in revenue bonds, on behalf of the County, to acquire land for a Juvenile Justice Center, and to construct a related parking structure. The County will make lease payments to the DeKalb Building Authority.

The water & sewer system refinanced \$110 million and issued \$70 million in new debt to complete the County's obligation for the Nancy Creek Tunnel with the City of Atlanta, and to construct related office space and pipeline improvements.

Economic Factors and Next Year's Budgets and Rates

In accordance with the Homestead Option Sales Tax legislation, the County may allocate up to 20 percent of the previous year's receipts to capital outlay projects. The 2004 Budget adopted by the County provides for the use of 16.8 percent, or \$13.745 million for capital outlay projects. As a result the Homestead Exemption will decrease to approximately 60 percent from 60.58 percent in 2003.

The County governing body adopted a Stormwater Utility Program and fee in December 2002. This program will begin to address the County's needs in the area of stormwater collection and treatment. The fee will start to be collected on the 2004 tax bill.

As a result of the Homestead Exemption of 100 percent in 1999 through 2001, and 86.8 and 60.58 percent exemption in 2002 and 2003, respectively, and as a result of historically low home mortgage interest rates, the number of homestead properties in the County has increased from 125,000 in 1999 to 144,571 in 2003, or an increase of 15.7 percent. Population has increased from 610,000 in 1999 to 691,300 in 2003. This increase has impacted the need for services, especially, in the areas of public safety and the business-type activities (sanitation and water & sewer).

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 1300 Commerce Drive, Decatur, GA 30030, 404-371-2741.

DeKalb County, Georgia
Statement of Net Assets
December 31, 2003
(in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 232,846	\$ 79,596	\$ 312,442	\$ 3,479
Investments	-	-	-	664
Accounts receivable (net)	4,073	25,480	29,553	1,671
Taxes receivable (net)	45,499	-	45,499	-
Due from other governments	4,342	700	5,042	1,754
Due from others	637	-	637	-
Inventories and prepaid items	694	3,103	3,797	63
Restricted assets:				
Cash and cash equivalents	-	182,770	182,770	344
Deferred bond issuance costs	1,304	10,651	11,955	-
Capital assets (net of accumulated depreciation)	851,063	1,069,265	1,920,328	2,151
Total assets	1,140,458	1,371,565	2,512,023	10,126
LIABILITIES				
Accounts payable	11,342	1,072	12,414	507
Claims and judgments payable	-	300	300	-
Accrued interest payable	1,339	-	1,339	-
Other accrued liabilities	8,383	1,746	10,129	378
Advanced payments and deposits	2,158	186	2,344	-
Due to other governments	1,874	1,555	3,429	-
Due to others	422	-	422	1,559
Liabilities payable from restricted assets:				
Accounts payable	-	5,519	5,519	-
Accrued interest on revenue bonds	-	5,988	5,988	-
Due to others	-	9,689	9,689	-
Noncurrent liabilities:				
Due within one year	25,945	9,945	35,890	6
Due in more than one year	309,241	522,948	832,189	1,500
Total liabilities	360,704	558,948	919,652	3,950
NET ASSETS				
Invested in capital assets, net of related debt	670,833	681,681	1,352,514	2,091
Restricted for debt service	10,161	6,997	17,158	-
Restricted for grants	2,763	-	2,763	347
Restricted for capital projects	44,309	42,018	86,327	-
Unrestricted	51,388	81,921	133,309	3,738
Total net assets	\$ 779,754	\$ 812,617	\$ 1,592,371	\$ 6,176

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Statement of Activities
For the Year Ended December 31, 2003
(in thousands of dollars)

Functions / Programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Total	Component Units
			Grants and Contributions	Capital Contributions		
Governmental activities:						
General government	\$ 67,434	\$ 13,742	\$ 4,345	\$ 1,365	\$ (47,982)	\$ -
Public safety	148,775	17,332	6,133	4)	(125,270)	-
Civil and criminal court system	110,237	42,628	1,950	-	(65,659)	-
Planning	1,599	97	-	-	(1,502)	-
Public works	50,950	12,824	668	28,363	(9,095)	-
Community development	9,444	-	8,758	-	(686)	-
Parks and recreation	18,003	3,232	474	1,201	(13,096)	-
Library	11,286	-	-	-	(11,286)	-
Health and welfare	34,539	388	1,621	-	(32,530)	-
Miscellaneous	12,181	686	216	-	(11,279)	-
Interest on long-term debt	19,796	-	-	-	(19,796)	-
Total governmental activities	484,244	90,929	24,165	30,969	(338,181)	-
Business-type activities:						
Water	48,421	55,383	-	3,023	-	-
Sewer	56,843	65,015	-	3,549	-	-
Sanitation	43,896	52,506	-	-	-	-
DeKalb Peachtree Airport	2,657	2,766	-	1,030	-	-
Stormwater Utility	597	-	-	-	(597)	-
Total business-type activities	152,414	175,670	-	7,602	30,858	-
Total primary government	636,658	266,599	24,165	38,571	(307,323)	-
Component units:						
Board of health	30,015	6,365	8,004	-	-	(5,646)
Public library board	12,392	647	47	-	-	(11,698)
Total component units	\$ 42,407	\$ 7,012	\$ 8,051	\$ -	-	(17,344)
General revenues:						
Sales tax					81,684	-
Property tax					219,265	-
Motor vehicle tax					15,832	-
Hotel / motel tax					5,392	-
Alcoholic beverage tax					4,010	-
Insurance premium tax					23,561	-
Business license tax					17,707	-
Payments from the County					-	15,387
Unrestricted investment earnings					3,079	13
Grants not restricted to specific purpose					17,307	1,107
Miscellaneous					4,223	1,440
Loss on cash defeasance of bonds					(518)	-
Transfers					610	-
Total general revenues and transfers					394,169	17,947
Change in net assets					86,846	603
Net assets - beginning					1,505,525	5,573
Net assets - ending					\$ 1,592,371	\$ 6,176

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Governmental Funds
Balance Sheet
December 31, 2003
(in thousands of dollars)

	General	Special Tax District - Designated Services	Special Tax District - Unincorporated	2001 Parks Bonds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 19,042	\$ 6,952	\$ -	\$ 85,548	\$ 112,349	\$ 223,891
Taxes receivable (net)	10,998	1,460	26,700	-	6,341	45,499
Accounts receivable (net)	2,989	18	-	-	1,066	4,073
Due from other governments	-	-	-	-	4,342	4,342
Due from other funds	3,240	1,219	-	-	-	4,459
Due from others	-	-	-	511	-	511
Inventories	131	-	-	-	-	131
Total assets	<u>36,400</u>	<u>9,649</u>	<u>26,700</u>	<u>86,059</u>	<u>124,098</u>	<u>282,906</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts and contracts payable	5,739	1,587	355	-	2,808	10,489
Other accrued liabilities	4,736	2,128	115	-	1,404	8,383
Advance payments and deposits	341	-	845	-	972	2,158
Due to other governments	-	-	1,006	-	868	1,874
Due to other funds	-	-	1,219	-	3,114	4,333
Due to others	422	-	-	-	-	422
Deferred revenue	2,649	785	22,070	-	1,453	26,957
Total liabilities	<u>13,887</u>	<u>4,500</u>	<u>25,610</u>	<u>-</u>	<u>10,619</u>	<u>54,616</u>
Fund balances:						
Reserved for encumbrances	5,673	994	57	6,136	11,259	24,119
Reserved for inventories	131	-	-	-	-	131
Unreserved, reported in:						
General fund	16,709	-	-	-	-	16,709
Special revenue funds	-	4,155	1,033	-	15,919	21,107
Debt service funds	-	-	-	-	11,500	11,500
Capital projects funds	-	-	-	79,923	74,801	154,724
Total fund balances	<u>22,513</u>	<u>5,149</u>	<u>1,090</u>	<u>86,059</u>	<u>113,479</u>	<u>228,290</u>
Total liabilities and fund balances	<u>\$ 36,400</u>	<u>\$ 9,649</u>	<u>\$ 26,700</u>	<u>\$ 86,059</u>	<u>\$ 124,098</u>	<u>\$ 282,906</u>

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
(in thousands of dollars)

December 31, 2003

Total fund balances for governmental funds \$ 228,290

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 851,063

An internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities of the risk management fund have been allocated to the governmental activities on the Statement of Net Assets. (1,627)

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 26,957

Deferred bond issuance cost is not recognized as an asset in the governmental funds. 1,304

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Assets.

Accrued interest on bonds	\$ (1,339)
Contractual obligations payable	(4,509)
Certificates of participation payable	(25,000)
Bonds payable	(265,345)
Unamortized premium on bonds payable	(6,419)
Deferred loss on debt refunding	4,908
Claims and judgments not accounted for in the internal service funds	(500)
Compensated absences	(28,029)
Total long-term liabilities	(326,233)
Total net assets of governmental activities	<u>\$ 779,754</u>

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2003
(in thousands of dollars)

	General	Special Tax District - Designated Services	Special Tax District - Unincorporated	2001 Parks Bonds	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 176,327	\$ 38,953	\$ 50,343	\$ -	\$ 88,281	\$ 353,904
Licenses and permits	-	642	17,707	-	8,484	26,833
Use of money and property	621	102	19	1,198	2,344	4,284
Intergovernmental	13,950	3,286	-	511	28,957	46,704
Fines and forfeitures	14,353	-	14,049	-	909	29,311
Charges for services	15,755	2,536	228	-	17,316	35,835
Miscellaneous	1,170	573	752	600	3,647	6,742
Total revenues	222,176	46,092	83,098	2,309	149,938	503,613
EXPENDITURES						
Current:						
General government	53,610	-	1,151	-	7,259	62,020
Public safety	19,333	70,113	1,283	-	53,437	144,166
Civil and criminal court system	103,750	-	2,528	-	2,996	109,274
Planning	1,239	-	330	-	-	1,569
Public works	1,264	27,774	-	-	14,567	43,605
Community development	-	-	-	-	9,443	9,443
Parks and recreation	-	15,972	-	-	1,725	17,697
Library	-	-	-	-	-	-
Health and welfare	10,828	-	-	-	-	10,828
Miscellaneous	10,439	-	-	-	23,521	33,960
Debt service	7,576	2,228	370	-	1,338	11,512
Cash defeasance of bonds	3,220	-	243	-	31,899	35,362
Capital outlay:	-	-	-	-	9,788	9,788
General government	-	-	-	-	7,624	7,624
Public safety	-	-	-	-	481	481
Civil and criminal court system	-	-	-	-	24,910	24,910
Public works	-	-	-	-	14,706	14,706
Parks and recreation	-	-	-	22,199	1,929	24,128
Health and welfare	-	-	-	-	53	53
Other	-	-	-	-	32	32
Total expenditures	211,259	116,087	5,905	22,199	205,708	561,158
Excess (deficiency) of revenues over (under) expenditures	10,917	(69,995)	77,193	(19,890)	(55,770)	(57,545)
OTHER FINANCING SOURCES (USES)						
Proceeds of bond issuance	-	-	-	-	167,915	167,915
Premium on bond issuance	-	-	-	-	6,953	6,953
Payments to escrow agents	-	-	-	-	(135,562)	(135,562)
Bonds issuance expense	-	-	-	-	(1,416)	(1,416)
Contractual purchase obligations	3,358	-	-	-	1,365	4,723
Transfers in	8,829	76,726	-	-	33,732	119,287
Transfers out	(28,126)	(1,780)	(77,309)	-	(12,682)	(119,897)
Total other financing sources (uses)	(15,939)	74,946	(77,309)	-	60,305	42,003
Net change in fund balance	(5,022)	4,951	(116)	(19,890)	4,535	(15,542)
Fund balance - beginning	27,535	198	1,206	105,949	108,944	243,832
Fund balance - ending	\$ 22,513	\$ 5,149	\$ 1,090	\$ 86,059	\$ 113,479	\$ 228,290

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Reconciliation of the Statement of Revenues, Expenditures,
And Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2003
(amounts expressed in thousands)

Net change in fund balance - total governmental funds \$ (15,542)

The change in net assets reported for governmental activities in the Statement of Activities is different because:

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 (\$71,934) and donated infrastructure assets (\$27,170) exceeded depreciation (\$26,564) in the current period:

72,540

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This adjustment combines the net changes of the following:

Bond sales	\$ (167,915)
Premium on bond sales	(6,953)
Payments to escrow agents	135,562
Cash defeasance of bonds	9,788
Loss on cash defeasance	(518)
Bond issuance expense	1,417
Repayments of general obligation bonds	15,000
Amortization of bond issuance expense	(112)
Amortization of premium on bond sales	534
Amortization of loss on bond refunding	<u>(445)</u>
	(13,642)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following:

Claims and judgments	\$ 2,500
Compensated absences	(909)
Capital leases	56
Accrued interest on bonds	<u>3,266</u>
	4,913

Deferred revenue in governmental funds is susceptible to full accrual on the Statement of Activities.

2,308

An internal service fund is used by management to charge the costs of risk management to individual funds. The net revenue of the risk management fund is reported with governmental activities.

1,722

Change in net assets of governmental activities

\$ 52,299

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Property taxes	\$ 146,331	\$ 147,194	\$ 139,749	\$ (7,445)
Sales taxes	39,820	39,820	37,177	(2,643)
Use of money and property	58	112	612	500
Intergovernmental	15,721	14,351	13,950	(101)
Fines and forfeitures	11,770	12,359	14,353	2,294
Charges for services	16,220	16,220	15,442	(778)
Miscellaneous	2,673	2,397	1,170	(1,827)
Total revenues	232,593	232,453	222,453	(10,000)
Expenditures:				
Current:				
General government:				
Chief executive officer	1,722	1,722	1,558	(164)
Board of commissioners	906	906	822	(84)
Law department	2,444	2,478	2,286	(192)
Ethics	2	2	-	(2)
Geographic information system	2,021	2,021	1,779	(242)
Facilities management	11,083	11,083	11,005	(78)
Purchasing	2,828	2,943	2,827	(116)
Human resources and merit system	3,262	3,262	2,568	(694)
Information systems	13,823	12,292	9,642	(2,650)
Finance	5,563	5,563	5,100	(463)
Property appraisal	4,592	4,592	4,378	(214)
Tax commissioner	5,818	5,818	5,814	(104)
Registrar and elections	1,612	1,612	1,532	20
Total general government	55,676	54,394	49,411	(4,983)
Public safety				
Administration and communications	2,289	3,658	2,937	(721)
Animal control	1,909	1,909	1,947	38
Fire and rescue services	14,797	14,797	13,669	(1,128)
Total public safety	18,995	20,364	18,553	(1,811)
Civil and criminal court system:				
Sheriff	57,236	57,267	56,665	(602)
Juvenile court	5,550	5,456	5,536	80
Superior court	7,383	7,383	6,898	(485)
Clerk superior court	4,052	4,270	4,054	(216)
State court	9,746	9,760	9,326	(434)
Solicitor state court	3,707	3,621	3,213	(408)
District attorney	7,915	7,888	7,644	(244)
Child advocate	304	304	275	(29)
Probate Court	1,478	1,478	1,430	(48)
Medical examiner	1,738	1,783	1,771	(12)
Public defender	5,086	5,114	5,089	(25)
Magistrate court	1,404	1,404	1,313	(91)
Total civil and criminal court system	105,599	105,728	103,214	(2,514)

(continued)

DeKalb County, Georgia
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2003
Non-3AAP Budget Basis (in thousands of dollars)
(continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Planning	\$ 1,277	\$ 1,357	\$ 1,184	\$ (173)
Public works:				
Administration	286	286	304	18
Economic development	749	949	930	(19)
Total public works	1,035	1,235	1,234	(1)
Library system	11,037	11,037	10,782	(255)
Health and welfare:				
Public health	5,305	5,305	5,234	(71)
Community service board	2,284	2,284	2,284	-
Human and community development	774	774	769	(5)
Family and children services	2,929	2,193	2,157	(36)
Total health and welfare	11,292	10,556	10,444	(112)
Miscellaneous:				
Cooperative extension	1,095	1,095	1,033	(62)
Non-departmental	24,786	23,161	6,974	16,187
Total miscellaneous	25,881	24,256	8,007	16,249
Debt service	2,636	2,636	2,552	(84)
Total expenditures	233,428	231,563	205,381	26,182
Excess (deficiency) of revenues over expenditures	(835)	890	17,072	16,182
Other financing sources (uses):				
Transfers in	8,460	8,460	8,829	369
Transfers out	(26,456)	(28,181)	(28,126)	55
Excess (deficiency) of revenues and other sources over expenditures and other uses	(18,831)	(18,831)	(2,225)	16,606
Fund balance, beginning of year	18,831	18,831	18,831	-
Fund balance, end of year	\$ -	\$ -	\$ 16,606	\$ 16,606
Explanation of differences between budget and GAAP:				
Deficiency of revenues and other sources over expenditures and other uses - budget basis				
Differences - budget to GAAP:				
Due to revenues:				
Accrued receivables 12-31-2002			(6,873)	
Accrued receivables 12-31-2003			7,189	
Deferred revenues 12-31-2002			2,057	
Deferred revenues 12-31-2003			(2,649)	
Due to expenditures:				
Accrued payables 12-31-2002			3,464	
Accrued payables 12-31-2003			(4,437)	
Encumbrances 12-31-2002			(7,238)	
Encumbrances 12-31-2003			5,673	
Due to inventory changes			17	
Net change in fund balance - GAAP basis			\$ (5,022)	

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)

Major Special Revenue Funds									
Special Tax District - Designated Services					Special Tax District - Unincorporated				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
	Original	Final				Original	Final		
Revenues:									
Property taxes	\$ 40,307	\$ 39,668	\$ 36,789	\$ (2,879)		\$ 550	\$ 550	\$ 485	\$ (65)
Sales taxes	1,700	1,700	2,441	741		20,550	20,550	20,340	(210)
Other taxes	-	-	-	-		28,166	29,666	29,755	89
Licenses and permits	375	375	642	267		18,039	18,039	-7,707	(332)
Use of money and property	114	114	99	(15)		15	15	19	4
Intergovernmental	4,116	3,254	3,286	32		-	-	-	-
Fines and forfeitures	-	-	-	-		12,500	12,500	14,049	1,549
Charges for services	3,355	3,355	2,536	(819)		175	175	228	53
Miscellaneous	554	554	569	15		-	750	752	2
Total revenues	50,521	49,020	46,362	(2,658)		79,995	82,245	83,335	1,090
Expenditures:									
Current:									
General government:									
Chief executive officer	-	-	-	-		112	112	112	-
Finance	-	-	-	-		1,080	1,080	1,037	(43)
Total general government	-	-	-	-		1,192	1,192	1,149	(43)
Public safety:									
Police	74,277	72,470	69,952	(2,518)		-	-	-	-
Code enforcement	-	-	-	-		1,343	1,343	1,263	(80)
Total public safety	74,277	72,470	69,952	(2,518)		1,343	1,343	1,263	(80)
Civil and criminal court system - recorders court	-	-	-	-		2,752	2,752	2,522	(230)
Planning	-	-	-	-		740	740	330	(410)
Public works:									
Transportation	8,331	8,931	7,867	(1,064)		-	-	-	-
Roads and drainage	21,143	21,148	19,219	(1,929)		-	-	-	-
Total public works	30,174	30,079	27,086	(2,993)		-	-	-	-
Parks and recreation	17,337	17,387	15,901	(1,486)		-	-	-	-
Miscellaneous	3,245	3,246	2,229	(1,017)		285	437	371	(66)
Debt service	-	-	-	-		243	243	243	-
Total expenditures	124,333	123,182	115,168	(8,014)		6,555	6,707	5,878	(829)
Excess (deficiency) of revenues over expenditures	(74,112)	(74,162)	(68,806)	5,356		73,440	75,538	77,457	1,919
Other financing sources (uses):									
Transfers in	73,800	75,300	76,726	1,426		-	-	-	-
Transfers out	(30)	(1,780)	(1,780)	-		(73,800)	(75,898)	(77,309)	(1,411)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(642)	(642)	6,140	6,782		(360)	(360)	148	508
Fund balance, beginning of year	642	642	642	-		360	360	360	-
Fund balance, end of year	\$ -	\$ -	\$ 6,782	\$ 6,782		\$ -	\$ -	\$ 508	\$ 508
Explanation of differences between budget and GAAP:									
Deficiency of revenues and other sources over expenditures and other uses - budget basis									
Differences - budget to GAAP:									
Due to revenues:									
Accrued receivables 12-31-2002 (1,447)									
Accrued receivables 12-31-2003 1,258									
Deferred revenues 12-31-2002 705									
Deferred revenues 12-31-2003 (785)									
Due to expenditures:									
Accrued payables 12-31-2002 1,872									
Accrued payables 12-31-2003 (3,100)									
Encumbrances 12-31-2002 (686)									
Encumbrances 12-31-2003 994									
Net change in fund balance - GAAP basis \$ 4,961									

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Proprietary Funds Statement of Net Assets
December 31, 2003
(in thousands of dollars)

ASSETS	Water and Sewerage System	Sanitation	DeKalb- Peachtree Airport	Stormwater Utility	Total	Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 6,122	\$ 32,543	\$ 2,789	\$ 280	\$ 41,744	\$ 48,807
Accounts receivable (net)	25,237	91	152	-	25,480	-
Due from other governments	416	-	284	-	700	-
Inventories and prepaid items	2,188	-	-	-	2,189	1,477
Restricted:						
Cash and cash equivalents	182,770	-	-	-	182,770	-
Total current assets	216,734	32,634	3,236	280	252,883	48,284
Noncurrent assets:						
Deferred bond issuance costs	10,651	-	-	-	10,651	-
Capital assets (net)	935,463	35,924	45,123	-	1,016,510	52,755
Total noncurrent assets	946,114	35,924	45,123	-	1,027,161	52,755
Total assets	1,162,848	68,558	48,359	280	1,280,044	101,039
LIABILITIES						
Current liabilities:						
Accounts payable	739	118	1	189	1,057	868
Claims and judgments payable, current portion	-	300	-	-	300	7,172
Obligation under capital leases, current portion	219	-	-	-	219	2,176
Other accrued liabilities	917	600	34	-	1,551	195
Advance payments and deposits	181	-	5	-	186	-
Due to other governments	1,555	-	-	-	1,555	-
Payable from restricted assets:						
Accounts payable	5,519	-	-	-	5,519	-
Revenue bonds payable, current portion	7,550	-	-	-	7,550	-
Accrued interest on revenue bonds	5,988	-	-	-	5,988	-
Due to others	9,689	-	-	-	9,689	-
Total current liabilities	32,357	1,016	40	189	33,614	10,411
Noncurrent liabilities:						
Claims and judgments payable, long term portion	-	-	-	-	-	3,120
Landfill closure and postclosure cost	-	17,413	-	-	17,413	-
Compensated absences payable	2,826	1,740	94	-	4,660	663
Obligation under capital leases, long term portion	-	-	-	-	-	3,536
Revenue bonds payable, long term portion	497,815	-	-	-	497,815	-
Unamortized premium on bonds payable	8,000	-	-	-	8,000	-
Deferred loss on debt refunding	(8,135)	-	-	-	(8,135)	-
Total noncurrent liabilities	499,502	19,153	94	-	518,749	7,319
Total liabilities	531,859	20,171	134	189	552,363	17,730
NET ASSETS						
Invested in capital assets net of related debt	553,591	35,924	45,123	-	634,638	47,043
Restricted for debt service	5,997	-	-	-	5,997	-
Restricted for capital projects	42,018	-	-	-	42,018	-
Unrestricted	28,383	12,463	3,101	81	44,028	35,286
Total net assets	\$ 630,989	\$ 48,387	\$ 48,224	\$ 81	\$ 727,681	\$ 83,309
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						81,936
Net assets of business-type activities						\$ 812,617

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Proprietary Funds

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Statement of Revenues, Expenses, and Charges in Fund Net Assets
For the Year Ended December 31, 2003
(In thousands of dollars)

	Water and Sewerage System	Sanitation	DeKalb- Peachtree Airport	Stormwater Utility	Total	Internal Service Funds
Operating revenues:						
Metered sales	\$ 106,119	\$ -	\$ -	\$ -	\$ 106,119	\$ -
Collection and disposal fees	-	47,575	-	-	47,575	-
Rental fees	-	-	2,713	-	2,713	-
Intergovernmental	2,536	-	-	-	2,536	85
Charges for services	-	-	-	-	-	97,695
Miscellaneous	11,743	4,931	53	-	16,727	1,791
Total operating revenues	120,398	52,506	2,766	-	175,670	99,571
Operating expenses:						
Salaries and employee benefits	32,700	21,702	1,163	-	55,565	7,418
Supplies	2,763	663	44	-	3,470	3,831
Operating services and charges	20,643	21,348	797	597	43,385	56,524
Maintenance and repairs	7,464	669	284	-	8,417	7,475
Leasehold operating expenses	11,326	-	-	-	11,326	-
Depreciation and amortization	23,522	2,015	483	-	26,020	17,028
Labor, overhead, and vehicle charges capitalized	(5,237)	-	-	-	(5,237)	-
Total operating expenses	93,181	46,397	2,771	597	142,946	92,276
Operating income (loss)	27,217	6,109	(5)	(597)	32,724	7,295
Nonoperating revenues (expenses)						
Interest income	2,740	306	33	-	3,079	341
Interest expense	(14,851)	-	-	-	(14,851)	(231)
Miscellaneous	(300)	-	-	-	(300)	-
Income (loss) before capital donations and operating transfers	14,806	6,415	28	(597)	20,652	7,405
Capital donations	6,572	-	1,030	-	7,602	-
Transfers in	-	-	-	678	678	-
Transfers out	-	(13)	(55)	-	(68)	-
Change in net assets	21,378	6,402	1,003	81	28,864	7,405
Net assets - beginning	609,611	41,985	47,221	-	-	75,904
Net assets - ending	\$ 630,989	\$ 48,387	\$ 48,224	\$ 81	\$ 5,683	\$ 83,309
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						
Change in net assets of business-type activities						
					\$ 34,547	

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2003
(in thousands of dollars)

	Water and Sewerage System	Sanitation	DeKalb- Peachtree Airport	Stormwater Utility	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 98,926	\$ 50,609	\$ 2,679	\$ -	\$ 152,214	\$ 99,571
Cash payments to suppliers for goods and services	(37,455)	(22,561)	(1,123)	(398)	(61,537)	(65,450)
Cash payments to employees for services	(32,510)	(21,600)	(1,137)	-	(55,247)	(7,452)
Other operating revenues	14,578	4,922	53	-	19,553	-
Net cash provided (required) by operating activities	43,539	11,370	472	(398)	54,983	26,669
Cash flows from noncapital financing activities:						
Transfers (to) / from other funds	-	(13)	(55)	678	610	-
Net cash provided (required) by noncapital financing activities	-	(13)	(55)	678	610	-
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(169,322)	(6,539)	(1,838)	-	(177,799)	(14,288)
Principal and interest paid on revenue bonds	(30,001)	-	-	-	(30,001)	-
Sale of revenue bonds	188,005	-	-	-	188,005	-
Refunding of revenue bonds	(118,218)	-	-	-	(118,218)	-
Bond issuance expenses	(1,268)	-	-	-	(1,268)	-
Payments on leases	(53)	-	-	-	(53)	(2,050)
Increase in escrow deposits	5,048	-	-	-	5,048	-
Capital donations	192	-	834	-	1,026	-
Net cash provided (required) by capital and related financing activities	(125,617)	(6,539)	(1,004)	-	(133,260)	(16,338)
Cash flows from investing activities:						
Interest on investments	2,755	306	33	-	3,094	341
Net cash provided by investing activities	2,755	306	33	-	3,094	341
Net increase (decrease) in cash and cash equivalents	(79,323)	5,024	(554)	280	(74,573)	10,672
Cash and cash equivalents at beginning of year	268,215	27,519	3,353	-	299,087	36,135
Cash and cash equivalents at end of year	188,892	32,543	2,799	280	224,514	46,807
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	27,217	6,109	(5)	(597)	31,724	7,295
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:						
Depreciation and amortization	23,522	2,015	483	-	26,020	17,028
Change in assets and liabilities:						
(Increase) decrease in receivables	(7,012)	3,025	(34)	-	(4,021)	-
(Increase) decrease in inventories	137	-	-	-	137	21
Increase (decrease) in payables	(460)	122	19	199	(120)	2,310
Increase (decrease) in other liabilities	134	99	8	-	241	15
Increase (decrease) in advance deposits	1	-	1	-	2	-
Net cash provided (required) by operating activities	43,539	11,370	472	(398)	54,983	26,669
Noncash capital donations	6,262	-	-	-	6,262	-
Capital assets acquired through capital leases	-	-	-	-	-	-
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,341

The notes to the financial statements are an integral part of this statement.

DeKalb County, Georgia
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2003
(in thousands of dollars)

	General		Agency
	Employees'		Funds
	Pension		
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$	30,267
Investments	1,083,697		-
Accrued interest receivable	3,459		-
Taxes receivable	-		26,671
Total assets	1,087,156		56,938
<u>LIABILITIES</u>			
Accounts payable	313		-
Due to other funds	126		-
Due to others	123		56,938
Total liabilities	562		56,938
<u>NET ASSETS</u>			
Held in trust for pension benefits			
and other purposes (see Note 9E)	\$ 1,086,594	\$	56,938

The notes to the financial statement are an integral part of this statement.

DeKalb County, Georgia

Fiduciary Funds

Statement of Changes in Fiduciary Net Assets

For the Year Ended December 31, 2003
(in thousands of dollars)

	General Employees' Pension
Additions: Contributions: Employer Employee Other Total contributions Investment earnings: Dividends and interest Net increase in fair market value of investments Total investment earnings Less investment expense Net investment earnings Total additions	\$ 1,288 1,352 68 2,708 22,475 151,699 174,174 (3,329) 170,845 173,553
Deductions: Benefit payments Refunds of contributions Administrative expenses Total Deductions Change in net assets Net assets, beginning of year Net assets, end of year	44,807 198 285 45,290 128,263 958,331 \$ 1,086,594

The notes to the financial statement are an integral part of this statement.

DeKalb County, Georgia

Component Units

Statement of Net Assets

December 31, 2003
(In thousands of dollars)

	Board of Health	Public Library Board	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,987	\$ 492	\$ 3,479
Cash and cash equivalents, restricted	344	-	344
Investments	-	664	664
Accounts receivable (net)	1,578	93	1,571
Due from other governments	1,754	-	1,754
Prepaid items	63	-	63
Capital assets (net)	1,657	494	2,151
Total assets	8,383	1,743	10,126
<u>LIABILITIES</u>			
Accounts and contracts payable	324	183	507
Other accrued liabilities	378	-	378
Due to others	559	-	1,559
Noncurrent liabilities:			
Due within one year	-	6	6
Due in more than one year	1,446	54	1,500
Total liabilities	3,707	243	3,950
<u>NET ASSETS</u>			
Invested in capital assets (net of related debt)	1,657	434	2,091
Restricted	344	3	347
Unrestricted	2,675	1,063	3,738
Total net assets	\$ 4,676	\$ 1,500	\$ 6,176

The notes to the financial statements are an integral part of this statement

DeKalb County, Georgia

Component Units

Statement of Activities

Year Ended December 31, 2003

(In thousands of dollars)

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Board of Health	Public	
					Library	Total
Board of Health	\$ 30,015	\$ 6,365	\$ 18,004	\$ (5,646)	\$ -	\$ (5,646)
Public Library Board	12,392	647	47	-	(11,698)	(11,698)
Total component units	\$ 42,407	\$ 7,012	\$ 18,051	(5,646)	(11,698)	(17,344)
General revenues:						
Intergovernmental, not restricted for specific programs				-	1,107	1,107
Payments from DeKalb County				5,002	10,385	15,387
Unrestricted investment earnings				-	13	13
Miscellaneous				1,263	177	1,440
Total general revenues				6,265	11,682	17,947
Change in net assets				619	(16)	603
Net assets - beginning				4,057	1,516	5,573
Net assets - ending				\$ 4,676	\$ 1,500	\$ 6,176

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Summary of Significant Accounting Policies

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

(A) The Financial Reporting Entity

DeKalb County, Georgia (the "County") was created by legislative act in 1822, and operates under an elected Chief Executive Officer and County Commission (seven members) form of government. As required by GAAP, the financial statements of the financial reporting entity include those of DeKalb County (the primary government), and its component units. Also, the fiduciary activities of the County's pension plan and various constitutional officers, judges, and other judicial officials are included in the fiduciary funds. These include the Tax Commissioner, Sheriff, Clerk of Superior Court, State Court, State Court Probation, Juvenile Court, Probate Court, and Magistrate Court.

The component units discussed below are included in the County's financial reporting entity because of the County's financial accountability for the entities and the significance of their operational and financial relationships with the County. In conformity with GAAP, the financial statements of the DeKalb County Board of Health and the DeKalb County Public Library Board have been included as discretely presented component units. The component units column in the financial statements includes the financial data for the County's two component units, as reflected in their most recent audited financial statements. These component units are reported in a column separate from the County's financial information to emphasize that they are legally separate from the County. The following discretely presented component units are incorporated into the County's financial report:

DeKalb County Board of Health - The governing board of the Board of Health consists of seven members: The Chief Executive Officer of the County, the Superintendent of the DeKalb County Board of Education (both by virtue of their offices), three members appointed by the County Commission, and two members appointed by other jurisdictions. The County, by virtue of its appointments and the presence of the Chief Executive Officer on the board, controls a majority of the Board of Health's governing body positions. Although the County does not have the authority to approve or modify the Board of Health's operational and capital budgets, it does have the ability to control the amount of funding it provides to the Board of Health. Such funding is significant to the overall operations of the Board of Health.

DeKalb County Public Library Board - The governing board of the Public Library Board consists of twelve members: the Chief Executive Officer of the County, the Executive Assistant to the Chief Executive Officer (both by virtue of their offices), eight members appointed by the County Commission, and two members appointed by other jurisdictions. The County, by virtue of its appointments and the presence of the Chief Executive Officer and the Executive Assistant to the Chief Executive Officer on the Board, controls a majority of Public Library Board governing body positions. Although the County does not have the authority to approve or modify the Public Library Board's operational and capital budgets, it does have the ability to control the amount of funding it provides to the Public Library Board. Such funding is significant to the overall operations of the Public Library Board.

Both component units have June 30 year-ends, consistent with the practice of most organizations receiving significant funding from the State.

Complete financial statements of the individual component units can be obtained directly from their administrative offices. Addresses for these administrative offices are as follows:

DeKalb County Board of Health
445 Winn Way Richardson Health Center
Decatur, GA 30030

DeKalb County Public Library Board
215 Sycamore Street
Decatur, GA 30030

In 2003, the County established the DeKalb County Building Authority (the "Building Authority") which is governed by a board comprised solely of members appointed by the CEO and Board of Commissioners. Although it is legally separate from the County's Board of Commissioners, the Building Authority is reported as if it were a part of the primary government, as a blended component unit, because its sole purpose is to finance and construct County public buildings. The Building Authority's funds are included as non-major debt service and capital projects funds. No separate financial statements are available.

The County is also responsible for appointing the members of the DeKalb County Housing Authority, but the County's accountability for the Authority does not extend beyond making the appointments.

The Fulton-DeKalb Hospital Authority is considered a joint venture with Fulton County, Georgia. The Atlanta Regional Commission is considered a joint venture with other governments of metropolitan Atlanta.

(B) Basis of presentation

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Administrative overhead charges are included in direct expenses for the business-type activities. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from transactions not associated with the principal activity of the fund.

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

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

The County reports the following major governmental funds:

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

The Special Tax District Designated Services Fund accounts for operations of the County's police, roads and drainage, and recreation departments. Financing is provided by a specific annual property tax levy and operating transfers from the special tax district unincorporated fund. Such property taxes are used only to provide police, roads and drainage, and recreation services for all residents of the County not provided with these services by other municipalities.

The Special Tax District Unincorporated Fund accounts for operations of various County activities which collect revenues that are restricted for use in the unincorporated areas of the County.

The 2001 Parks Bonds Fund accounts for the proceeds from the 2001 general obligation parks bond issue and the related capital expenditures for parks.

The County reports the following major proprietary funds:

The Water and Sewerage System Fund accounts for the provision of water and sewer services to the residents of the County. All activities necessary to provide such services are accounted for in this fund.

The Sanitation Fund accounts for the provision of sanitation services to residents of the County. All activities necessary to provide such services are accounted for in this fund.

The DeKalb-Peachtree Airport Fund accounts for the provision of airport services to the residents of the County. All activities necessary to provide such services are accounted for in this fund.

The Stormwater Utility Fund is a new proprietary fund that was initiated during 2003. It is categorized as a major fund because it is believed that it will meet the necessary criteria in 2004. It accounts for the provision of a stormwater drainage system for residents of the County. All activities necessary to provide such services will be accounted for in this fund once it is fully implemented.

The County reports the following fiduciary funds:

The General Employees' Pension Fund accounts for accumulated resources for pension benefit payments to qualified County employees.

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

The County reports the following other fund types:

Internal service funds account for vehicle maintenance, vehicle replacement, and risk management related activities provided to other departments of the County on a cost reimbursement basis.

(C) Measurement Focus, Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants which are recognized when all eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All governmental and business-type activities of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has elected not to follow the option allowed under GASB Statement 20 and thus does not follow any FASB Statements issued after November 30, 1989.

(D) Budgetary Data

An operating budget is legally adopted each fiscal year for all governmental funds except capital projects funds. The level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level. Supplemental appropriations may be made annually at mid-year by the Board of Commissioners. Supplemental appropriations are also made out of the County's General Fund contingency account by the Board of Commissioners to fund unforeseen expenditures within the County's governmental funds at any time during the year. Presented final budgetary information reflects all supplemental appropriations as legally adopted by the Board of Commissioners. Individual amendments were not material in relation to the original appropriations. The Board of Commissioners must approve any department level changes to a previously adopted budget. Management may amend the budget without seeking the approval of the Board at any level below the department level.

In accordance with Georgia law, the County has project length balanced budgets for all capital projects funds.

The annual budget cycle begins in September of the preceding year when budget workbooks are distributed to each department. The County Code requires that the Chief Executive Officer of the County submit a proposed budget to the Board of Commissioners by December 15. The Chief Executive Officer and Board of Commissioners advertise and conduct public hearings on the proposed budget in adherence to local ordinance and state law and adopt a final budget prior to March 1.

The tax millage is set and tax bills are issued around July 1. A revised budget, based on fund balance carryovers and current revenue and expenditure trends, may be adopted prior to this date. Unencumbered appropriations lapse at year-end.

(E) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the appropriation, is employed in the governmental funds.

(F) Property Taxes

Property tax billing and collection cycle dates are as follows: lien date - January 1 of each year; levy date - Fourth Tuesday in June; due dates - August 15 and November 15; and collection dates - anytime during the year.

(G) Cash, Cash Equivalents, and Investments

Cash management pools which are used essentially as demand deposit accounts and investments with maturities within 90 days of purchase are considered cash equivalents for purposes of the statement of cash flows. Investments are stated at fair value, based on quoted market prices. The Georgia Fund 1 (a local government investment pool) is not SEC registered, but is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Therefore, fair value of the County's investment in the Georgia Fund 1 is based on the price of the County's share in the pool. The Georgia Office of Treasury and Fiscal Services is the agency with regulatory oversight for Georgia Fund 1.

(H) Inventories

Inventories are determined by actual physical count and are stated at cost (using average cost flow assumptions) for the governmental activities and at the lower of average cost or market for the business-type activities. The consumption method is used to account for inventories.

(I) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets consist of the road network assets that were acquired or that received substantial improvements subsequent to January 1, 1980 and are reported at estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The County capitalized \$8,775,000 of interest incurred in business-type activities for the year. Capital assets are depreciated using the straight-line method over the following estimated useful lives and with the following capitalization thresholds:

Asset Class	Estimated Useful Lives (In years)	Capitalization Threshold
Buildings	20-50	\$40,000 - 100,000
Land improvements	15-50	30,000 - 100,000
Infrastructure	10-50	20,000 - 100,000
Vehicles	1-10	2,000
Equipment	5	1,000

(J) Restricted Assets

Proceeds from the sale of water and sewer revenue bonds plus interest earned on the investment of these funds are restricted to the construction of new capital facilities and other improvements to the water and sewerage system. All monies in excess of those required to maintain the working capital of the water and sewerage system's operations are transferred to a separate account and restricted to the construction of new capital facilities and other expenditures as allowed by the system's bond resolutions. Sinking fund monies are restricted to the payment of bond principal and interest requirements as they become due as well as the maintenance of required reserves. Liabilities payable from these restricted assets are reported separately to indicate that the source of payment is the restricted assets.

(K) Claims, Judgments, and Compensated Absences

Liabilities for claims and judgments against the County, including estimated liabilities for claims incurred but not reported at year-end, have been accrued in the appropriate funds. Liabilities for compensated absences have been accrued in the government-wide and proprietary fund financial statements and are all considered long-term obligations of the County. A liability for these amounts is reported in the governmental funds only if they have matured.

Employees earn annual leave at the rate of 15 days per year for the first 5 years up to a maximum of 30 days per year after 25 years. There is no requirement that annual leave be taken, but the maximum permissible accumulation at year end is 60 days. Any accumulation of annual leave greater than 60 days is converted to sick leave at year end. At termination, employees are paid for any accumulated annual leave up to the 60 day maximum. Employees earn sick leave at the rate of 13 days per year with no limitations. At termination accumulated sick leave is converted to annual leave at the rate of 15 days to 1 day and is subject to the 60-day limitation.

(L) Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its Seminole Road landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,413,000 reported as landfill closure and postclosure cost liability at year-end represents the cumulative amount reported to date based on the use of 82% of the estimated capacity of the landfill, net of related expenditures to date of \$4,615,000. The County will recognize the remaining estimated cost of closure and postclosure care of \$4,836,000 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure in 2003. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Closure and postclosure care financial assurance requirements will be met by adjusting the sanitation rate structures in the business-type activities as required. The County expects to close the current landfill in the year 2007 but has already acquired enough additional land to meet landfill needs through 2019.

(M) Reclassifications

Certain reclassifications have been made to the 2002 totals to conform to the classifications used in 2003.

(N) Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amount of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

2. Joint Ventures

DeKalb County is party to a contract with Fulton County and the Fulton-DeKalb Hospital Authority (the "Authority") for the operation of Grady Memorial Hospital (the "Hospital"). The Hospital provides health services to indigent citizens of both counties. Three members of the Authority's Board of Trustees are appointed by the DeKalb County Board of Commissioners with another seven members appointed by the Fulton County Board of Commissioners. The entire operations of the Authority are disclosed as a component unit in the Fulton County, Georgia Comprehensive Annual Financial Report. DeKalb County has a financial interest in the Authority because operating deficits of the Hospital, up to an annually predetermined amount, relating to indigent care must be funded by Fulton County or DeKalb County under the terms of the contract. The funding formula is based on the ratio of patient levels between the two counties. For the year, DeKalb County funded \$14,135,000 of the Hospital's operating deficit. DeKalb County has limited control over the operating budget of the Hospital but must approve any debt issuance of the Authority. The Authority's debt is secured by a pledge of the operating revenues of the Hospital. Payments to the Authority are made from the County's other governmental funds. Separate financial statements may be obtained from: Fulton-DeKalb Hospital Authority; 80 Butler St SE; Atlanta Georgia 30314.

Condensed financial information for the Authority as of and for the year ended December 31, 2002 is as follows (in thousands of dollars) (December 31, 2003 amounts are unavailable):

Total Assets	\$ 484,112	Total Operating Revenues	\$ 492,844
Total Liabilities	\$ 447,062	Total Operating Expenses	\$ 628,949
Total Equity	\$ 37,050	Nonoperating Revenue (Net)	\$ (456)
Current Debt	\$ 10,155	Fulton County and DeKalb County Contributions	\$ 103,169
Long-Term Debt	\$ 255,758	Decrease In Retained Earnings	\$ (33,392)

Under Georgia law, the County, in conjunction with other cities and counties in metropolitan Atlanta, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto. During the past year, the County paid \$668,000 in such dues. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC 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 the ARC. Separate financial statements may be obtained from: Atlanta Regional Commission; 40 Courtland St NE; Atlanta Georgia 30303.

There were no known related party transactions involving either joint venture.

3. Budget Basis of Accounting

Due to legal requirements, revenues and appropriations for governmental funds are budgeted on a basis that is not consistent with GAAP. The actual results of operations on the budget basis for the General Fund and Major Special Revenue Funds are presented in this report.

The major differences between the budget and GAAP are:

- (1) Revenues (principally property taxes, accounts receivable, grants, and interest receivables) are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (2) Expenditures (principally payroll, workers' compensation, and purchases) are recorded when paid (budget) as opposed to when incurred (GAAP);
- (3) Debt service requirements due January 1, 2004 are recorded as expenditures in 2003 (budget) as opposed to 2004 when obligations are due (GAAP);
- (4) Encumbrances are recognized as expenditures (budget) as opposed to reservation of fund balance (GAAP);
- (5) Annual changes in inventory are recorded as expenditures (budget) as opposed to being recognized as changes in an asset (GAAP).

4. Cash, Cash Equivalents, and Investments

The County maintains a cash and investment pool that is available for use by all County funds, except for certain of the trust and agency funds. In addition, cash, cash equivalents and investments are separately held by other funds, including the General Employees' Pension Fund. At year-end, the carrying amount of the County's deposits was \$56,111,000 and the bank balance was \$65,977,000. All of the bank balance was covered by federal depository insurance or by collateral held by the County's custodial bank in the County's name.

Statutes authorize the County to invest in obligations of the United States Treasury or Agencies; banker's acceptances, bank money market accounts, repurchase agreements, and the Georgia Fund 1 (a local government investment pool). The General Employees' Pension Fund is also authorized to invest in corporate bonds and debentures which are not in default as to principal and interest; corporate stocks, common or preferred; first loans on real estate where the loans are guaranteed by the Administrator of Veterans Affairs or by the Federal Housing Authority of the United States; certificates of deposit in national banks and state banks insured by the FDIC; and any other investments approved by the Pension Board.

The County's investments are categorized below to give an indication of the level of credit risk assumed by the County at year-end. Category 1 includes investments that are insured or registered, or securities held by the County's agent (the County's custodial bank) in the County's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered with securities held by the counterparty's trust department or agent but not in the County's name. The following amounts are in thousands of dollars:

	Category			Total
	1	2	3	
U.S. Government securities	\$ 92,267	\$ -	\$ -	\$ 92,267
Certificates of deposit	122	-	-	122
Corporate stocks	146,119	-	-	146,119
Corporate bonds	782,066	-	-	782,066
Total Categorized Investments	<u>\$ 1,020,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,020,574</u>
Mutual funds				240,824
Investment in State of Georgia investment pools				296,154
Total Investments				<u>\$ 1,557,552</u>

5. Allowance For Uncollectible Receivables

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

Governmental activities:			
Taxes receivable	\$ 837	Business-type activities:	\$ 12,924
Accounts receivable	22,507	Accounts receivable	
	<u>\$ 23,344</u>		

6. Due From Other Governments

Amounts due from other governments at December 31 are as follows (in thousands of dollars):

Governmental activities:		Business-type activities:	
Georgia Emergency Management Agency	\$ 811	Federal Aviation Administration	\$ 180
Georgia Department of Transportation	1,064	Georgia Department of Transportation	104
Georgia Department of Labor	335	Other local governments	416
Housing & Urban Development	943	Total	<u>\$ 700</u>
US Department of Justice	506		
Other	683		
Total	<u>\$ 4,342</u>	Component Units:	
		Miscellaneous State Agencies	<u>\$ 1,754</u>

7. Capital Assets

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Changes in capital assets are as follows (in thousands of dollars):

	Balance 12/31/2002	Additions	Deletions	Balance 12/31/2003	Accumulated Depreciation and Amortization 12/31/2002	Additions	Deletions	Accumulated Depreciation and Amortization 12/31/2003	Book Value 12/31/2003
<u>Governmental activities</u>									
Not depreciated:									
Land	\$ 144,259	\$ 33,494	\$ -	\$ 177,753					\$ 177,753
Construction in progress	39,567	25,910	-	65,477					65,477
Depreciated:									
Land improvements	26,509	-	-	26,509	\$ 9,900	\$ 583	\$ -	\$ 10,483	16,026
Buildings	250,057	2,822	-	252,879	62,127	5,410	-	67,537	185,342
Infrastructure	464,931	28,711	-	493,642	98,748	10,316	-	109,064	384,578
Other equipment	49,983	8,167	(5,586)	52,564	26,008	10,255	(5,586)	30,677	21,887
Totals	\$ 975,306	\$ 99,104	\$ (5,586)	\$ 1,068,824	\$ 196,783	\$ 26,564	\$ (5,586)	\$ 217,761	\$ 851,063
<u>Business-type activities</u>									
Not depreciated:									
Land	\$ 40,334	\$ 286	\$ -	\$ 40,620					\$ 40,620
Construction in progress	99,749	108,608	-	208,357					208,357
Depreciated:									
Land improvements	43,113	13,515	(13)	56,615	\$ 10,549	\$ 1,783	\$ (13)	\$ 12,319	44,296
Buildings	11,733	-	-	11,733	5,732	341	-	6,073	5,660
Plants	141,508	18,356	-	159,864	52,435	2,970	-	55,405	104,459
Lines	543,911	46,932	(1,852)	588,991	157,575	11,327	(1,852)	167,050	421,941
Water meters	42,629	5,472	(841)	47,260	13,978	2,996	(841)	16,133	31,127
Vehicles and portable equipment	125,669	15,600	(13,310)	127,959	74,058	16,703	(13,310)	77,451	50,508
Other equipment	17,282	3,336	(1,471)	19,147	7,689	2,952	(1,471)	9,170	9,977
Leaseholds	169,411	-	-	169,411	13,614	3,477	-	17,091	152,320
Totals	\$ 1,235,339	\$ 212,105	\$ (17,487)	\$ 1,429,957	\$ 335,630	\$ 42,549	\$ (17,487)	\$ 360,692	\$ 1,069,265
<u>Component units</u>									
Depreciated:									
Other equipment	\$ 5,470	\$ 658	\$ (1,223)	\$ 4,905	\$ 3,301	\$ 676	\$ (1,223)	\$ 2,754	\$ 2,151

Depreciation was charged to functions / programs of the primary government as follows (in thousands of dollars):

<u>Governmental activities:</u>		<u>Business-type activities</u>	
General government	\$ 5,452	Water and sewerage system	\$ 23,024
Public safety	3,584	Sanitation	2,015
Civil and criminal court system	3,096	Dekalb-Peachtree Airport	482
Planning	38	Vehicle maintenance	325
Public works	10,525	Vehicle replacement	16,703
Community development	35		
Library	636		
Parks and recreation	1,202		
Health and welfare	1,042		
Miscellaneous	954		
	<u>\$ 26,564</u>		<u>\$ 42,549</u>

Construction in progress at December 31 is composed of the following (in thousands of dollars):

<u>Governmental activities</u>		Project	Expended	Committed	Required
		Authoriza-	as of		Future
		tion	12/31/2003		Financing
Parks and recreation	\$ 19,124	\$	788	\$ 18,336	\$ -
Health centers	300		193	107	-
Art centers	3,041		133	2,908	-
Fire stations	1,361		650	711	-
Police stations	1,500		1,402	98	-
Justice center addition	36,649		36,592	57	-
Jail parking deck	1,926		68	1,858	-
Office building	18,233		11,150	7,083	-
Infrastructure	54,731		14,501	40,230	-
Totals	<u>\$ 136,865</u>		<u>\$ 65,477</u>	<u>\$ 71,388</u>	<u>\$ -</u>
<u>Business-type activities</u>					
Water and sewer lines	\$ 24,175	\$	11,102	\$ 13,074	\$ -
Water plants	285,133		194,795	90,338	-
Sanitation facilities	7,495		138	7,357	-
Airport facilities	3,044		2,322	722	-
Totals	<u>\$ 319,843</u>		<u>\$ 208,357</u>	<u>\$ 111,491</u>	<u>\$ -</u>

8. Long-Term Obligations

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Changes in long-term obligations for the year are as follows (in thousands of dollars):

	Balance 12/31/2002	Additions	Payments/ Retirements	Refundings	Balance 12/31/2003	Current Portion	Long-term Portion
<u>Governmental activities</u>							
Claims and judgments payable	\$ 11,595	\$ 2,197	\$ 3,000	\$ -	\$ 10,792	\$ 7,672	\$ 3,120
Compensated absences payable	27,120	909	-	-	28,029	-	28,029
Capital leases	4,565	4,723	4,779	-	4,509	1,373	3,136
General obligation bonds payable	267,640	127,915	15,000	130,210	250,345	15,845	234,500
Building Authority revenue bonds payable	-	15,000	-	-	15,000	580	14,420
Certificates of participation payable	9,270	25,000	-	9,270	25,000	475	24,525
Unamortized premium on bonds payable	-	5,953	534	-	6,419	-	6,419
Deferred loss on bond refunding	-	(5,353)	(445)	-	(4,908)	-	(4,908)
Totals	\$ 320,190	\$ 177,344	\$ 22,868	\$ 139,480	\$ 335,186	\$ 25,945	\$ 309,241
<u>Business-type activities</u>							
Landfill closure and postclosure cost	\$ 17,288	\$ 125	\$ -	\$ -	\$ 17,413	\$ -	\$ 17,413
Compensated absences payable	5,295	77	49	-	5,323	-	5,323
Contractual obligations payable	265	-	46	-	219	219	-
Capital leases	6,190	1,341	1,819	-	5,712	2,176	3,536
Revenue bonds payable	446,580	179,865	6,745	114,335	505,365	7,550	497,815
Unamortized premium on bonds payable	-	8,140	140	-	8,000	-	8,000
Deferred loss on bond refunding	-	(9,475)	(336)	-	(9,139)	-	(9,139)
Totals	\$ 475,618	\$ 180,073	\$ 8,463	\$ 114,335	\$ 532,893	\$ 9,945	\$ 522,948
<u>Component Units</u>							
Compensated absences payable	\$ 1,150	\$ 296	\$ -	\$ -	\$ 1,446	\$ -	\$ 1,446
Contractual obligations payable	31	87	(58)	-	60	6	54
Totals	\$ 1,181	\$ 383	\$ (58)	\$ -	\$ 1,506	\$ 6	\$ 1,500

Governmental activities:

Claims and judgments payable typically have been liquidated in the other governmental funds and in the internal service funds. Compensated absences payable have typically been liquidated in the General Fund, the Special Tax District-Designated Services Fund, the Special Tax District-Unincorporated Fund, other governmental funds, and in the internal service funds. Capital leases have typically been liquidated in the General Fund, other governmental funds, and the internal service funds.

The following is a schedule by years of future minimum installment purchase payments on capital leases in the governmental activities with the present value of the net minimum payments as of December 31 (in thousands of dollars):

Year Payable	Principal	Interest	Total
2004	\$ 1,373	\$ 134	\$ 1,507
2005	1,199	33	1,282
2006	1,163	46	1,209
2007	714	15	729
2008	60	-	60
Totals	\$ 4,509	\$ 278	\$ 4,787

In July 2003, the County issued \$53,295,000 of General Obligation Refunding Bonds, Series 2003A. The proceeds of which were used to purchase direct obligations of the United States Government for placement in an irrevocable trust to satisfy the principal and interest requirements of the Series 1992 General Obligation Refunding Bonds maturing in the years 2004-2007 and 2010-2020 in the aggregate sum of \$28,630,000 and the Series 1993 General Obligation Health Facilities Bonds maturing in the years 2004-2020 in the aggregate sum of \$24,170,000. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$6,136,000, with an economic gain of \$4,669,000.

In December 2003, the County issued \$74,620,000 of General Obligation Refunding Bonds, Series 2003B. The proceeds of which were used to purchase direct obligations of the United States Government for placement in an irrevocable trust to satisfy the principal and interest requirements of the Series 1993 General Obligation Refunding Bonds maturing in the years 2005-2020 in the aggregate principal amount of \$77,410,000. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$10,241,000, with an economic gain of \$6,645,000.

For financial accounting and reporting purposes, all bonds refunded (a total of \$139,280,000) are considered defeased and, along with the funds held in trust, are not included in the accompanying financial statements.

The following is a summary of the County's outstanding general obligation bond issues at December 31 (in thousands of dollars):

Year Issued	Purpose	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
1991	Refunding issue	5.90	1-1 7-1	11/01/91	01/01/04	\$ 5,525	\$ 5,025	\$ 500
1991	Jail	6.25	1-1 7-1	12/01/91	01/01/20	88,000	85,810	2,190
1992	Refunding issue	6.00	1-1 7-1	12/01/92	01/01/20	64,775	55,735	9,070
1993	Refunding issue	4.65	1-1 7-1	11/01/93	01/01/20	81,125	80,535	590
1998	Jail	5.00	1-1 7-1	08/01/98	01/01/20	2,000	-	2,000
2001	Parks	3.00-5.00	6-1 12-1	10/01/01	12/01/15	125,000	16,920	108,080
2003	Refunding issue	2.00-5.00	1-1 7-1	07/22/03	01/01/20	53,295	-	53,295
2003	Refunding issue	3.00-5.00	1-1 7-1	12/05/03	01/01/20	74,620	-	74,620
	Totals					\$ 494,340	\$ 227,075	\$ 250,345

The following is a summary of general obligation bonds debt service requirements to maturity as of December 31 (in thousands of dollars):

Year Payable	Principal	Interest	Total
2004	\$ 15,845	\$ 9,133	\$ 24,978
2005	15,635	10,478	26,113
2006	15,985	9,739	25,724
2007	16,410	8,939	25,409
2008	17,810	8,227	26,037
2009-2013	86,720	29,133	115,903
2014-2018	62,495	10,724	73,219
2019-2020	19,445	949	20,394
Totals	\$ 250,345	\$ 87,432	\$ 337,827

The County is subject to the laws of the State of Georgia, which limit the amount of net bonded debt (exclusive of revenue bonds) the County may have outstanding to 10% of the assessed valuation of taxable property within the County. At year-end, general obligation bonds outstanding, net of amounts available in the Debt Service Funds, totaled \$239,531,000. The statutory limit at that date was \$2,150,600,000, providing a debt margin of \$1,911,069,000.

In October 2003, the County entered into a building lease-purchase agreement with Association County Commissioners of Georgia Leasing Program to finance the purchase and renovation of an office building and to renovate an existing courthouse. Certificates of Participation in the amount of \$25,000,000 were issued in connection with the lease purchase agreement. Prior to this agreement the County defeased the Series 1991 and Series 1994 Certificates of Participation that were then outstanding using available resources. \$1,580,000 of the Series 1991 and \$7,690,000 of the Series 1994 were defeased. For financial accounting and reporting purposes, all certificates defeased (a total of \$9,270,000) are considered retired and, along with the funds held in trust, are not included in the accompanying financial statements. This cash defeasance resulted in a current year accounting loss of \$518,000, but provided an economic gain of \$424,000.

The following is a summary of the County's outstanding Certificates of Participation at December 31 (in thousands of dollars):

Year Issued	Purpose	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
2003	Office building and courthouse	2.50-4.75	6-1 12-1	10/14/03	12/01/23	\$ 25,000	\$ -	\$ 25,000

The following is a summary of Certificates of Participation debt service requirements to maturity as of year end (in thousands of dollars):

Year Payable	Interest Rate (%)	Principal	Interest	Total
2004	2.50	\$ 475	\$ 1,006	\$ 1,481
2005	2.25	485	994	1,479
2006	2.25	970	983	1,953
2007	2.5	995	961	1,956
2008	2.875	1,020	937	1,957
2009-2013	3.125-4.00	5,630	4,132	9,762
2014-2018	4.00-4.40	6,890	2,882	9,772
2019-2023	4.50-4.75	8,535	1,233	9,768
Totals		\$ 25,000	\$ 13,128	\$ 38,128

In June 2003, the Building Authority issued \$15,000,000 of DeKalb County Building Authority Revenue Bonds. The proceeds of which will be used to construct a juvenile justice center.

The following is a summary of the County's outstanding Building Authority revenue bond issues at December 31 (in thousands of dollars):

Year Issued	Purpose	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Retired	Outstanding
2003	Juvenile Justice Center	2.0-5.0	6-1 12-1	07/01/03	12/01/20	\$ 15,000	\$ -	\$ 15,000

The following is a summary of the County's governmental activities revenue bonds debt service requirements to maturity as of December 31 (in thousands of dollars):

Year Payable	Interest Rate (%)	Principal	Interest	Total
2004	2.0	\$ 580	\$ 499	\$ 1,079
2005	2.0	590	437	1,077
2006	2.0	605	475	1,080
2007	2.0	615	463	1,078
2008	2.0	630	451	1,081
2009-2013	2.5-3.0	3,370	2,022	5,392
2014-2018	3.0-3.7	3,910	1,488	5,398
2019-2020	3.75-5.0	4,700	694	5,394
Totals		\$ 15,000	\$ 6,579	\$ 21,579

Business-type activities:

DeKalb County has entered into a series of leasehold agreements with the City of Atlanta whereby the County would pay the City in equal monthly installments over 30 years for the use of a portion of the R. M. Clayton Water Pollution Control Plant. These lease payments are reflected as a capital lease obligation at the present value of the aggregate payments due over the remaining life of the lease. The following is a schedule by years of future minimum lease payments to the City of Atlanta for capital leases with the present value of the net minimum lease payments (in thousands of dollars):

<u>Year Ending December 31,</u>	
2004	\$ 221
Less amount representing interest costs at interest rate of 9.52%	2
Present value of net minimum lease payments	219
Current portion	219
Long-term portion	\$ -

The following is a schedule by years of future minimum installment purchase payments on capital leases for vehicles in the business-type activities with the present value of the net minimum payments as of December 31 (in thousands of dollars):

Year Payable	Principal	Interest	Total
2004	\$ 2,176	\$ 172	\$ 2,348
2005	1,827	96	1,923
2006	1,034	41	1,075
2007	602	12	614
2008	73	1	74
Totals	\$ 5,712	\$ 322	\$ 6,034

In November, 2003 the County issued \$179,865,000 principal amount of Water and Sewerage Revenue Bonds. \$70,000,000 of the proceeds will be used to pay the County's proportionate share of its obligations for the jointly financed Nancy Creek Tunnel and Pump Station with the City of Atlanta, the construction of an office building, and the renovation of a number of trunk sewers. The remaining monies were used to purchase direct obligations of the United States Government for placement in an irrevocable trust to satisfy the principal and interest requirements of the Series 1993 Bonds in the aggregate principal amount of \$114,335,000 maturing in the years 2005-2023. For financial accounting and reporting purposes, all revenue bonds defeased (a total of \$159,550,000) are considered retired and, along with the funds held in trust, are not included in the accompanying financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$11,204,000, and provided an economic gain of \$7,478,000.

The following is a summary of the County's outstanding business-type activities revenue bond issues as of December 31 (in thousands of dollars):

Series	Interest Rate (%)	Interest Dates	Issue Date	Maturity Date	Authorized and Issued	Retired	Out- standing	Callable	Call Premiums
1993	4.60	4- 10-1	12/01/93	10/01/23	\$ 125,935	\$ 124,930	\$ 1,005	\$ -	-
1997	6.125-6.25	4- 10-1	07/09/97	10/01/06	42,870	26,040	16,830	-	-
1999	4.20-5.00	4- 10-1	05/01/99	10/01/28	96,345	-	96,345	92,955	0-1%
2000	4.375-5.625	4- 10-1	11/01/00	10/01/35	214,525	3,205	211,320	195,600	0-1%
2003	4.0-5.0	4- 10-1	11/18/03	10/01/35	179,865	-	179,865	145,875	None
Totals					<u>\$ 659,540</u>	<u>\$ 154,175</u>	<u>\$ 505,365</u>	<u>\$ 434,430</u>	

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. As of year-end, the County believes it was in compliance with all such significant limitations and restrictions.

The following is a summary of the County's outstanding business-type activities revenue bonds debt service requirements to maturity as of year-end (in thousands of dollars):

Year Payable	Principal	Interest	Total
2004	\$ 7,550	\$ 23,950	\$ 31,500
2005	6,915	25,195	32,110
2006	7,315	24,797	32,112
2007	5,550	24,375	29,925
2008	8,910	24,160	33,070
2009-2013	51,530	114,702	166,232
2014-2018	65,600	100,630	166,230
2019-2023	84,345	81,878	166,223
2024-2028	109,380	57,936	167,316
2029-2033	107,225	30,440	137,665
2034-2035	51,045	4,024	55,069
Totals	<u>\$ 505,365</u>	<u>\$ 512,087</u>	<u>\$ 1,017,452</u>

9. Employee Benefits

(A) Defined Benefits Pension Plan Description

The County provides pension benefits for substantially all of its full-time and permanent part-time employees through a single employer defined benefit plan (the "Plan"). The Plan is administered by the DeKalb County Pension Board (the "Board") composed of five voting members (the Chief Executive Officer of DeKalb County, two members elected by County employees, one member selected by the DeKalb County Board of Commissioners, and one member appointed by the other voting members of the Board) and two non-voting members (the County Director of Finance and the County Merit System Director). The Plan does not issue separate financial statements. The County's payroll for employees covered by the Plan for the year was \$275,335,000, as compared to a total County payroll of \$292,218,000.

The Plan provides retirement benefits of 2.75% of average salary (based on the highest consecutive 36 months of pay over the last ten years of employment) times years of service with a maximum retirement benefit of 82.5% of average salary. Normal retirement, with at least 10 years of service, is at age 55 or older. Early retirement (subject to reductions in benefits) is allowed at age 50 with 10 or more years of service. Employees with 30 years of service can retire at any age with no reduction in benefits. An employee can retire at age 65 regardless of years of service.

Termination benefits are as follows. Within the first three years of service, the participant's contributions will be returned without interest. After three but fewer than ten years of service, the participant may either withdraw his contributions plus interest or leave his contributions in the Plan and receive a monthly benefit to commence at age 65 equal to his accrued benefit as of the date of termination. After ten years of service, the participant may either withdraw his contributions plus interest or leave his contributions in the Plan and receive a monthly benefit to commence at his normal retirement date equal to his accrued benefit as of the date of termination. Such terminating employee may elect to receive reduced benefits any time after he attains 50 years of age.

Retirement benefits are payable monthly for life (ten years guaranteed) with survivor options available subject to reduced monthly benefits. The Plan also provides disability benefits. These benefit provisions and all other requirements are established by State statute and by the DeKalb Pension Act. Any changes to the Plan benefits must be approved by the DeKalb County Board of Commissioners. Contribution levels to the Plan are determined using the actuarial basis specified by statute. Current contribution levels, as approved by the DeKalb County Board of Commissioners, are employee 0.5% and County 0.5% of employee earnings. The accrual basis of accounting is used to report the activities of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Assets are valued at fair value, based on quoted market prices, with actuarial valuations of investments adjusted to market at a 5 year smoothed rate. As of year end, no investment in any one organization represented 5% or more of plan assets. Administrative costs of the Plan are financed through investment earnings. As of year-end, Plan membership was composed of the following:

Ten year vested active employees covered by the Plan	2,416
Three year vested active employees covered by the Plan	2,047
Nonvested active employees covered by the Plan	1,653
Retirees currently receiving normal retirement benefits	1,763
Retirees currently receiving disability benefits	109
Beneficiaries of deceased retirees currently receiving benefits	194
Terminated employees entitled to benefits but not yet receiving them because of age	244
Total members	<u>8,426</u>

(B) Actuarial assumptions

The actuarial accrued liability was computed as part of an actuarial valuation performed as of April 1, 2003. Significant actuarial assumptions used in the valuation include: (a) rate of return on investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 3.5% for inflation and 0% to 4.3% for merit / seniority based on an age graduated scale, compounded annually, (c) no post retirement benefit increases were assumed.

(C) Actuarially Determined Pension Plan Contribution Requirements and Contribution Made

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The Plan's funding policy provides for actuarially determined contributions at rates that, for individual employees, are a level percentage of payroll. The contribution rate for normal cost is determined using the entry age normal cost method. The required contribution includes the normal cost less amortization of the assets in excess of the actuarial accrued liability. Amortization is taken as a level percentage of payroll over 0.25 to 29 years for various bases. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability as described above. The total contributions to the Plan for the year of \$2,708,000 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed April 1, 2002. Employer contributions of \$1,288,000 represent 100% of the employer annual required contribution. The net pension obligation of \$0 was determined in accordance with GASB Statement No. 27. The amortization period for the County's actuarial accrued surplus is open.

(D) Schedule of Contributions as a percentage of salary

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Employee	.5%	.5%	.5%	.5%	.5%	.5%	2.50%	2.50%	2.50%	2.50%
Employer	.5%	.5%	.5%	.5%	.5%	.5%	5-3.25%	3.25%	10.00%	10.00%

(E) Unaudited Schedule of Funding Progress (in thousands of dollars where applicable):

	Valuation Date							
	4-1-2003	4-1-2002	4-1-2001	4-1-2000	4-1-1999	4-1-1998		
Actuarial value of plan assets	\$ 1,122,066	\$ 1,161,884	\$ 1,002,973	\$ 995,071	\$ 922,548	\$ 861,814		
Actuarial accrued liability	\$ 1,062,595	\$ 978,606	\$ 851,877	\$ 790,994	\$ 726,771	\$ 593,931		
Percentage funded	105.60%	118.73%	117.74%	125.80%	126.94%	145.10%		
Assets in excess of actuarial accrued liability	\$ 59,471	\$ 183,278	\$ 151,096	\$ 204,077	\$ 195,777	\$ 267,883		
Annual covered payroll	\$ 254,259	\$ 249,746	\$ 206,419	\$ 196,590	\$ 194,410	\$ 181,342		
Assets in excess of actuarial accrued liability as a % of annual covered payroll	23.39%	73.39%	73.20%	103.81%	100.70%	147.72%		

(F) Unaudited Schedule of Employer Contributions (in thousands of dollars where applicable):

	2003	2002	2001	2000	1999	1998
Annual required contribution / annual pension cost	\$ 1,288	\$ 1,302	\$ 1,253	\$ 1,140	\$ 1,070	\$ 1,007
Annual employer contributions made	\$ 1,288	\$ 1,302	\$ 1,253	\$ 1,140	\$ 1,070	\$ 1,007
Net pension obligation, end of year	\$0	\$0	\$0	\$0	\$0	\$0
Percentage of annual employer contributions made to annual required contributions	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(G) Other Post Retirement Benefits

Group health benefits are available to all retirees and beneficiaries of retirees with the County paying up to 70% of the total cost and the retiree paying the remaining amount. These benefits are provided by the DeKalb County Board of Commissioners each year and are not statutory, contractual, or required by other authority. The total cost of retiree health benefits, \$11,638,000 for the year, is recognized as an expense in the Internal Service Funds as claims are incurred. 1,631 retirees and beneficiaries of retirees were covered by County group insurance as of year-end.

(H) Deferred Compensation Plan

The County offers its employees an optional 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, and all income attributable to those amounts, property, or rights are (until paid or made available to the participant or other beneficiary) solely the property and rights of a Trust created by the County for the benefit of the participants and administered by third parties. The County has adopted the provisions of GASB Statement No. 32 which required the removal of plan assets and liabilities from the financial statements of the County.

10. Proprietary Funds

Contracts and agreements

The County has a shared interest in various water pollution control plants with the City of Atlanta, Gwinnett County, Henry County, and Fulton County. Each of these agreements requires the County to pay a pro rata share of the plants' operating costs and additional capital improvements which may be made by the other equity interest. During the year, the County incurred the following operating costs (no capital costs were incurred) (in thousands of dollars):

R. M. Clayton Plant - City of Atlanta	\$	9,783
Big Creek Plant, John's Creek Plant,		
Marsh Creek Plant - Fulton County		1,125
Jackson Creek Plant - Gwinnett County		418
Total	\$	<u>11,326</u>

11. Fund Deficits

The Risk Management Fund (an internal service fund) ended the year with a net assets deficit of \$1,627,000. Risk management charges will be increased in 2004 to eliminate this deficit.

12. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; law enforcement liability; injuries to employees; assumed risks for employee benefits; damage to private parties; and natural disasters. By provision of the State Constitution, the County may be immune from liability for most forms of bodily injury and property damage arising out of its operations, if such losses are not insured. It is the policy of the County to utilize immunity as a legal defense against liability claims whenever the risk of loss is not insured and immunity may be asserted.

DeKalb County has a Risk Management Fund to account for and to finance its purchase of insurance and coverage of uninsured risks of loss when immunity cannot be asserted. Under this program, the Risk Management Fund finances two reserves: workers' compensation and incurred but unpaid claims under a self-funded employee medical benefit program. The County retains the first \$500,000 of expense for each occurrence of workers' compensation injuries, and it retains the first \$175,000 of medical expense claims per year for each covered employee under the comprehensive medical insurance plan. Beyond these limits, the County purchases specific excess insurance to limit further loss. No claim has ever exceeded the excess limits of the workers' compensation or excess medical insurance policies. Reserves are established for the medical insurance liabilities based on actuarial projection provided by the plan administrator (Blue Cross and Blue Shield of Georgia). Reserves for workers' compensation are established in two manners: (1) an estimate of future expenses for known claims and known treatment needs, and (2) a statistical projection of incurred but unreported claims, based on recent historical experience of loss development in the County's claims.

The County purchases commercial automobile liability insurance to cover its automobile, trucks, and other on-road vehicles. It also purchases liability coverage for its helicopter fleet and for airport operations. Beyond the limits of the liability policies, the County asserts immunity, and has never had to pay a claim in excess of those policies. Consequently, no reserve is established for these risk exposures.

Buildings and contents are insured through an "all risk" property damage insurance policy, and the County retains the first \$100,000 of each loss with no aggregate limits. This retention level is funded by an annual appropriation of \$300,000 which, historically, has proven adequate to cover all claims.

The changes in the liabilities for self-insurance for the last four years are as follows (in thousands of dollars):

	2003	2002	2001	2000
Workers' compensation:				
Incurred claims, net of any changes	\$ 3,493	\$ 1,800	\$ 2,595	\$ 4,533
Payments	(2,887)	(2,411)	(2,722)	(3,316)
Ending balance	<u>5,279</u>	<u>4,673</u>	<u>5,284</u>	<u>5,411</u>
Health and dental:				
Incurred claims, net of any changes	46,552	39,828	38,420	34,189
Payments	(45,461)	(38,484)	(38,215)	(34,204)
Ending balance	<u>5,013</u>	<u>3,922</u>	<u>2,578</u>	<u>2,373</u>
Total liability for self insurance	<u>\$ 10,292</u>	<u>\$ 8,595</u>	<u>\$ 7,862</u>	<u>\$ 7,784</u>

13. Interfund Balances and Activity

(A) Balances Due to/from Other Funds

Balances due to / from other funds at year end consist of the following (in thousands of dollars):

\$ 3,114	Due to the General Fund from other governmental funds representing short-term loans.
126	Due to the General Fund from the General Employee's Pension fund representing a short-term loan.
<u>1,219</u>	Due to the Special Tax District Designated Services Fund from the Special Tax District Unincorporated Fund representing a short-term loan.
<u>\$ 4,459</u>	Total

(B) Transfers to / from Other Funds

Transfers to / from other funds for the year consist of the following:

\$ 812	Transfer from General Fund to other governmental funds to match federal and state grants.
800	Transfer from General Fund to debt service fund.
<u>26,434</u>	Transfer from General Fund to other governmental funds for capital projects.
80	Transfer from General Fund to to fund the implementation of the Stormwater Utility Fund.
<u>8,537</u>	Transfer from other governmental funds to General Fund to fund programs.
223	Transfer from other governmental funds of unspent grant and projects monies to General Fund.
12	Transfer from other governmental funds of unspent projects monies to Special Tax District Designated Services Fund.
<u>1,780</u>	Transfer from Special Tax District Designated Services Fund to other governmental funds to match federal and state grants.

598	Transfer from Special Tax District Unincorporated Fund to fund an implementation study for the Stormwater Utility Fund.
76,711	Transfer from Special Tax District Unincorporated Fund to Special Tax District Designated Services Fund to fund operations.
3,910	Transfers between other governmental funds to supplement other funds sources.
13	Transfer from Sanitation Fund to other governmental funds for grant match.
55	Transfer from DeKalb-Peachtree Airport Fund to General Fund to match a federal grant.
	<u>\$ 119,965</u>

14. Commitments And Contingencies

The County Board of Commissioners voted during fiscal year 2003 to approve giving 95% of the hotel / motel tax received by the County to the DeKalb County Convention and Visitors Bureau and 5% to the DeKalb Council for the Arts. During the year, the County paid \$1,814,000 and \$95,000 respectively, on these agreements, with \$199,000 remaining as a payable.

Litigation - The County is defendant in various legal actions in the nature of claims for alleged damages to persons and property, civil rights violations, zoning matters, and other similar types of actions arising in the course of normal County operations. In the opinion of the County's management and legal counsel there are no suits pending or unasserted claims that would have a material adverse effect on the financial condition of the County.

Grant Contingencies - The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. 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's management expects such amounts, if any, will not be significant.

15. Budget Information

The County exceeded the legal level of budgeted expenditures in the following departments (in thousands of dollars):

Registrar and elections	\$	(19)
Juvenile Court		(79)
Public works administration		(18)
County jail fund		(236)
Parks and recreation (DATAE)	\$	(9)

These overages were caused by unexpected expenditures in these funds during 2003. The budget for these departments in 2004 is expected to be sufficient to cover expenditures.

As mandated by Georgia law, the County maintains a project-length balanced budget for each capital projects fund. The following is a summary of each of these funds project-length budgets (in thousands of dollars):

	1987 Parks Bonds	Jail Bonds	Health Facilities Bonds	COPS Bonds	Morgue Project	HOST Capital Projects	Community Greenspace Program	2001 Parks Bonds
Project-length revenues:								
Budget	\$ 385	\$ 3,291	\$ 14,544	\$ 34,644	\$ 318	\$ 145,270	\$ 6,291	\$ 133,807
Actual	387	3,318	14,546	34,696	318	142,528	6,273	134,386
Project-length expenditures:								
Budget	385	3,291	14,544	34,644	318	145,270	6,291	133,807
Actual	233	1,108	14,360	13,599	308	114,136	2,382	48,914

	Capital Improvement Projects	Building Authority Juvenile Court Project	Total
Project-length revenues:			
Budget	\$ 90,529	\$ 15,000	\$ 444,079
Actual	72,810	15,154	424,416
Project-length expenditures:			
Budget	90,529	15,000	444,079
Actual	46,160	6,207	247,407

16. Fund Balance Reserves

Reserved fund balances in the various funds are as follows (in thousands of dollars):

	General	Special Tax District - Designated Services	Special Tax District - Unincorporated	2001 Parks Bonds	Other Governmental Funds	Total Governmental Funds
Reserved for encumbrances	\$ 5,673	\$ 994	\$ 57	\$ 6,136	\$ 11,259	\$ 24,119
Reserved for inventories	131	-	-	-	-	131
Total reserved	\$ 5,804	\$ 994	\$ 57	\$ 6,136	\$ 11,259	\$ 24,250

DEKALB COUNTY, GEORGIA

COMBINING STATEMENTS AND SCHEDULES

DEKALB COUNTY, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

DeKalb County, Georgia
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2003
(in thousands of dollars)

ASSETS	Special	Debt	Capital	Total Nonmajor
	Revenue Funds	Service Funds	Project Funds	Governmental Funds
Cash and cash equivalents	\$ 17,487	\$ 11,212	\$ 83,850	\$ 112,349
Taxes receivable (net)	5,597	744	-	6,341
Accounts receivable (net)	1,066	-	-	1,066
Due from other governments	2,479	-	1,863	4,342
Total assets	26,629	11,956	85,513	124,098

LIABILITIES AND FUND BALANCE

Liabilities:				
Accounts and contracts payable	1,063	-	1,745	2,808
Other accrued liabilities	1,404	-	-	1,404
Advance payments and deposits	972	-	-	972
Due to other governments	868	-	-	868
Due to other funds	3,114	-	-	3,114
Deferred revenue	986	456	11	1,453
Total liabilities	8,407	456	1,756	10,619
Fund balances:				
Reserved	2,303	-	8,956	11,259
Unreserved	15,919	11,500	74,801	102,220
Total fund balances	18,222	11,500	83,757	113,479
Total liabilities and fund balances	\$ 26,629	\$ 11,956	\$ 85,513	\$ 124,098

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2003
(in thousands of dollars)

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 64,309	\$ 23,972	\$ -	\$ 88,281
Licenses and permits	8,484	-	-	8,484
Use of money and property	1,574	183	587	2,344
Intergovernmental	27,649	-	1,308	28,957
Fines and forfeitures	909	-	-	909
Charges for services	17,316	-	-	17,316
Miscellaneous	1,484	2,070	93	3,647
Total revenues	121,725	26,225	1,988	149,938
EXPENDITURES				
Current:				
General government	7,259	-	-	7,259
Public safety	53,437	-	-	53,437
Civil and criminal court system	2,996	-	-	2,996
Public works	14,567	-	-	14,567
Community development	9,443	-	-	9,443
Parks and recreation	1,725	-	-	1,725
Health and welfare	23,521	-	-	23,521
Miscellaneous	1,338	-	-	1,338
Debt service	1,290	28,495	2,114	31,899
Cash defeasance of bonds	-	-	9,788	9,788
Capital outlay:				
General government	-	-	7,624	7,624
Public safety	-	-	481	481
Civil and criminal court system	-	-	24,910	24,910
Public works	-	-	14,706	14,706
Parks and recreation	-	-	1,929	1,929
Health and welfare	-	-	53	53
Other:	-	-	32	32
Total expenditures	115,576	28,495	61,637	205,708
Excess (deficiency) of revenues over (under) expenditures	6,149	(2,270)	(59,649)	(55,770)
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issuance	-	27,915	40,000	167,915
Premium on bond issuance	-	6,509	444	6,953
Payments to escrow agents	-	(35,562)	-	(135,562)
Bond issuance expense	-	(868)	(548)	(1,416)
Contractual purchase obligations	-	-	1,365	1,365
Transfers in	2,794	800	30,138	33,732
Transfers out	(10,570)	-	(2,112)	(12,682)
Total other financing sources (uses)	(7,776)	(1,206)	69,287	60,305
Net change in fund balance	(1,627)	(3,476)	9,638	4,535
Fund balance - beginning	19,849	14,976	74,119	108,944
Fund balance - ending	\$ 18,222	\$ 11,500	\$ 83,757	\$ 113,479

DeKalb County, Georgia
Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

The following Nonmajor Special Revenue Funds are used by the County:

- Development Fund - to account for operations of the County's development department, whose financing is provided by license and permit fees.
- Fire Fund - to account for operations of the County's fire department whose financing is provided by a specific annual property tax levy. Such property taxes are used to provide fire protection for all residents of the County not protected by municipal fire departments.
- Hospital Fund - to account for contractual payments made by the County to the Fulton DeKalb Hospital Authority whose financing is provided by a specific annual property tax levy.
- Child Support Incentive Fund - to account for monies collected from the State to be used by the District Attorney for programs relating to child support.
- PEG Support Fund - to account for monies collected from cable companies to provide infrastructure for government access channels.
- County Jail Fund - to account for monies collected as a result of a 10% penalty on certain court cases, which are used for the construction, operation, and staffing of County detention facilities.
- Hotel/Motel Tax Fund - to account for taxes collected by hotels and motels within the County which are used for the promotion of tourism and convention trade within the County.
- Grant-in-Aid Fund - to account for operations of various grant-in-aid programs. Financing is provided by contributions from various governmental agencies. Such contributions are used only to finance expenditures permitted by the various grant-in-aid contracts and agreements.
- LLEBG #5 Grant Fund - to account for local law enforcement block grant #5 monies which are used to support law enforcement in the County.
- LLEBG #6 Grant Fund - to account for local law enforcement block grant #6 monies which are used to support law enforcement in the County.
- Victim Assistance Fund - to account for fines assessed in State and Superior Courts in DeKalb County which are used for victim assistance programs.
- Recreation Fund - to account for the operations of various recreational activities provided by the County whose financing is through user fees.
- Law Enforcement Confiscated Monies Fund - to account for monies confiscated under Georgia law by DeKalb law enforcement officers related to controlled substances offenses which are used to defray the cost of complex investigations and to purchase equipment relating to said investigations.
- Juvenile Services Fund - to account for monies collected under Georgia law for probational services to juvenile offenders which are used for providing treatment to juvenile offenders.
- Emergency Telephone System Fund - to account for monies collected under Georgia law by the telephone company on behalf of DeKalb County which are used for providing emergency 911 services to residents of the County.
- Drug Abuse Treatment and Education Fund - to account for monies collected under Georgia law related to additional penalties on controlled substances offenses which are used for drug abuse treatment and education programs relating to controlled substances and marijuana.
- Street Lights Fund - to account for street light assessments on County residents and businesses which are used for providing street light services for the County's citizens.
- Speed Humps Fund - to account for speed hump assessments on County residents which are used for providing speed hump services for the County's citizens.
- LLEBG #7 Grant Fund - to account for local law enforcement block grant #7 monies which are used to support law enforcement in the County.
- LLEBG #8 Grant Fund - to account for local law enforcement block grant #8 monies which are used to support law enforcement in the County.
- Law Library - to account for fees received from State and Superior Courts and used to finance the Law Library's operation and purchase of reference materials.
- Alternative Dispute Resolution - to account for fees received from State, Magistrate, Probate, and Superior Courts and used to fund dispute resolution matters.

DeKalb County, Georgia
Nonmajor Special Revenue Funds
Continuing Balance Sheet
December 31, 2003
(in thousands of dollars)

	Child											
	Development	Fire	Hospital	Support Incentive	PEG Support	County Jail	Hotel \ Motel Tax	Grant-In-Aid	LLEBG #5 Grant	LLEBG #6 Grant	Victim Assistance	Recreation
ASSETS												
Cash and cash equivalents	\$ 2,339	\$ -	\$ -	\$ 5	\$ 1,808	7	\$ 199	\$ -	\$ 36	\$ 40	\$ 553	\$ 392
Taxes receivable (net)	-	3,783	1,664	-	-	-	150	-	-	-	-	-
Accounts receivable (net)	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	2,479	-	-	-	-
Total assets	2,339	3,783	1,664	5	1,808	7	349	2,479	36	40	553	392

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts and contracts payable	613	178	-	-	-	-	-	-	-	-	30	15
Other accrued liabilities	180	944	-	-	-	-	-	264	-	-	-	14
Advance payments and deposits	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	1,857	1,136	-	-	-	-	121	-	-	-	-
Due to other governments	-	-	-	-	-	-	349	-	-	-	-	-
Deferred revenue	-	575	324	-	-	-	-	87	-	-	-	-
Total liabilities	793	3,554	1,460	-	-	-	349	472	-	-	30	29

Fund balances:

Reserved	775	379	-	-	179	-	-	-	-	-	20	71
Unreserved	77	(150)	204	5	1,629	7	-	2,007	36	40	503	292
Total fund balances	1,546	229	204	5	1,808	7	-	2,007	36	40	523	363
Total liabilities and fund balances	\$ 2,333	\$ 3,783	\$ 1,664	\$ 5	\$ 1,808	\$ 7	\$ 349	\$ 2,479	\$ 36	\$ 40	\$ 553	\$ 392

(continued)

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Combining Balance Sheet

December 31, 2003

(in thousands of dollars)

(continued)

	Law	Enforcement	Juvenile Services	Emergency Telephone System	Drug Abuse Treatment & Education	Street Lights	Speed Humps	LLEBG #7 Grant	LLEBG #8 Grant	Law Library	Alternative Dispute Resolution	Total Nonmajor Special Revenue Funds
ASSETS												
Cash and cash equivalents	\$ 3,017	\$ 36	\$ 36	\$ 6,762	\$ 36	\$ 113	225	\$ 177	\$ 503	\$ 170	\$ 1,079	\$ 17,487
Taxes receivable (net)	-	-	-	-	-	-	-	-	-	-	-	5,597
Accounts receivable (net)	-	-	-	850	-	155	6	-	-	7	48	1,086
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	2,479
Total assets	3,017	36	36	7,602	36	268	231	177	503	177	1,127	26,629

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts and contracts payable	211	-	-	-	16	-	-	-	-	-	-	1,063
Other accrued liabilities	-	-	-	-	-	2	-	-	-	-	-	1,404
Advance payments and deposits	972	-	-	-	-	-	-	-	-	-	-	972
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	3,114
Due to other governments	-	-	-	-	-	-	-	-	-	9	510	868
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	986
Total liabilities	1,183	-	-	-	16	2	-	-	-	9	510	8,407

Fund balances:

Reserved	879	-	-	-	-	-	-	-	-	-	-	2,303
Unreserved	965	36	36	7,602	20	266	231	177	503	168	617	15,919
Total fund balances	1,834	36	36	7,602	20	266	231	177	503	168	617	18,222
Total liabilities and fund balances	\$ 3,017	\$ 36	\$ 36	\$ 7,602	\$ 36	\$ 268	\$ 231	\$ 177	\$ 503	\$ 177	\$ 1,127	\$ 26,629

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2003
(in thousands of dollars)

REVENUES	Development	Fire	Hospital	Child			Hotel	Grant-in-Aid	LLEBG #5	LLEBG #6	Victim Assistance
				Support Incentive	PEG Support	County Jail					
Taxes	\$ -	\$ 41,948	\$ 20,407	\$ -	\$ -	\$ -	\$ 1,954	\$ -	\$ -	\$ -	\$ -
Licenses and permits	8,484	-	-	-	-	-	-	-	-	-	-
Use of money and property	44	-	-	-	21	-	-	1,370	-	4	-
Intergovernmental	-	2,106	1,058	-	-	111	-	22,714	-	-	280
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	848
Charges for services	-	75	-	-	-	1,727	-	-	-	-	-
Miscellaneous	14	56	-	-	721	-	-	7	-	-	-
Total revenues	8,542	44,185	21,465	-	742	1,838	1,954	24,091	-	4	1,128
<u>EXPENDITURES</u>											
Current:											
General government	-	-	-	1	149	-	2,101	5,008	-	-	-
Public safety	-	43,640	-	-	-	-	-	6,919	-	128	-
Civil and criminal court system	-	-	-	-	-	-	-	2,202	-	205	161
Public works	11,331	-	-	-	-	-	-	32	-	-	-
Community development	-	-	-	-	-	-	-	9,443	-	-	-
Parks and recreation	-	-	-	-	-	-	-	408	-	23	-
Health and welfare	-	-	21,588	-	-	-	-	1,871	-	-	-
Miscellaneous	-	-	-	-	-	-	-	568	101	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	11,331	43,640	21,588	1	149	-	2,101	28,451	101	353	161
Excess (deficiency) of revenues over (under) expenditures	(2,849)	545	(123)	(1)	593	1,838	(147)	(2,360)	(101)	(353)	867
<u>OTHER FINANCING SOURCES (USES)</u>											
Transfers in	-	21	-	-	-	-	-	2,688	-	-	-
Transfers out	-	(1,208)	-	(18)	(500)	(1,831)	-	(176)	-	-	(873)
Total other financing sources (uses)	-	(1,187)	-	(18)	(500)	(1,831)	-	2,512	-	-	(873)
Net change in fund balance	(2,849)	(642)	(123)	(19)	93	7	(147)	152	(101)	(353)	94
Fund balance - beginning	4,395	871	327	24	1,715	-	147	1,855	137	392	429
Fund balance - ending	\$ 1,546	\$ 229	\$ 204	\$ 5	\$ 1,808	\$ 7	\$ -	\$ 2,007	\$ 36	\$ 47	\$ 523

(continued)

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2003

(in thousands of dollars)
(continued)

	Recreation	Law Enforcement Confiscated Monies	Juvenile Services	Emergency Telephone System	Drug Abuse Treatment & Education	Street Lights	Spaced Humps	LLEBG #7 Grant	LLEBG #8 Grant	Law Library	Alternative Dispute Resolution	Total Nonmajor Special Revenue Funds
REVENUES												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 64,309
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	8,484
Use of money and property	6	32	-	83	1	1	1	10	-	-	-	1,574
Intergovernmental	-	927	-	-	-	-	-	-	453	-	-	27,649
Fines and forfeitures	-	-	-	-	61	-	-	-	-	-	-	909
Charges for services	1,255	-	72	10,918	-	3,113	176	-	-	-	-	17,316
Miscellaneous	-	-	-	-	-	-	-	-	-	81	601	1,484
Total revenues	1,241	959	72	11,001	62	3,114	177	10	453	81	801	121,725
EXPENDITURES												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	7,259
Public safety	-	1,295	-	1,145	-	-	-	310	-	-	-	53,437
Civil and criminal court system	-	156	41	-	-	-	-	231	-	-	-	2,996
Public works	-	-	-	-	-	3,143	1	-	-	-	-	14,567
Community development	-	-	-	-	-	-	-	-	-	-	-	9,443
Parks and recreation	1,254	-	-	-	-	-	-	-	-	-	-	1,725
Health and welfare	-	-	-	-	62	-	-	-	-	-	-	23,521
Miscellaneous	-	-	-	-	73	-	-	-	-	81	515	1,338
Debt service	-	-	-	1,290	-	-	-	-	-	-	-	1,290
Total expenditures	1,254	1,451	41	2,435	135	3,143	1	541	-	81	515	115,576
Excess (deficiency) of revenues over (under) expenditures	(83)	(492)	31	8,566	(73)	(29)	176	(531)	453	5	86	6,149
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	3	-	-	32	50	-	-	2,794
Transfers out	-	(131)	-	(5,833)	-	-	-	-	-	-	-	(10,570)
Total other financing sources (uses)	-	(131)	-	(5,833)	3	-	-	32	50	-	-	(7,776)
Net change in fund balance	(83)	(623)	31	2,733	(70)	(29)	176	(499)	503	5	86	(1,627)
Fund balance - beginning	413	2,457	5	4,869	90	235	55	678	-	163	531	19,849
Fund balance - ending	363	1,834	36	7,602	20	236	231	177	503	168	617	18,222

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003

Non-GAAP Budget Basis (in thousands of dollars)

	Development Fund			Fire Fund			Hospital Fund		
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)
Revenues:									
Property taxes	\$ -	\$ -	\$ -	\$ 28,397	\$ 29,476	\$ 27,295	\$ 14,359	\$ 14,655	\$ 13,682
Sales taxes	-	-	-	14,750	14,750	14,881	5,775	5,775	6,845
Licenses and permits	10,025	8,484	(1,541)	-	-	-	-	-	-
Use of money and property	62	47	(15)	1	1	-	-	-	-
Intergovernmental	-	-	-	3,234	2,374	2,126	1,470	1,174	1,058
Charges for services	-	-	-	75	75	75	-	-	-
Miscellaneous	2	4	12	70	70	57	-	-	-
Total revenues	10,089	8,545	(1,544)	46,527	46,746	44,414	21,604	21,604	21,585
Expenditures:									
Current:									
Public safety - fire and rescue services	-	-	-	46,299	46,392	43,617	-	-	-
Public works - development	14,267	11,244	(3,053)	-	-	-	-	-	-
Health and welfare - hospital	-	-	-	-	-	-	21,643	21,643	21,587
Miscellaneous	-	-	-	-	-	-	-	-	-
Total expenditures	14,267	11,244	(3,053)	46,299	46,392	43,617	21,643	21,643	21,587
Excess (deficiency) of revenues over expenditures	(4,178)	(2,699)	1,509	228	354	737	(39)	(39)	(2)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	21	-	-	-
Transfers out	-	-	-	(1,083)	(1,209)	(1,239)	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,178)	(2,699)	1,509	(855)	(855)	(331)	(39)	(39)	(2)
Fund balance, beginning of year	4,178	4,178	-	855	855	855	39	39	39
Fund balance, end of year	\$ -	\$ 1,509	\$ 1,509	\$ -	\$ -	\$ 434	\$ -	\$ -	\$ 37
Explanation of differences between budget and GAAP:									
Deficiency of revenues and other sources over expenditures and other uses - budget basis	(2,699)					(391)			(2)
Differences - budget to GAAP:									
Due to revenues:									
Accrued receivables 12-31-2002	(6)					(1,101)			(593)
Accrued receivables 12-31-2003	3					905			491
Deferred revenues 12-31-2002	-					543			305
Deferred revenues 12-31-2003	-					(545)			(324)
Due to expenditures:									
Accrued payables 12-31-2002	146					917			-
Accrued payables 12-31-2003	(741)					(944)			-
Encumbrances 12-31-2002	(357)					(345)			-
Encumbrances 12-31-2003	775					379			-
Net change in fund balance - GAAP basis	\$ (2,849)					\$ (642)			\$ (123)

(continued)

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Child Support Incentive Fund				PEG Support Fund				County Jail Fund			
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)		Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	
Revenues:												
Use of money and property	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 22		\$ -	\$ -	\$ -	
Intergovernmental	-	-	-		-	-	-		75	111	36	
Charges for services	-	-	-		-	-	-		1,470	1,727	257	
Miscellaneous	-	-	-		670	770	720		-	-	-	
Total revenues	-	-	-		670	770	742		1,545	1,838	293	
Expenditures:												
Current:												
General government	-	-	-		1,800	1,800	145		-	-	-	
Civil and criminal court system - district attorney	23	1	(22)		-	-	-		-	-	-	
Total expenditures	23	1	(22)		1,800	1,800	145		-	-	-	
Excess (deficiency) of revenues over expenditures	(23)	(1)	22		(1,130)	(1,030)	597		1,545	1,838	293	
Other financing sources (uses):												
Transfers out	-	(18)	(18)		(400)	(500)	(500)		(1,545)	(1,831)	(286)	
Excess (deficiency) of revenues and other sources over expenditures and other uses	(23)	(19)	4		(1,530)	(1,530)	97		-	7	7	
Fund balance, beginning of year	23	23	-		1,530	1,530	1,530		-	-	-	
Fund balance, end of year	\$ -	\$ 4	\$ 4		\$ -	\$ -	\$ 1,627		\$ -	\$ 7	\$ 7	
Explanation of differences between budget and GAAP:												
Deficiency of revenues and other sources over expenditures and other uses - budget basis	(19)	(19)					97			7		
Differences - budget to GAAP:												
Due to revenues:												
Accrued receivables 12-31-2002	-	-	(2)				(2)			-		
Accrued receivables 12-31-2003	-	-	2				2			-		
Due to encumbrances:												
Encumbrances 12-31-2002	-	-	(183)				(183)			-		
Encumbrances 12-31-2003	-	-	179				179			-		
Net change in fund balance - GAAP basis	\$ (19)	\$ (19)	\$ 93				\$ 7			\$ 7		

(continued)

DeKalb County, Georgia
Nonmajor: Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Hotel Motel Tax Fund				Grant-in-Aid Fund			
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues:								
Excise taxes	\$ 2,050	\$ 1,552	\$ (498)		\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-		95	1,370	1,370	-
Intergovernmental	-	-	-		56,344	79,240	29,497	(50,743)
Miscellaneous	-	-	-		(71)	(70)	7	77
Total revenues	2,050	1,552	(498)		56,368	80,540	29,874	(50,666)
Expenditures:								
Current:								
General government:								
Chief Executive Officer	-	-	-		2	2	-	(2)
DeKalb PIC	-	-	-		4,557	8,478	5,003	(3,475)
Other	2,207	1,810	(397)		-	-	-	-
Total general government	2,207	1,810	(397)		4,559	8,480	5,003	(3,477)
Public safety:								
Police	-	-	-		12,687	14,831	6,906	(7,925)
Fire and rescue services	-	-	-		3	1,034	-	(1,034)
Total public safety	-	-	-		12,690	15,865	6,906	(8,955)
Chal and criminal court system:								
Sheriff	-	-	-		605	615	341	(274)
Juvenile court	-	-	-		1,207	1,615	969	(646)
Superior court	-	-	-		52	706	79	(627)
State court	-	-	-		1	1	1	-
Solicitor	-	-	-		213	398	192	(206)
District attorney	-	-	-		197	404	201	(203)
Magistrate court	-	-	-		458	468	371	(117)
Total civil and criminal court system	-	-	-		2,733	4,227	2,154	(2,073)
Public works - development	-	-	-		5,185	5,218	32	(5,186)
Community development	-	-	-		20,588	35,110	9,496	(25,682)
Parks and recreation	-	-	-		381	1,173	408	(765)
Health and welfare	-	-	-		2,329	2,574	1,871	(703)
Miscellaneous	-	-	-		2,907	3,585	565	(3,020)
Total expenditures	2,207	1,910	(297)		51,382	76,240	26,375	(49,865)
Excess (deficiency) of revenues over expenditures	(157)	42	199		4,986	4,300	3,499	(801)
Other financing sources (uses):								
Transfers in	-	-	-		2,005	2,720	2,688	(42)
Transfers out	-	-	-		(772)	(811)	(176)	635
Excess (deficiency) of revenues and other sources over expenditures and other uses	(157)	42	199		6,219	6,219	6,011	(208)
Fund balance, beginning of year	157	157	-		(6,219)	(6,219)	(6,219)	-
Fund balance, end of year	-	199	199		\$ -	\$ -	\$ (206)	\$ (206)
Explanation of differences between budget and GAAP:								
Deficiency of revenues and other sources over expenditures and other uses - budget basis								
Differences - budget to GAAP:								
Due to revenues:								
Accrued receivables 12-31-2002							6,011	
Accrued receivables 12-31-2003							(8,262)	
Due to expenditures:							2,479	
Accrued payables 12-31-2002							190	
Accrued payables 12-31-2003							(286)	
Net change in fund balance - GAAP basis							\$ 152	

(continued)

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003

Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Local Law Enforcement Block Grant #5 Fund				Local Law Enforcement Block Grant #6 Fund				Victim Assistance Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	
Revenues:												
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Intergovernmental	-	-	-	-	-	-	-	-	100	280	180	
Fines and forfeitures	-	-	-	-	-	-	-	-	750	848	98	
Total revenues	-	-	-	-	-	-	-	-	850	1,128	278	
Expenditures:												
Current:												
Public safety - police	363	328	327	(1)	138	144	128	(16)	-	-	-	
Civil and criminal court system:												
Sheriff	-	-	-	-	7	7	7	-	-	-	-	
Juvenile court	-	-	-	-	125	125	125	-	-	-	-	
State court	-	-	-	-	66	56	68	-	-	-	-	
Solicitor state court	-	-	-	-	17	17	17	-	-	-	-	
District attorney	-	-	-	-	-	-	-	-	406	181	(225)	
Total civil and criminal court system	-	-	-	-	205	205	205	-	406	181	(225)	
Parks and recreation	-	-	-	-	47	47	23	(24)	-	-	-	
Miscellaneous	-	-	-	-	2	-	-	-	-	-	-	
Total expenditures	363	328	327	(1)	392	396	356	(40)	406	181	(225)	
Excess (deficiency) of revenues over expenditures	(363)	(328)	(327)	1	(392)	(392)	(352)	40	444	947	503	
Other financing sources (uses):												
Transfers out	-	(35)	-	35	-	-	-	-	(873)	(873)	-	
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(35)	-	35	-	-	-	-	-	-	-	
over expenditures and other uses	(363)	(363)	(327)	36	(392)	(392)	(352)	40	(429)	74	503	
Fund balance, beginning of year	363	363	363	-	392	392	392	-	429	429	-	
Fund balance, end of year	\$ -	\$ -	\$ 36	\$ 36	\$ -	\$ -	\$ 40	\$ 40	\$ -	\$ 503	\$ 503	
Explanation of differences between budget and GAAP:												
Deficiency of revenues and other sources over expenditures and other uses - budget basis			(327)				(352)			74		
Differences - budget to GAAP:												
Due to expenditures:												
Accrued payables 12-31-2002			226				-			-		
Encumbrances 12-31-2003			-				-			20		
Net change in fund balance - GAAP basis			\$ (01)				\$ (352)			\$ 94		

(continued)

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Recreation Fund			Local Law Enforcement Confiscated Monies Fund			Juvenile Services Fund			
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues:										
Use of money and property	\$ (28)	\$ 6	\$ 34	\$ -	\$ -	\$ 33	\$ 33	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	327	927	-	-	-	-
Charges for services	1,409	1,235	(174)	-	-	-	-	47	72	25
Total revenues	1,381	1,241	(140)	-	327	960	33	47	72	25
Expenditures:										
Current:										
Public safety - police	-	-	-	1,303	2,166	1,395	(771)	-	-	-
Civil and criminal court system:										
Sheriff	-	-	-	140	140	25	(115)	-	-	-
Juvenile court	-	-	-	-	-	-	-	52	41	(11)
District attorney	-	-	-	393	429	212	(217)	-	-	-
Total civil and criminal court system	-	-	-	533	569	237	(332)	52	41	(11)
Parks and recreation	1,791	1,345	(446)	-	-	-	-	-	-	-
Total expenditures	1,791	1,345	(446)	1,836	2,735	1,632	(1,103)	52	41	(11)
Excess (deficiency) of revenues over expenditures	(410)	(104)	306	(1,836)	(1,308)	(672)	1,136	(5)	31	36
Other financing sources (uses):										
Transfers out	-	-	-	(117)	(145)	(131)	14	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-	-	-	-	-
sources over expenditures and other uses over expenditures and other uses	(410)	(104)	306	(1,953)	(1,953)	(803)	1,150	(5)	31	36
Fund balance, beginning of year	410	410	-	1,953	1,953	1,953	-	5	5	-
Fund balance, end of year	\$ -	\$ 306	\$ 306	\$ -	\$ -	1,150	\$ 1,150	\$ -	36	\$ 36
Explanation of differences between budget and GAAP:										
Deficiency of revenues and other sources over expenditures and other uses - budget basis	(104)	-	-	-	-	(803)	-	-	31	-
Differences - budget to GAAP:										
Due to revenues:										
Accrued receivables 12-31-2002	-	-	-	-	-	(5)	-	-	-	-
Accrued receivables 12-31-2003	-	-	-	-	-	5	-	-	-	-
Due to expenditures:										
Accrued payables 12-31-2002	12	-	-	-	-	-	-	-	-	-
Accrued payables 12-31-2003	(14)	-	-	-	-	(200)	-	-	-	-
Due to encumbrances:										
Encumbrances 12-31-2002	(18)	-	-	-	-	(499)	-	-	-	-
Encumbrances 12-31-2003	71	-	-	-	-	879	-	-	-	-
Net change in fund balance - GAAP basis	\$ (53)	\$ (53)	\$ -	\$ -	\$ -	\$ (623)	\$ -	\$ -	\$ 31	\$ -

(continued)

Dakalab County, Georgia

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Emergency Telephone System Fund				Drug Abuse Treatment & Education Fund				Street Lights Fund			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	
Revenues:												
Use of money and property	\$ 60	\$ 60	\$ 82	\$ 22	\$ 1	\$ 1	\$ -		\$ 2	\$ 1	\$ (1)	
Fines and forfeitures	-	-	-	-	70	61	(9)		-	-	-	
Charges for services	9,994	9,994	10,242	248	-	-	-		3,010	3,099	89	
Total revenues	10,054	10,054	10,324	270	71	62	(9)		3,012	3,100	88	
Expenditures:												
Current:												
Public safety	8,393	7,393	1,237	(7,156)	-	-	-		-	-	-	
Public works - roads and drainage	-	-	-	-	-	-	-		3,168	3,143	(25)	
Parks and recreation	-	-	-	-	53	62	9		-	-	-	
Health and welfare	-	-	-	-	108	73	(35)		-	-	-	
Debt service	1,407	1,407	1,280	(117)	-	-	-		-	-	-	
Total expenditures	9,800	8,800	2,527	(7,273)	161	135	(26)		3,168	3,143	(25)	
Excess (deficiency) of revenues over expenditures	254	1,254	7,797	7,543	(90)	(73)	17		(156)	(43)	113	
Other financing sources (uses):												
Transfers in	-	-	-	-	-	3	3		-	-	-	
Transfers out	(4,943)	(5,943)	(5,833)	(890)	-	-	-		-	-	-	
Excess (deficiency) of revenues and other sources over expenditures and other uses												
Fund balance, beginning of year	(4,689)	(4,689)	1,964	6,653	(90)	(70)	20		(156)	(43)	113	
Fund balance, end of year	\$ -	\$ -	\$ 4,689	\$ 6,653	\$ 90	\$ 20	\$ 20		\$ 156	\$ 113	\$ 113	
Explanation of differences between budget and GAAP:												
Deficiency of revenues and other sources over expenditures and other uses - budget basis			1,964			(70)				(43)		
Differences - budget to GAAP:												
Due to revenues:												
Accrued receivables 12-31-2002			(180)			-				(141)		
Accrued receivables 12-31-2003			857			-				155		
Due to expenditures:												
Accrued payables 12-31-2002			-			-				2		
Accrued payables 12-31-2003			-			-				(2)		
Encumbrances 12-31-2003			52			-				-		
Net change in fund balance - GAAP basis			\$ 2,733			\$ (70)				\$ (29)		

DeKalb County, Georgia

Nonmajor Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003
Non-GAAP Budget Basis (in thousands of dollars)
(continued)

	Speed Humps Fund				Local Law Enforcement Block Grant #7 Fund				Local Law Enforcement Block Grant #8 Fund			
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)	
Revenues:												
Use of money and property	-	1	\$ 1		\$ -	\$ 3	\$ 10	\$ 7	\$ -	\$ -	\$ -	
Intergovernmental	-	-	-		-	-	-	-	453	453	-	
Charges for services	100	175	75		-	-	-	-	-	-	-	
Total revenues	<u>100</u>	<u>176</u>	<u>76</u>		<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 10</u>	<u>\$ 7</u>	<u>\$ 453</u>	<u>\$ 453</u>	<u>\$ -</u>	
Expenditures:												
Current:												
Public safety - police	-	-	-		319	323	310	(13)	118	-	(118)	
Civil and criminal court system	-	-	-		-	-	-	-	-	-	-	
Sheriff	-	-	-		132	132	118	(14)	186	-	(186)	
Juvenile court	-	-	-		-	-	-	-	40	-	(40)	
Superior court	-	-	-		111	111	111	-	159	-	(159)	
State court	-	-	-		75	83	-	(83)	-	-	-	
Solicitor state court	-	-	-		69	76	2	(74)	-	-	-	
Total civil and criminal court system	-	-	-		387	402	231	(171)	385	-	-	
Public works - roads and drainage	151	1	(150)		-	-	-	-	-	-	-	
Total expenditures	<u>151</u>	<u>1</u>	<u>(150)</u>		<u>706</u>	<u>725</u>	<u>541</u>	<u>(184)</u>	<u>503</u>	<u>-</u>	<u>(118)</u>	
Excess (deficiency) of revenues	(51)	175	226		(706)	(722)	(531)	191	(50)	453	118	
Other financing sources (uses):	-	-	-		-	-	-	-	-	-	-	
Transfers in	-	-	-		30	46	32	(14)	50	50	-	
Excess (deficiency) of revenues and other sources over expenditures and other uses	(51)	175	226		(676)	(676)	(499)	177	-	503	118	
Fund balance, beginning of year	51	51	-		676	676	676	-	-	-	-	
Fund balance, end of year	<u>-</u>	<u>226</u>	<u>226</u>		<u>\$ -</u>	<u>\$ -</u>	<u>177</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>503</u>	<u>\$ 118</u>	
Explanation of differences between budget and GAAP:												
Deficiency of revenues and other sources over expenditures and other uses - budget basis		175					(499)			503		
Differences - budget to GAAP:												
Due to revenues:												
Accrued receivables 12-31-2002		(4)					-			-		
Accrued receivables 12-31-2003		5					-			-		
Net change in fund balance - GAAP basis		<u>176</u>					<u>(499)</u>			<u>503</u>		

Dekalb County, Georgia

Nonmajor Debt Service Funds

The following Nonmajor Debt Service Funds are used by the County:

Building Authority Debt Service Fund - to account for rental and other revenues used to fund the principal and interest requirements on revenue bonds issued by the Building Authority.

2001 General Obligation Park Bonds Debt Service Fund - to account for taxes levied to fund the principal and interest requirements on the 2001 general obligation park bonds.

Other General Obligation Bonds Debt Service Fund - to account for taxes levied to fund the principal and interest requirements on all other general obligation bond issues of the County.

DeKalb County, Georgia
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2003
(in thousands of dollars)

	Building Authority Debt Service	2001 General Obligation Park Bonds	Other General Obligation Bonds	Total Nonmajor Debt Service Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 686	\$ 605	\$ 9,921	\$ 11,212
Taxes receivable (net)	-	289	455	744
Total assets	<u>686</u>	<u>894</u>	<u>10,376</u>	<u>11,956</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Deferred revenue	-	171	285	456
Fund balance	686	723	10,091	11,500
Total liabilities and fund balances	<u>\$ 686</u>	<u>\$ 894</u>	<u>\$ 10,376</u>	<u>\$ 11,956</u>

DeKalb County, Georgia
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2003
(in thousands of dollars)

	Building Authority Debt Service	2001 General Obligation Park Bonds	Other General Obligation Bonds	Total Nonmajor Debt Service Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ 10,140	\$ 13,832	\$ 23,972
Use of money and property	98	59	26	183
Miscellaneous	-	-	2,070	2,070
Total revenues	<u>98</u>	<u>10,199</u>	<u>15,928</u>	<u>26,225</u>
<u>EXPENDITURES</u>				
Debt service	212	11,399	16,384	28,455
Deficiency of revenues under expenditures	(114)	(1,700)	(456)	(2,270)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds of bond issuance	-	-	127,915	127,915
Premium on bond issuance	-	-	6,509	6,509
Payments to escrow agents	-	-	(135,562)	(135,562)
Bond issuance expense	-	-	(868)	(868)
Transfers in	800	-	-	800
Total other financing sources (uses)	<u>800</u>	<u>-</u>	<u>(2,006)</u>	<u>(1,206)</u>
Net change in fund balance	686	(1,700)	(2,462)	(3,476)
Fund balance - beginning	-	2,423	12,553	14,976
Fund balance - ending	<u>\$ 686</u>	<u>\$ 723</u>	<u>\$ 10,091</u>	<u>\$ 11,500</u>

DeKalb County, Georgia

Nonmajor Debt Service Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2003

Non-GAAP Budget Basis (in thousands of dollars)

	Revenue Bonds				2001 General Obligation Park Bonds				Other General Obligation Bonds			
	Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original and Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)		Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts (Budgetary Basis)	Variance with Final Budget Over (Under)
Revenues:												
Property taxes	\$ -	\$ -	\$ -		\$ 11,966	\$ 10,172	\$ (1,794)		\$ 16,134	\$ 16,134	\$ 13,944	\$ (2,190)
Use of money and property	-	98	98		55	37	(18)		30	30	31	1
Miscellaneous	-	-	-		-	24	24		-	963	2,070	2,070
Total revenues	-	98	98		12,021	10,233	(1,788)		16,164	17,127	16,045	(119)
Expenditures:												
Debt service	800	212	(588)		14,251	11,998	(2,353)		16,200	17,163	16,056	(144)
Excess (deficiency) of revenues over expenditures	(800)	(114)	686		(2,270)	(1,665)	605		(36)	(36)	(11)	25
Other financing sources (uses):												
Transfers in	800	800	-		-	-	-		-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	686	686		(2,270)	(1,665)	605		(36)	(36)	(11)	25
Fund balance, beginning of year	-	-	-		2,270	2,270	-		36	36	36	-
Fund balance, end of year	\$ -	\$ 686	\$ 686		\$ -	\$ 605	\$ 605		\$ -	\$ -	\$ 25	\$ 25
Explanation of differences between budget and GAAP:												
Deficiency of revenues and other sources over expenditures and other uses - budget basis		686				(1,665)					(11)	
Differences - budget to GAAP:												
Due to revenues:												
Accrued receivables 12-31-2002		-				(303)					(571)	
Accrued receivables 12-31-2003		-				289					463	
Deferred revenues 12-31-2002		-				50					276	
Deferred revenues 12-31-2003		-				(71)					(285)	
Due to expenditures:												
Debt service payment due 12-31-2002		-				-					(12,222)	
Debt service payment due 12-31-2003		-				-					9,888	
Net change in fund balance - GAAP basis		\$ 686				\$ (1,700)					\$ (2,462)	

(continued)

DeKalb County, Georgia

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities for the County's governmental funds.

The following Nonmajor Capital Projects Funds are used by the County:

1987 Parks Bonds Fund - to account for the proceeds of the 1987 General Obligation Bond issue and the related capital expenditures for parks.

Jail Bonds Fund - to account for the proceeds of the 1991 General Obligation Bond issues and the related capital expenditures for a new County jail.

Health Facilities Bonds Fund - to account for the proceeds of the 1993 General Obligation Bond issue and the related capital expenditures for health facilities.

COPS Bond Projects Fund - to account for the proceeds of the 2003 Certificate of Participation Bond issue and the related capital expenditures.

COPS Morgue Project Fund - to account for the proceeds of the 1994 Certificate of Participation Bond issue and the related capital expenditures for the construction of a morgue / forensic science center.

HOST Capital Projects Fund - to account for the proceeds from the homestead sales tax revenues designated for capital projects.

Community Greenspace Program Fund - to account for monies donated for green space acquisitions within the County.

Capital Improvement Projects Fund - to account for all other monies related to capital expenditures of the County's governmental funds.

Building Authority Juvenile Court Project Fund - to account for the proceeds of the 2003 Revenue Bonds and the related expenditures for the construction of a juvenile court facility for the County.

(in thousands of dollars)

Building													
		1987 Parks		Jail	Health	COPS	COPS	HOST	Community	Capital	Authority	Total Nonmajor	
		Bonds	Bonds	Bonds	Facilities	Bond	Morgue	Capital	Greenspace	Improvement	Juvenile	Capital Project	Funds
		Bonds	Bonds	Bonds	Bonds	Projects	Project	Projects	Program	Projects	Court Project		
ASSETS													
Cash and cash equivalents		\$	155	\$	186	\$	10	\$	3,894	\$	8,951	\$	83,650
Due from other governments		-	-	-	-	-	-	-	-	1,863	-	-	1,863
Total assets		155	2,211	186	12,680	10	28,418	3,894	29,008	8,951			85,513
LIABILITIES AND FUND BALANCE													
Liabilities:													
Accounts and contracts payable		-	-	-	-	-	-	1,216	-	529	-	-	1,745
Deferred revenue		-	-	-	-	-	-	-	-	11	-	-	11
Total liabilities		-	-	-	-	-	-	1,216	-	540	-	-	1,756
Fund balance:													
Reserved		30	1,721	36	-	7	2,369	-	-	4,759	4	-	8,956
Unreserved		125	490	150	12,680	3	24,803	3,894	23,709	8,947	-	-	74,801
Total fund balance		155	2,211	486	12,680	10	27,202	3,894	28,468	8,951	-	-	83,757
Total liabilities and fund balances		\$	155	\$	486	\$	10	\$	3,894	\$	29,008	\$	85,513

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2003

(in thousands of dollars)

	1987 Parks Bonds		Jail Bonds		Health Facilities Bonds		COPS Bond Projects		COPS Morgue Project		HOST Capital Projects		Community Greenspace Program		Capital Improvement Projects		Building Authority Juvenile Court Project		Total Nonmajor Capital Project Funds	
	\$	2	\$	26	\$	3	\$	48	\$	-	\$	425	\$	53	\$	-	\$	30	\$	587
Revenues																				
Use of money and property	-	-	-	-	-	-	-	-	-	-	-	(128)	-	-	1,436	-	-	-	-	1,308
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93	-	-	-	-	93
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2	2	26	26	3	3	48	48	-	-	287	53	53	53	1,529	30	30	-	-	1,988
Expenditures																				
Debt service	-	-	-	-	-	-	-	-	-	-	2,114	-	-	-	-	-	-	-	-	2,114
Cash defeasance of bonds	-	-	-	-	-	-	9,788	-	-	-	-	-	-	-	-	-	-	-	-	9,788
Capital outlay:																				
General government	-	-	-	-	-	-	-	-	-	-	2,117	-	-	-	5,507	-	-	-	-	7,624
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	481	-	-	-	-	481
Civil and criminal court system	-	-	(18)	-	-	-	11,150	-	6	7,639	-	-	-	-	7	6,126	-	-	-	24,910
Public works	-	-	-	-	-	-	-	-	-	-	6,173	-	-	-	8,533	-	-	-	-	14,706
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	1,878	-	-	51	-	-	-	-	1,929
Health and welfare	-	-	-	-	52	-	-	-	-	-	-	-	-	-	1	-	-	-	-	53
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32	-	-	-	-	32
Total expenditures	-	-	(18)	(18)	52	52	20,938	-	6	18,043	-	1,878	-	-	14,612	6,126	-	-	61,637	-
Excess (deficiency) of revenues over expenditures	2	2	44	44	(49)	(49)	(20,890)	(6)	(6)	(17,746)	(1,825)	(1,825)	(75)	(75)	(13,083)	(6,096)	-	-	(59,649)	-
Other Financing Sources (Uses)																				
Proceeds of bond issuance	-	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	15,000	-	-	-	40,000
Premium on bond issuance	-	-	-	-	-	-	212	-	-	-	-	-	-	-	-	232	-	-	-	444
Bond issuance expense	-	-	-	-	-	-	(363)	-	-	-	-	-	-	-	-	(185)	-	-	-	(548)
Contractual purchase obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,365	-	-	-	-	1,365
Transfers in	-	-	-	-	-	-	-	-	-	3,045	-	-	-	-	27,093	-	-	-	-	30,138
Transfers out	-	-	-	-	-	-	-	-	-	(239)	-	-	(75)	(75)	(1,798)	-	-	-	-	(2,112)
Total other financing sources (uses)	-	-	-	-	-	-	24,849	-	-	2,806	-	-	-	-	26,660	15,047	-	-	-	69,287
Net change in fund balance	2	2	44	44	(49)	(49)	3,959	(6)	(6)	(14,940)	(1,900)	(1,900)	-	-	13,577	8,951	-	-	-	9,638
Fund balance - beginning	153	153	2,167	2,167	235	235	8,721	16	16	42,142	5,794	5,794	-	-	14,891	-	-	-	-	74,119
Fund balance - ending	155	155	2,211	2,211	186	186	12,680	10	10	27,202	3,894	3,894	-	-	28,468	8,951	-	-	-	83,757

DeKalb County, Georgia

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis.

The following Internal Service Funds are maintained by the County:

Vehicle Maintenance Fund - to account for operations of the County's Vehicle Maintenance Department which maintains and repairs all of the County's vehicles.

Vehicle Replacement Fund - to account for all purchases and dispositions of the County's vehicles.

Risk Management Fund - to account for all of the County's risk management related revenues and expenditures. This includes unemployment compensation insurance, group health and life insurance, general liability insurance, and worker's compensation insurance.

DeKalb County, Georgia

Internal Service Funds

Combining Statement of Net Assets

December 31, 2003
(In thousands of dollars)

	Vehicle Maintenance	Vehicle Replacement	Risk Management	Total
ASSETS				
Current assets:				
Cash and cash equivalents	988	\$ 36,864	\$ 8,955	\$ 46,807
Inventories and prepaid items	914	-	563	1,477
Total current assets	1,902	36,864	9,518	48,284
Noncurrent assets:				
Capital assets (net)	2,248	50,507	-	52,755
Total assets	4,150	87,371	9,518	101,039
LIABILITIES				
Current liabilities:				
Accounts payable	15	-	853	868
Claims and judgments payable, current portion	-	-	7,172	7,172
Obligation under capital leases, current portion	-	2,176	-	2,176
Other accrued liabilities	195	-	-	195
Total current liabilities	210	2,176	8,025	10,411
Noncurrent liabilities:				
Claims and judgments payable, long term portion	-	-	3,120	3,120
Obligation under capital leases, long term portion	-	3,536	-	3,536
Compensated absences payable	663	-	-	663
Total long-term liabilities	663	3,536	3,120	7,319
Total Liabilities	873	5,712	11,145	17,730
NET ASSETS (DEFICIT)				
Invested in capital assets	2,248	44,795	-	47,043
Unrestricted	1,029	36,864	(1,627)	36,266
Total net assets (deficit)	\$ 3,277	\$ 81,659	\$ (1,627)	\$ 83,309

Dekalb County, Georgia

Internal Service Funds

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

For the Year Ended December 31, 2003
(In thousands of dollars)

	Vehicle Maintenance	Vehicle Replacement	Risk Management	Totals
Operating Revenues:				
Charges for services	\$ 20,230	\$ 20,375	\$ 57,090	\$ 97,695
Intergovernmental	85	-	-	85
Miscellaneous	260	1,531	-	1,791
Total Operating Revenues	<u>20,575</u>	<u>21,906</u>	<u>57,090</u>	<u>99,571</u>
Operating Expenses:				
Salaries and employee benefits	7,418	-	-	7,418
Supplies	3,831	-	-	3,831
Operating services and charges	1,146	10	55,368	56,524
Maintenance and repairs	7,475	-	-	7,475
Depreciation	326	16,702	-	17,028
Total Operating Expenses	<u>20,196</u>	<u>16,712</u>	<u>55,368</u>	<u>92,276</u>
Operating Income	379	5,194	1,722	7,295
Other Income (Expense):				
Interest income	-	341	-	341
Interest expense	-	(231)	-	(231)
Change in net assets	379	5,304	1,722	7,405
Net assets (deficit) - beginning	2,398	76,355	(3,349)	75,904
Net assets (deficit) - ending	<u>\$ 3,277</u>	<u>\$ 81,659</u>	<u>\$ (1,627)</u>	<u>\$ 83,309</u>

DeKalb County, Georgia

Internal Service Funds

Combining Statement of Cash Flows

Year Ended December 31, 2003
(In thousands of dollars)

	Vehicle Maintenance	Vehicle Replacement	Risk Management	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 20,575	\$ 21,906	\$ 57,090	\$ 99,571
Cash payments to suppliers for goods and services	(12,507)	(10)	(52,933)	(55,450)
Cash payments to employees for services	(7,452)	-	-	(7,452)
Net cash provided by operating activities	616	21,896	4,157	26,669
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(30)	(14,258)	-	(14,288)
Payments on leases	-	(2,050)	-	(2,050)
Net cash required by capital and related financing activities	(30)	(16,308)	-	(16,338)
Cash flows from investing activities:				
Interest on investments	-	341	-	341
Net increase in cash and cash equivalents	586	5,929	4,157	10,672
Cash and cash equivalents at beginning of year	402	30,935	4,798	36,135
Cash and cash equivalents at end of year	988	36,864	8,955	46,807
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	379	5,194	1,722	7,295
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	326	16,702	-	17,028
Change in assets and liabilities:				
(Increase) decrease in inventories and prepaid expenses	(52)	-	73	21
Increase (decrease) in payables	(52)	-	2,362	2,310
Increase (decrease) in other liabilities	15	-	-	15
Net cash provided by operating activities	616	21,896	4,157	26,669
Capital assets acquired through capital leases	\$ -	\$ 1,341	\$ -	\$ 1,341

Dekalb County, Georgia

Agency Funds

Tax Commissioner - to account for all real, personal, intangible, and intangible recording taxes collected and forwarded to the County and other governmental units.

Sheriff - to account for collection fees, proceeds from judicial sales, bond forfeitures, and cash bonds, which are disbursed to other elected officials and agencies, the County, and individuals. The Sheriff also collects, maintains, and disburses monies for civil suits and minors per court order.

Seized Property - to account for monies seized by public safety during arrests. These monies are either returned to victims, the arrested party, or forfeited to the County.

The following agency funds are used to account for fines, fees, and other monies collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Superior Court	Probate Court
State Court	Magistrate Court
Juvenile Court	State Court Probation

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year Ended December 31, 2003

(In thousands of dollars)

	Balance 12/31/2002	Additions	Deductions	Balance 12/31/2003
<u>TAX COMMISSIONER</u>				
ASSETS				
Cash and Cash Equivalents	\$ 13,936	\$ 757,082	\$ 753,450	\$ 17,618
Taxes Receivable	23,627	611,322	608,279	26,671
Total Assets	\$ 37,613	\$ 1,368,404	\$ 1,361,729	\$ 44,289
LIABILITIES				
Due to Others	\$ 37,613	\$ 2,241,219	\$ 2,234,543	\$ 44,289
<u>SHERIFF</u>				
ASSETS				
Cash and Cash Equivalents	\$ 7,613	\$ 5,279	\$ 6,811	\$ 6,081
Due to Others	\$ 7,613	\$ 5,279	\$ 6,811	\$ 6,081
<u>CLERK SUPERIOR COURT</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,601	\$ 46,418	\$ 45,223	\$ 2,796
Due to Others	\$ 1,601	\$ 46,418	\$ 45,223	\$ 2,796
<u>STATE COURT</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,221	\$ 11,749	\$ 11,924	\$ 1,046
Due to Others	\$ 1,221	\$ 11,749	\$ 11,924	\$ 1,046
<u>JUVENILE COURT</u>				
ASSETS				
Cash and Cash Equivalents	\$ 16	\$ 215	\$ 213	\$ 18
Due to Others	\$ 16	\$ 215	\$ 213	\$ 18
<u>PROBATE COURT</u>				
ASSETS				
Cash and Cash Equivalents	\$ 265	\$ 981	\$ 927	\$ 319
Due to Others	\$ 265	\$ 981	\$ 927	\$ 319
<u>MAGISTRATE COURT</u>				
ASSETS				
Cash and Cash Equivalents	\$ 33	\$ 925	\$ 930	\$ 28
Due to Others	\$ 33	\$ 925	\$ 930	\$ 28
<u>STATE COURT PROBATION</u>				
ASSETS				
Cash and Cash Equivalents	\$ 1,953	\$ 3,189	\$ 3,080	\$ 2,062
Due to Others	\$ 1,953	\$ 3,189	\$ 3,080	\$ 2,062
<u>SEIZED PROPERTY</u>				
ASSETS				
Cash and Cash Equivalents	\$ 347	\$ 198	\$ 246	\$ 299
Due to Others	\$ 347	\$ 198	\$ 246	\$ 299
<u>TOTALS</u>				
ASSETS				
Cash and Cash Equivalents	\$ 27,035	\$ 826,036	\$ 822,804	\$ 30,267
Taxes Receivable	23,627	611,322	608,278	26,671
Total Assets	\$ 50,662	\$ 1,437,358	\$ 1,431,082	\$ 56,938
LIABILITIES				
Due to Others	\$ 50,662	\$ 2,310,173	\$ 2,303,897	\$ 56,938

APPENDIX B

STATISTICAL AND FINANCIAL INFORMATION REGARDING THE COUNTY

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DEKALB COUNTY, GEORGIA

DIRECT AND OVERLAPPING DEBT

December 31, 2003

(In thousands of dollars)

	Gross Debt Less Debt Service Funds	Percentage Debt Applicable to DeKalb County	DeKalb County's Share of Debt
DeKalb County			
Direct General Obligation Bonds	\$239,531	100.00%	\$239,531
Overlapping Debt::			
City of Atlanta (A)	212,874	2.60%	5,535
Fulton-DeKalb Hospital Authority (B)	258,540	29.34%	75,815
Total Overlapping Debt	471,274		81,350
Total Direct and and Overlapping	\$710,805		\$320,881

(A) Debt overlaps only property in the County which lies within city limits of Atlanta.

(B) Debt overlaps Countywide. These bonds are a closed lien on a limited tax contracted to be levied by Fulton and DeKalb Counties. The Authority has no power to levy taxes.

DEBT RATIOS

	Direct Debt	Overlapping Debt	Overall Debt
Debt to Assessed Valuation (2003 Value \$21,506,000,000)	1.11%	0.38%	1.49%
Debt to Estimated Fair Market Value (Basis of Assessment – 40%)	0.45%	0.15%	0.60%
Per Capita (2003 Estimate of 691,000)	\$347	\$118	\$464

RECORD OF DIRECT BONDED DEBT⁽¹⁾

Fiscal Year	Population ⁽²⁾	Assessed Values For Bonds	Debt	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1999	610,000	\$15,649	\$175,920	\$12,618	\$163,302	1.04%	\$268
2000	665,865	17,540	168,335	12,979	155,356	0.89%	233
2001	675,000	18,956	282,275	17,610	264,665	1.40%	392
2002	685,800	20,344	267,640	14,976	252,664	1.24%	368
2003	691,000	21,506	250,345	10,814	239,531	1.11%	347

⁽¹⁾ Assessed value in millions; bonded debt and debt service funds in thousands

⁽²⁾ Source: DeKalb County Planning Department

**PROPERTY TAX LEVIES AND COLLECTIONS
(COUNTY PORTION ONLY)
(In thousands of dollars)**

	2003	2002	2001	2000	1999
Total Tax Levy	\$215,287	\$178,346	\$154,949	\$143,010	\$134,721
Collection of Current Years' Taxes During Year	\$203,674	\$172,814	\$154,249	\$135,206	\$131,593
% of Current Levy Collected During Year	94.61%	96.90%	99.55%	94.54%	97.68%
Collection of Prior Years' Taxes During Year	\$7,676	\$6,729	\$6,512	\$5,483	\$6,223
Total Collections	\$211,350	\$179,543	\$160,761	\$140,689	\$137,816
% of Total Collections to Tax Levy	98.17%	100.67%	103.75%	98.38%	102.30%
Accumulated Delinquent Taxes	\$10,134	\$7,404	\$8,085	\$9,717	\$6,316
% of Accumulated Delinquent Taxes to Current Year's Tax Levy	4.71%	4.15%	5.22%	6.79%	4.69%

**ASSESSED AND ESTIMATED FAIR VALUE OF TAXABLE PROPERTY
(In millions of dollars)**

	2003	2002	2001	2000	1999
General Purposes and Bond Retirement:					
Real Property:					
Assessed value	\$17,636	\$16,545	\$15,135	\$13,565	\$12,033
Personal property:					
Assessed value	1,763	1,850	1,916	1,806	1,825
Motor vehicle and mobile homes:					
Assessed value	1,513	1,509	1,489	1,750	1,355
Privately owned public utilities:					
Assessed value	424	441	416	419	436
Total value (gross):					
Assessed value	<u>\$21,506</u>	<u>\$20,344</u>	<u>\$18,956</u>	<u>\$17,540</u>	<u>\$15,649</u>
Estimated Fair Value	<u>\$53,341</u>	<u>\$50,864</u>	<u>\$47,391</u>	<u>\$43,850</u>	<u>\$39,124</u>
Ratio of Total Assessed Value to Total Estimated fair value	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Constitutional Homestead Exemption	<u>\$1,499</u>	<u>\$1,452</u>	<u>\$1,407</u>	<u>\$1,353</u>	<u>\$1,313</u>
Exemption for Bond Purposes	<u>\$152</u>	<u>\$133</u>	<u>\$129</u>	<u>\$129</u>	<u>\$128</u>
Freeport Exemption	<u>\$265</u>	<u>\$258</u>	<u>\$281</u>	<u>\$292</u>	<u>\$294</u>
Net Assessed Value for Bond Purposes	<u>\$21,089</u>	<u>\$19,953</u>	<u>\$18,546</u>	<u>\$17,119</u>	<u>\$15,227</u>
Net Assessed Value for General Purposes	<u>\$19,572</u>	<u>\$18,634</u>	<u>\$17,268</u>	<u>\$15,895</u>	<u>\$14,042</u>

Assessments are made as of January 1 of each year.

PROPERTY TAX RATES AND LEVIES

	2003	2002	2001	2000	1999	1998
Property Tax Rates Per \$1,000 of Assessed Value						
County:						
General	\$ 8.73	\$ 8.03	\$ 5.65	\$ 9.01	\$ 6.36	\$ 6.46
Special tax district:						
Atlanta	0.00	0.00	0.00	0.00	0.00	0.00
Avondale Estates	2.76	3.49	4.29	3.72	4.03	2.37
Chamblee	1.12	1.42	1.74	1.51	1.64	0.96
Clarkston	2.33	2.94	3.62	3.14	3.40	2.00
Decatur	1.47	1.85	2.28	1.98	2.14	1.26
Doraville	1.56	1.96	2.41	2.09	2.27	1.33
Lithonia	2.42	3.05	3.75	3.26	3.53	2.07
Pine Lake	2.76	3.49	4.29	3.72	4.03	2.37
Stone Mountain	2.07	2.62	3.21	2.79	3.02	1.78
Unincorporated	2.76	2.94	4.20	1.96	3.93	3.05
Hospital services	0.92	1.05	1.30	1.30	1.09	1.79
Fire protection	1.99	2.31	2.43	1.44	2.73	2.54
Bond retirement and interest	1.18	1.25	1.45	0.97	1.07	1.09
Total County ⁽¹⁾	\$15.58	\$15.58	\$15.03	\$14.68	\$15.18	\$14.93
Property Tax Levies (in thousands of dollars) ⁽²⁾						
Real and Personal Property:						
County:						
General	\$102,320	\$ 74,393	\$ 44,444	\$ 65,870	\$ 43,828	\$ 72,239
Special tax district designated services ⁽²⁾	29,291	25,130	30,288	13,943	25,124	31,182
Hospital services	10,730	9,728	10,266	9,504	7,511	20,017
Fire protection	21,469	19,963	17,961	9,940	17,906	26,620
Bond retirement and interest	20,806	21,035	22,508	14,319	14,242	13,492
Total County	\$184,616	\$150,249	\$125,427	\$113,576	\$108,611	\$163,550
Public Utilities:						
County:						
General	\$4,168	\$2,389	\$2,492	\$3,746	\$2,775	\$2,507
Special tax district designated services ⁽²⁾	1,106	1,085	1,543	751	1,534	1,030
Hospital services	439	443	573	540	475	695
Fire protection	812	857	910	520	1,087	897
Bond retirement and interest	503	475	575	403	467	423
Total County	\$7,028	\$5,249	\$6,093	\$5,960	\$6,338	\$5,552
Motor Vehicle and Mobile Home:						
County:						
General	\$11,999	\$ 9,114	\$14,243	\$10,181	\$ 8,753	\$10,529
Special tax district designated services ⁽²⁾	4,280	6,040	3,294	5,769	3,861	3,148
Hospital services	1,760	2,025	2,087	1,785	2,425	1,651
Fire protection	3,617	3,524	2,319	4,042	3,256	3,119
Bond retirement and interest	1,987	2,145	1,486	1,697	1,477	1,621
Total County	\$23,643	\$22,848	\$23,429	\$23,474	\$19,772	\$20,068
Total County Property Tax Levies	\$215,287	\$178,346	\$154,949	\$143,010	\$134,721	\$189,170

DeKalb County Board of Education is not included since it is administered by a separate board which acts independently of the DeKalb County Board of Commissioners.

⁽¹⁾ The total County millage rate shown above is for the unincorporated portion of the County which comprises over 86% of the total County.

⁽²⁾ A different County millage rate is in effect for each municipality for certain designated services based on the municipality's use of that service.

DEKALB COUNTY, GEORGIA

**PROPERTY TAX REVENUES BY SOURCE
LAST FIVE YEARS**

Fiscal Year	Total Tax Revenues	General Property	Utility Property	Motor Vehicle
1999	\$137,815,842	\$110,907,223	\$6,100,746	\$20,807,873
2000	140,689,311	115,477,738	1,797,727 ⁽¹⁾	23,413,846
2001	160,761,114	127,408,072	9,977,332	23,375,710
2002	180,432,985	151,424,461	6,161,829	22,846,695
2003	214,036,425	183,986,915	7,108,140	22,941,370

Source: DeKalb County Tax Commissioner

(1) Public Utility Digest was received late in the year and taxes were collected in January 2001. Balance of taxes were reflected in 2001.

PRINCIPAL TAXPAYERS FOR 2003

	Type of Business	Total Valuation (In Thousands)	Assessed Valuation (In Thousands)	Ratio of Assessed Valuation to Total County Assessed Valuation	Tax Paid (In Thousands)
Bell South	Utility	\$678,768	\$250,737	1.17%	\$8,731
EOP-Perimeter Center LLC	Investment	382,767	153,107	0.71%	5,889
Georgia Power Company	Utility	292,587	108,082	0.50%	4,029
General Motors Corporation	Industrial	224,691	83,025	0.39%	3,077
Perimeter Mall Inc.	Retail	268,587	107,435	0.50%	2,927
Post Apartment Homes LP	Developer	164,605	65,842	0.31%	2,394
Hewlett Packard Co.	Retail	131,224	52,614	0.24%	2,091
Koger Ravinia LLC	Developer	117,500	47,000	0.22%	1,918
Stone Mountain Industrial Park	Developer	111,419	44,568	0.21%	1,660
Highwoods/Forsyth LTD	Developer	111,627	44,651	0.21%	1,572
Total		<u>\$2,483,775</u>	<u>\$957,061</u>	<u>4.45%</u>	<u>\$34,288</u>
Total County		<u>\$53,341,000</u>	<u>\$21,506,000</u>		

Source: DeKalb County 2003 CAFR

COMPUTATION OF LEGAL DEBT LIMIT
as of December 31, 2003
(In thousands of dollars)

Assessed Value, 2003	\$21,506,000
Debt Limit - 10% of Assessed Value	2,150,600
 Total General Obligation Debt	 250,345
 Less Amount Available for Repayment of General Obligation Bonds	 (10,814)
 Amount of Debt Applicable to Debt Limit	 <u>239,531</u>
Unused Legal Debt Limit	<u>\$1,911,069</u>

NOTE: The constitutional debt limit for general obligation bonds that may be issued by the County is 10% of the assessed valuation of taxable property for bonds within the County.

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GENERAL OBLIGATION BONDS
ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS ⁽¹⁾
(Principal due on January 1st and interest is payable
on January 1st and July 1st of each year)

12 Months Ending January 1	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$15,635,000	\$10,477,957.50	\$26,112,957.50
2006	15,985,000	9,789,007.50	25,774,007.50
2007	16,410,000	8,999,157.50	25,409,157.50
2008	17,810,000	8,363,507.50	26,173,507.50
2009	18,435,000	7,528,932.50	25,963,932.50
2010	19,050,000	6,541,170.00	25,591,170.00
2011	15,640,000	5,849,829.38	21,489,829.40
2012	16,395,000	5,083,207.51	21,478,207.50
2013	17,200,000	4,315,676.26	21,515,676.30
2014	18,065,000	3,522,001.26	21,587,001.30
2015	18,925,000	2,702,001.26	21,627,001.30
2016	8,085,000	1,847,101.26	9,932,101.30
2017	8,495,000	1,514,333.76	10,009,333.8
2018	8,925,000	1,138,906.88	10,063,906.90
2019	9,430,000	708,304.75	10,138,303.80
2020	10,015,000	291,030.00	10,306,030.00
	\$245,655,000⁽²⁾	\$83,917,623	\$329,572,623

⁽¹⁾Updated through the issuance of the Series 2003B Bonds.

⁽²⁾Total does not equal Total General Obligation Debt listed under "Computation of Legal Debt Limit as of December 31, 2003" above because it does not include the January 1, 2004 principal and interest payment.

Major Employers

The following table lists the top 10 employers in the County.

<u>Major Employers</u>	<u>Employees</u>
Emory University and Hospital	10,300
DeKalb County Board of Education	10,000
DeKalb County Government	7,903
General Motors	4,800
Internal Revenue Service	4,500
Cox Enterprises	4,000
Emory Hospital & Clinic	2,800
DeKalb Medical Center	2,300
Children's Health Care of Atlanta	2,100
Veteran's Administration Hospital	2,000

Sources: DeKalb County Planning Department pursuant to the 2003 CAFR

The following three major federal facilities are located in DeKalb County:

1. The computer center of the Internal Revenue Service, one of nine such regional centers that process tax returns.
2. The national headquarters of the U.S. Department of HHS, Centers for Disease Control and Prevention.
3. The Veterans Medical Complex located on a 26-acre tract adjacent to Emory Hospital, with a 550 bed capacity.

Number of Housing Units

The following table sets forth the number of housing units in the ten-county Atlanta Region as of April 1, 1980, 1990 and 2000.

	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>Percent Change</u>	
				<u>1990-00</u>	<u>1980-90</u>
Cherokee County	54,874	33,840	N/A ⁽¹⁾	62.2	N/A
Clayton County	88,106	71,926	52,989	22.5	35.7
Cobb County	247,494	189,872	113,271	30.3	67.6
DeKalb County	265,093	231,520	181,803	14.5	27.3
Douglas County	36,263	26,495	17,746	36.9	49.3
Fayette County	33,996	22,248	9,608	52.8	131.6
Fulton County	357,646	297,503	245,585	20.2	21.1
Gwinnett County	218,247	137,608	57,982	58.6	137.3
Henry County	45,555	21,275	12,244	114.1	73.8
Rockdale County	25,784	19,963	12,144	29.2	64.4
<i>Atlanta Region</i>	1,373,058	1,052,250	703,372 ⁽¹⁾	30.5	49.6

Notes: (1) Does not include Cherokee County. Cherokee County was not considered in the Atlanta Region in 1980.
Source: Atlanta Regional Commission, last updated through 2000.

Housing Units by Structure Type

	<u>Total Units</u>		<u>Single Family</u>		<u>Multifamily</u>		<u>Mobile Home</u>		<u>Share (%)</u>	
	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990
Cherokee County	54,874	33,840	47,408	28,408	2,918	1,148	4,548	4,284	86.4	83.9
Clayton County	88,106	71,926	57,454	45,670	26,815	23,499	3,837	2,757	65.2	63.5
Cobb County	247,494	189,872	174,745	128,651	67,694	56,333	5,055	4,888	70.6	67.8
DeKalb County	265,093	231,520	169,006	145,118	95,473	85,807	614	595	63.8	62.7
Douglas County	36,263	26,495	27,184	20,450	5,556	3,002	3,523	3,043	75	77.2
Fayette County	33,996	22,428	29,680	19,201	2,466	1,439	1,850	1,788	87.3	85.6
Fulton County	357,646	297,503	195,905	160,903	160,658	135,402	1,083	1,198	54.8	54.1
Gwinnett County	218,247	137,608	165,180	100,316	47,887	32,403	5,180	4,889	75.7	72.9
Henry County	45,555	21,275	38,548	17,705	3,786	1,042	3,221	2,528	84.6	83.2
Rockdale County	25,784	19,963	21,306	16,418	3,429	2,366	1,049	1,179	82.6	82.2
<i>Atlanta Region</i>	1,373,058	1,052,250	926,416	682,840	416,682	342,441	29,960	27,149	67.5	64.9

NOTES:

1. Single-family housing units include single-family detached housing units, single family attached housing units and duplex (two units per structure) housing units.
2. Multi-family category includes units in structures containing three or more housing units.
3. Mobile home category includes only those mobile homes either occupied by permanent residents or intended for occupancy on the site where they are found.
4. This housing inventory does not include group quarters. Group quarters include: military and other types of barracks; prisons; college dormitory, fraternity, and sorority houses; homes for nurses; nursing homes and other long term residential healthcare facilities; group homes; convents; monasteries; and dwelling units containing nine or more persons unrelated to the person in charge, such as residents of rooming and boarding houses.

Source: Atlanta Regional Commission, last updated through 2000.

Civilian Labor Force Estimates and Unemployment Rates

According to data furnished by the Georgia Department of Labor, the average unemployment rate in the County for the period January 2003 to December 2003 was 4.5%, which compared with an average rate of 4.9% for the counties comprising the ten-county Atlanta Region and 4.7% for the State of Georgia. The following table sets forth the Georgia Department of Labor's 2000 Annual Average civilian labor force estimates and unemployment rates for the counties comprising the ten-county Atlanta region, the 20-county Atlanta MSA and the State of Georgia. The data is reported by place of residence.

<i>Jurisdiction</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment Rate</i>
<i>Atlanta Region</i>	1,904,157	1,847,871	3.0%
Cherokee	83,131	81,461	2.0%
Clayton	126,858	122,318	3.6%
Cobb	363,637	354,643	2.5%
DeKalb	365,621	352,300	3.6%
Douglas	53,032	51,592	2.7%
Fayette	51,643	50,673	1.9%
Fulton	410,281	395,164	3.7%
Gwinnett	345,950	338,084	2.3%
Henry	63,981	62,650	2.1%
Rockdale	40,023	38,986	2.6%
 Atlanta MSA	 2,261,594	 2,193,921	 3.0%
 State of Georgia	 4,173,274	 4,018,876	 3.7%
 United States			 4.0%

Source: Georgia Department of Labor, Labor Information Systems

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Construction

The following table shows the number and value of building permits issued for the past five years:

DEKALB COUNTY BUILDING PERMITS

	1999		2000		2001		2002		2003	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
	Permits	0	Permits	0	Permits	0	Permits	0	Permits	0
Residential:										
Single Family	4,112	\$626,771	3,527	\$638,964	3,474	\$607,617	2,602	\$491,183	5,029	\$563,887
Condominiums/ Townhouses	443	75,484	711	47,805	1,113	129,590	1,638	185,229	1,511	\$180,488
Apartments/ Duplexes	102	139,427	140	152,042	150	214,119	90	159,851	32	\$67,898
Non-Residential:										
Commercial	718	352,732	1,227	551,257	2,075	855,509	1,874	233,987	1,865	\$386,925
Industrial	5	802	8	745	1	143	0	0	0	0
Other	3,951	230,689	3,911	253,337	3,238	773,804	3,083	336,058	217	\$124,046
TOTALS	9,331	\$1,425,905	9,524	\$1,644,150	10,051	\$2,580,782	9,284	\$1,406,308	8,645	\$1,323,244

Source: DeKalb County Development Department

Education

Atlanta's 40 colleges and universities offered over 350 programs of study to nearly 75,000 students. Among these institutions are schools of law and of medicine, a pharmacy school, theological seminaries and fine arts schools. The nation's largest consortium of predominantly black higher educational institutions is located in Atlanta, as is one of the nation's largest colleges of business (based on student enrollment) and two of the nation's premier university-based research programs (in engineering and medicine). The County is home to Agnes Scott College, Columbia Theological Seminary, Georgia Perimeter College (a three campus two-year college established originally by the County school system, now a unit of the University System of Georgia), Emory University, the Atlanta campus of Mercer University and Oglethorpe University.

Atlanta is also a major vocational-technical education center with ten post-secondary technical institutions offering over 50 programs of study. One of the County's two technical schools, DeKalb Technical Institute, is the largest technical school in Georgia. Numerous proprietary career schools are located in the metro area, as well, and they offer specialized training in a variety of job-related skills such as data processing and medical assisting.

According to the DeKalb County School System, there are over 100,000 students in the public schools in DeKalb County. There are currently 84 elementary schools, 19 middle schools, 20 high schools and 18 specialized enters located in DeKalb County.

Atlanta's environment complements its schools and universities. A rich historical tradition is preserved by the Atlanta Historical Society and the Georgia Department of Archives. The Fernbank Science Center, a unique unit of the County's school system, includes seventy acres of virgin forest, an observatory, a science reference library and a planetarium. With the Fernbank Museum of Natural History, the metro area boasts the largest museum of natural history in the Southeast.

Medical Facilities

Extensive hospital, research and educational facilities, plus a large number of qualified personnel in a rapidly growing metropolitan area make Atlanta one of the major medical centers of the South. Grady Health System, the

largest public hospital-based health system in the Southeast is a 958 bed facility and is but one of the over 70 licensed hospitals in the Atlanta MSA.

Located in the County, Emory University's Woodruff Health Science Center, which includes the School of Medicine, the Nell Hodgson Woodruff School of Nursing and the School of Public Health, had a total 2002-2003 enrollment of approximately 3,291, including 325 students in the Graduate Division of Biological and Biomedical Sciences and a full-time faculty of 1,917. Also located in the Atlanta Region are schools of pharmacology, dentistry, hospital administration, medical technology, pre-medicine, physical therapy, public health and medical and dental assisting. Eight schools or hospitals of nursing education are presently accredited by the Georgia Board of Nursing-RN.

The Atlanta Region's medical complex includes extensive research and educational facilities, among which is the Georgia Institute of Technology, which has one of the country's premier bioengineering programs. Metropolitan area medical facilities also include highly-specialized treatment/research clinics engaged in diverse areas such as poison control, high risk nursery care and cancer, among many others. National headquarters for both the U.S. Centers for Disease Control and Prevention and the American Cancer Society are located in the County.

Mass Transportation

The Metropolitan Atlanta Rapid Transit Authority (MARTA), the public transit system serving both DeKalb and Fulton Counties, offers extensive rail and bus service throughout much of metropolitan Atlanta. MARTA operates a bus system which includes 125 bus routes covering 1,128 miles, and has average daily boardings of 500,000. MARTA's rail system has 350 rail cars, 47.6 miles of track and 38 stations in operation. Ultimately, the plan calls for a total of 60 miles of double track and 45 stations. DeKalb County currently has ten rail stations. This rapid rail system provides direct linkage between downtown, the airport and other areas of metro Atlanta.

The Atlanta MSA is also served by two major buslines and several regional carriers, as well as by a number of charter lines. Greyhound/Trailways Buslines and Southeastern Stages base their operations in the central business district of Atlanta, carrying passengers to and from points throughout the U.S. and Canada. In addition to their downtown terminal, Greyhound/Trailways also operates from four suburban terminals located throughout the metro area. Southeastern Stages operates a suburban terminal located in DeKalb County.

Highways

Atlanta is one of the leading interstate highway centers in the nation, and is one of only a few major cities in which three major interstates (I-75, I-85 and I-20) converge near the central business district. Interstate 285, a 62.5-mile circumferential bypass, encircles Atlanta, while I-675 between I-285 in the County and I-75 South in Henry County bypasses the busy I-285/I-75 interchange, allowing easier access to warehouses and terminals located east and south of Atlanta. The Georgia Department of Transportation is currently planning a six-lane collector-distributor (C/D) system, three lanes on a side, to parallel I-285 between I-75 and I-85 in North Metro Atlanta, as well as I-75 up to I-575 and I-85 up to I-985.

The County enjoys more miles of interstate than any other county in Georgia, including 56.7 miles of I-285, I-85, I-20 and I-675. In addition, the County's interstate-standard Stone Mountain Freeway and 245 miles of U.S. and State roads provide the County with the best cross-county connector system in metropolitan Atlanta.

Hartsfield-Jackson Atlanta International Airport

The Hartsfield-Jackson Atlanta International Airport ("Hartsfield-Jackson"), located only 10 miles from the central business district, pioneered the hub-and-spoke concept which is the basis for today's air transportation system.

The Hartsfield-Jackson Atlanta International Airport midfield terminal became operational in 1980, dramatically increasing Atlanta's air service capabilities. A fourth runway, completed in 1984, and a fifth

concourse dedicated to international passengers, completed in 1994, further expanded airport capacity. A fifth runway to add capacity and relieve congestion is currently under construction.

According to the Airports Council International and the Federal Aviation Administration as of December 2003, Hartsfield-Jackson is the busiest airport in the world in passengers handled and second in flight operations. More than 80% of the U.S. population can be reached within two hours by air from Hartsfield-Jackson. Hartsfield-Jackson offers public transportation (MARTA) from inside its airport terminal, with average travel time by MARTA rail from Hartsfield-Jackson to downtown Atlanta taking only 15 minutes. Hartsfield-Jackson is also a major cargo center, with a multi-purpose Foreign Trade Zone. Hartsfield-Jackson is owned by the City of Atlanta and operated by its Department of Aviation.

Railroads

Freight. In addition to its leadership in air transportation, the Atlanta MSA continues to serve as a major rail center. Two of the nation's largest rail systems, CSX Transportation (formerly the Seaboard System Railroad) and the Southern Railway System (a subsidiary of Norfolk-Southern Corporation), provide freight service to the area. Each operates over 100 freight trains in and out of Atlanta daily, and one-day freight service is available from the ports of Savannah and Brunswick in Georgia, from Jacksonville, Florida and New Orleans, Louisiana. Two-day service is available from the port of Charleston, South Carolina. Both systems' largest rail classification yards and intermodal freight yards are located in Atlanta, and their Atlanta intermodal facilities are their busiest. Over a dozen other railroad companies maintain off-line offices in Atlanta, and many others are represented by parent or affiliated companies.

Passenger. AMTRAK offers passenger service from Atlanta's Brookwood Station on its Crescent line, which runs from New York to New Orleans. AMTRAK has overnight service to Washington, D.C.; and daytime service to New Orleans through Birmingham.

Finance

The Sixth Federal Reserve District is headquartered in Atlanta, as is the Fourth District of the Federal Home Loan Bank System. Atlanta is the Southeastern Regional Headquarters of the Federal Deposit Insurance Corporation and the home of the Southeastern District Office of the Comptroller of the Currency.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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[PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL]

December ____, 2004

DeKalb County Public Safety
and Judicial Facilities Authority
Decatur, Georgia

DeKalb County, Georgia
Decatur, Georgia

Re: \$50,000,000 DeKalb County Public Safety and Judicial Facilities Authority Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the DeKalb County Public Safety and Judicial Facilities Authority (the "Authority") of \$50,000,000 in aggregate principal amount of its DeKalb County Public Safety and Judicial Facilities Authority Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004 (the "Series 2004 Bonds"), pursuant to the War on Terrorism Local Assistance Act contained in O.C.G.A. §§ 36-75-1 et seq., as amended (the "Act"), and a Bond Resolution of the Authority adopted on November 22, 2004 and a Supplemental Resolution of the Authority adopted December 14, 2004 (together, the "Resolution"). Pursuant to a resolution adopted by the Board of Commissioners of DeKalb County, Georgia, a political subdivision of the State of Georgia (the "County"), on December 7, 2004 (referred to hereinafter as the "County Resolution"), the County has approved the Agreement (as defined below) and certain other matters relating to the Series 2004 Bonds. We have examined the applicable law and such certified proceedings and other documents as we may deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Resolution and in the certified proceedings and upon other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Series 2004 Bonds, and we express no opinion relating thereto.

The Series 2004 Bonds are being issued pursuant to the Resolution. The Series 2004 Bonds are secured by a pledge for the benefit of the holders of the Series 2004 Bonds from time to time, of the rents and other payments derived and to be derived by the Authority pursuant to that certain Lease Agreement, dated the date of issuance of the Bonds (the "Agreement"), between the Authority and the County (excepting only any indemnification payments and payments to the Authority for expenses incurred under Section 6.7, 6.8 and 10.4 thereof), and any and all other revenues, rents and earnings arising out of or in connection with the Authority's interest in the land, buildings, furniture, fixtures, equipment and other facilities related to the County's public safety and judicial facilities, and facilities related thereto, leased under the Agreement (the "Project"). The proceeds of the Series 2004 Bonds, together with other moneys available therefor, will be used to finance (i) the cost of acquisition, construction, improvement, modification and placement into operation of a police and fire headquarters building, a public safety equipment maintenance facility, a police and fire centralized warehouse, and certain police stations and fire stations, (ii) the cost of improvement and modification of the DeKalb County Superior Courthouse and (iii) administrative and issuance costs in connection therewith. Pursuant to the Agreement, the County has agreed to make lease payments from the sources provided therein (the "Revenues"), to be used by the Authority to pay when due the principal of and interest on the Series 2004 Bonds, and the rights of the Authority under the Agreement (except certain rights to indemnification and to reimbursement for expenses) have been pledged and assigned by the Authority pursuant to the Resolution as security for the Series 2004 Bonds. The Series 2004 Bonds are payable solely from the Revenues.

Pursuant to the Agreement, the County has covenanted that it will exercise its power of taxation to the extent necessary to pay the amounts required to be paid thereunder and that it will make available and use for payment of its obligations incurred thereunder all such taxes levied and collected for that purpose, together with funds received from any other source. The County has covenanted further that in order to make such funds available for such purpose in each fiscal year, it will include sums sufficient to satisfy the payments required to be made under the Agreement in its revenue, appropriation and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for in each fiscal year during the term of the Agreement, whether or not any other sums are included in such measure, until all payments required to be made under the Agreement shall have been made in full.

Reference is made to an opinion of Golden & Associates, P.C., Atlanta, Georgia, as counsel to the Authority, dated this date, regarding certain matters relating to the Authority. Reference is made to an opinion of Viviane Ernstes, Esq., Decatur, Georgia, DeKalb County Attorney, dated this date, regarding certain matters relating to the County.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof and under existing law:

1. The Authority has been duly created and is validly existing as a body corporate and politic of the County which is deemed to be an instrumentality of the State of Georgia and a public corporation, with the corporate power to adopt the Resolution and enter into the Agreement, perform the agreements on its part contained therein, and issue the Series 2004 Bonds.

2. The Resolution has been duly adopted by the Authority and constitutes a valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Agreement has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

3. The County has been duly created and is validly existing as a political subdivision of the State of Georgia, with the corporate power to enter into the Agreement and perform the agreements on its part contained therein.

4. The Agreement has been duly authorized, executed and delivered by the County, and constitutes a valid and binding obligation of the County, enforceable against the County in accordance with its terms. Pursuant to the Agreement, the County is obligated to exercise its power of taxation to the extent necessary, without limitation as to rate or amount, in order to make lease payments in an amount that will be sufficient to enable the Authority to pay, when due, the principal of and interest on the Series 2004 Bonds. Such lease payment obligation of the County is a full faith and credit obligation.

5. Pursuant to the Act, the Resolution creates a valid lien on the Revenues and on the rights of the Authority under the Agreement, pledged as security for the Series 2004 Bonds and any Additional Bonds (as defined in the Resolution) issued or to be issued on a parity therewith under the Resolution.

6. The Series 2004 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority, payable solely from the Revenues.

7. The Series 2004 Bonds shall not be deemed to constitute a debt of the State of Georgia, or of any political subdivision thereof, or of any municipal corporation thereof, or a pledge of the faith and credit of the State of Georgia, or of any political subdivision thereof, or of any municipal corporation thereof, but the Series 2004 Bonds shall be payable solely from the Revenues pledged therefor, and the issuance of the Series 2004 Bonds shall not directly, indirectly, or contingently obligate the State of Georgia, or any political subdivision or municipal corporation thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; provided, however, that the rental amounts payable by the County to the Authority under the Agreement constitute an obligation of the County for the payment of which the good faith of the County is pledged, and it is the duty of the County to see to the punctual payment of rentals under the Agreement, and, in the event of

any failure or refusal on the part of the County punctually to perform any covenant or obligation contained in the Agreement, the Authority may enforce performance upon the County by any legal or equitable means. The Act provides that no holder of any Series 2004 Bond or receiver or indenture trustee thereof shall have the right to compel the exercise of the taxing power of the County to pay any such Series 2004 Bond or the interest thereon, or to enforce the payment thereof against any property of the County, nor shall any such Series 2004 Bond constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the County.

8. Under existing law, the interest on the Series 2004 Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentences are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with such covenants could cause the inclusion of interest on the Series 2004 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series 2004 Bonds. The accrual or receipt of interest on the Series 2004 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. We express no opinion regarding any such consequences.

9. Under existing law, interest on the Series 2004 Bonds is exempt from state income taxation within the State of Georgia.

The rights of the holders of the Series 2004 Bonds and the enforceability of the Series 2004 Bonds, the Resolution and the Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement is also subject to the exercise of judicial discretion in appropriate cases. We render no opinion as to the availability of the equitable remedy of specific performance.

The opinions expressed herein are given as of the date hereof. We assume no responsibility to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur hereafter.

Very truly yours,

POWELL GOLDSTEIN LLP

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APPENDIX D

FORM OF LEASE AGREEMENT

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LEASE AGREEMENT

Between

DEKALB COUNTY PUBLIC SAFETY AND JUDICIAL FACILITIES AUTHORITY

as Lessor

and

DEKALB COUNTY, GEORGIA

as Lessee

dated the date of issuance of

NOT TO EXCEED \$50,000,000

DEKALB COUNTY PUBLIC SAFETY AND JUDICIAL FACILITIES AUTHORITY
REVENUE BONDS (PUBLIC SAFETY AND JUDICIAL FACILITY PROJECT), SERIES
2004

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LEASE AGREEMENT

STATE OF GEORGIA
COUNTY OF DEKALB

This LEASE AGREEMENT, dated the date of issuance of the hereinafter defined Series 2004 Bonds (this "Agreement"), is entered into by and between the DeKalb County Public Safety and Judicial Facilities Authority (herein called the "Authority"), a body corporate and politic, as Lessor, and DeKalb County, Georgia (herein called the "County"), a political subdivision of the State of Georgia, as Lessee.

W I T N E S S E T H:

In consideration of the respective representations and agreements hereinafter contained, the Authority and the County agree as follows:

ARTICLE I. DEFINITIONS; USE OF PHRASES

Section 1.1. Definitions. Any capitalized terms not defined herein shall have the meanings assigned to them in the Bond Resolution. In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Act" means the Act of the Georgia General Assembly under which the Authority was created, the War on Terrorism Local Assistance Act, O.C.G.A. §§ 36-75-1 et. seq., and any amendments and/or supplements thereto.

"Additional Bonds" means any revenue bonds which might hereafter be issued by the Authority, on behalf of the County, in accordance with the provisions of Section 2.08 of the Bond Resolution.

"Agent Bank" means that term as defined in the Bond Resolution.

"Agreement" means this Lease Agreement, as the same now exists and as the same may hereafter be amended or supplemented pursuant to Article XII of the Bond Resolution.

"Authority" means the DeKalb County Public Safety and Judicial Facilities Authority, a body corporate and politic, duly created and existing under the Act, and its successors and assigns.

"Authorized County Representative" means the Director of Finance of the County or any other person at the time designated to act on behalf of the County by written certificate furnished to the Authority and any Agent Bank containing the specimen signature of such person and signed on behalf of the County by the Chief Executive Officer of DeKalb County. Such certificate may designate an alternate or alternates.

"Authorizing Resolution" means the resolution of the DeKalb County Board of Commissioners adopted on July 8, 2003 and approved by the Chief Executive Officer of the County on July 11, 2003, pursuant to which the Authority was created.

"Bondholder," "holder," or "owner" of the Bonds means the registered owner of any Bond.

"Bond Resolution" means the Bond Resolution of the Authority dated and adopted on November 22, 2004, which, among other things, authorizes the issuance of the Series 2004 Bonds, together with all resolutions of the Authority thereafter adopted supplemental thereto in the manner authorized in Article XI of the Bond Resolution.

"Bonds" means collectively, the Series 2004 Bonds and any Additional Bonds.

"Buildings" means those certain buildings and all other facilities and any fixtures that are to be acquired, constructed, improved, modified and placed into operation and will form a part of the Project, that do not constitute part of the Furniture and Equipment and that are required by Section 4.1(b) hereof to be located in the Buildings, as they may at any time exist.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of construction of the Buildings and the installation therein (and elsewhere as provided in this Agreement) of the Furniture and Equipment, as the date shall be certified as provided in Section 6.03 of the Bond Resolution.

"Construction Fund" means the construction fund created in Section 6.02 of the Bond Resolution.

"Construction Period" means the period between the beginning of the construction of the Buildings and site work incidental thereto or the date on which Bonds are first delivered to the purchaser thereof (whichever is earlier) and the Completion Date.

"County" means DeKalb County, Georgia, a political subdivision of the State of Georgia, and any public entity, body, or authority to which is hereafter transferred or delegated by law the duties, powers, authorities, obligations, or liabilities of the present political subdivision.

"Furniture and Equipment" means (a) those items of furniture and equipment required herein to be acquired by the Authority with proceeds from the sale of the Bonds and installed in the Buildings, and (b) any item of machinery or equipment acquired and installed in the Buildings in substitution for the items of machinery and equipment described in (a) above pursuant to the provisions of Section 4.1(b) hereof, but not including the County's own machinery and equipment installed under the provisions of Section 6.1(b) hereof.

"Generally Accepted Accounting Principles" means United States generally accepted accounting principles applicable to the financial statements of the County consistently applied, except for such changes therein as (i) shall be consistent with the then effective principles promulgated or adopted by the Governmental Accounting Standards Board and the Financial

Accounting Standards Board and its predecessors and successors and (ii) shall be concurred in by the independent certified public accountants auditing the financial statements of the County.

"Independent Counsel" means an attorney who is duly admitted to practice law before the highest court of any state of the United States of America, is not a full-time employee of either the Authority or the County, and is approved by the Authority and the County.

"Lease Term" means the duration of the County's right to occupy and use the Project as specified in Section 5.1 hereof.

"Net Proceeds" when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' fees and any approved Extraordinary Expenses of any Agent Bank) incurred in the collection of such gross proceeds.

"Payment in Full of the Bonds" shall mean payment in accordance with the requirements of Section 9.02 of the Bond Resolution.

"Permitted Encumbrances" means, as of any particular time, (i) the encumbrances created by this Agreement and the Bond Resolution, (ii) utility, access and other easements and rights of way, restrictions, reservations, reversions and exceptions which are specified in Exhibit A attached hereto, (iii) unfiled and inchoate mechanics' and materialmen's liens for construction work in progress, and (iv) mechanics', materialmen's, suppliers' and vendors' liens or other similar liens not then payable or permitted to exist as provided in Section 6.1 hereof.

"Plans and Specifications" means the plans and specifications described in Section 4.1(a) hereof.

"Principal and Interest Account" means the account by that name in the Sinking Fund created under Section 5.02 of the Bond Resolution.

"Project" means the acquisition, construction, equipping, operation, maintenance, and repairing of county or municipal corporation, judicial, detention or public safety facilities, set forth on Exhibit B, which will be leased to the County pursuant to the terms of this Agreement, and which are composed of the Buildings and the Furniture and Equipment, as they may at any time exist.

"Redemption Account" means the account by that name in the Sinking Fund created under Section 5.02 of the Bond Resolution.

"Series 2004 Bonds" means any of the DeKalb County Public Safety and Judicial Facilities Authority Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004, in the aggregate principal amount not to exceed \$50,000,000, authorized and issued pursuant to Section 2.02 of the Bond Resolution.

"Sinking Fund" means the Sinking Fund created in Section 5.02 of the Bond Resolution.

Section 1.2. Use of Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinabove," "hereinafter," and other equivalent words refer to this Agreement and not solely to the particular portion hereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II. REPRESENTATIONS

Section 2.1. Representations and Agreements of the Authority. The Authority makes the following representations and agreements as the basis for the undertakings on its part herein contained:

(a) The Authority was duly created pursuant to the authority granted under the Act and the Authorizing Resolution. The Authority is now existing and operating as a body corporate and politic. Under the provisions of the Act and the Authorizing Resolution, the Authority has the power to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper corporate action, the Authority has been duly authorized to execute and deliver this Agreement.

(b) The Authority has found and hereby declares that the issuance of the Series 2004 Bonds, the acquisition, design, construction, installation and equipping of the Project and the lease of the same to the County will be in furtherance of the public purpose for which the Authority was created. The Authority hereby agrees to finance the acquisition, design, construction, installation and equipping of the Project; to lease the Project to the County; and, subject to the terms of this Agreement, to sell the Project to the County in the manner and to the extent herein provided. The initial cost of the Project shall include the cost of all lands, properties, rights, easements and franchises acquired, cost of engineering, architectural and legal expenses, and of plans and specifications, and other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expenses, and such other expenses as may be necessary or incident to the financing herein authorized, and the condemnation of the property necessary for the Project, as applicable.

(c) The Authority will acquire, construct, improve and/or modify the Buildings to the extent required; will acquire and install the Furniture and Equipment in the Buildings; will acquire, install, and construct all real and personal property deemed necessary in connection with the Project, subject to approval of the County, and will cause any necessary amendments to the Agreement to be executed and properly recorded in order to add any additional real property on which any portion of the Project may be constructed; hereby leases the Project to the County; and, subject to the terms of this Agreement, agrees to sell the Project to the County at the expiration or earlier termination of the Lease Term in accordance with the terms and conditions hereof.

(d) The Series 2004 Bonds are to be issued under and secured by the Bond Resolution, pursuant to which the Authority's interest in the rents and other payments under the Agreement, excepting only the payments under Sections 6.7, 6.8, and 10.4 hereof, and any and all other rents, revenues, and earnings arising out of or in connection with the Authority's interest in the Project, are pledged.

Section 2.2. Representations and Agreements of the County. The County makes the following representations and agreements as the basis for the undertakings on its part herein contained:

(a) The County is a political subdivision of the State of Georgia; has the power to enter into this Agreement and perform all obligations contained herein; and, by proper action of the Board of Commissioners of DeKalb County, has been duly authorized to execute and deliver this Agreement.

(b) The County hereby warrants that it is not subject to any limitation or provision of any nature whatsoever, by contract, under law, ordinance, regulation, resolution, or otherwise, which in any way limits, restricts, or prevents the County from entering into this Agreement or from performing any of its obligations hereunder.

ARTICLE III.
LEASING CLAUSES AND WARRANTY OF TITLE

Section 3.1. Lease of Project. The Authority hereby leases to the County and the County leases from the Authority the Project at the rental rate set forth in Section 5.3 hereof and in accordance with the provisions of this Agreement.

Section 3.2. Quiet Enjoyment. The Authority covenants and warrants that it will defend the County in the quiet enjoyment and peaceable possession of the Project, and all appurtenances thereto belonging, including the Buildings and Furniture and Equipment, free from all claims of all persons whomsoever claiming by or through the Authority, throughout the Lease Term, so long as County shall perform the covenants, conditions and agreements to be performed by it hereunder.

ARTICLE IV.
COMMENCEMENT OF THE PROJECT;
ISSUANCE OF THE BONDS

Section 4.1. Agreement to Acquire and to Construct the Buildings and to Equip the Project. The Authority will acquire the title in and to the Buildings, and, subject to the provisions of Section 4.3 hereof, the Authority agrees as follows:

(a) It will proceed immediately and with due diligence to cause the Buildings to be completed, and the Authority will acquire, construct and equip other facilities necessary for the operation of the Project, all in accordance with plans and specifications to be prepared as soon as reasonably possible in phases under the supervision of the Facilities Management Director of the County and with the approval of the Authorized County Representative and the Treasurer of the Authority, and to be placed on file with the Authority as soon as available (such plans and specifications, by this reference thereto, being incorporated herein), and in accordance with all changes duly made therein.

(b) It will proceed immediately and with due diligence to acquire and install the Furniture and Equipment in the Buildings. The Furniture and Equipment shall consist of such items of furniture and equipment which may be necessary in the County's judgment for operation of the Project and which shall from time to time prior to the Completion Date be specified in written orders from the County to the Authority. All of such acquisitions and installations shall be made substantially in accordance with directions given by the County and to the extent it is necessary, will be acquired from the County, if the County has undertaken the purchase of the same.

(c) Changes in the Plans and Specifications after approval of the same as provided in paragraph (a) above shall be permitted only upon (i) written request therefor by the County or the Authority, describing the proposed change and indicating the reason therefor, (ii) written approval of such change signed by the Authorized County Representative, and (iii) written approval of such change signed by the Chairman or the Treasurer of the Authority.

Section 4.2. Agreement to Issue the Series 2004 Bonds; Application of the Series 2004 Bond Proceeds. In order to provide long-term financing for the costs of the acquisition, construction, installation and equipping required by Section 4.1 hereof, the Authority agrees that as soon as possible, it will validate, issue, sell and cause to be delivered to the purchasers thereof, not to exceed \$50,000,000 in aggregate principal amount of Series 2004 Bonds, the proceeds of which shall be used to pay all costs of issuance relating to the Series 2004 Bonds, and to fund the amount specified in the Bond Resolution to be deposited in the Construction Fund created pursuant to the Bond Resolution. The Series 2004 Bonds will be subject to redemption prior to maturity as provided in the Bond Resolution.

Section 4.3. County Required to Pay Project Costs in the Event that the Construction Fund is Insufficient. In the event the monies in the Construction Fund available for payment of the costs of the Project should not be sufficient to pay the costs thereof in full, the County agrees to complete the Project and to pay that portion of the costs of the Project which exceeds the monies available therefor in the Construction Fund. Subject to the limitations of the Act

regarding the maximum amount of bonds issued, the Authority, at its option and upon satisfaction of the conditions set forth in Section 2.08 of the Bond Resolution, may issue Additional Bonds to finance any of such costs. The Authority makes no warranty, either express or implied, that the monies which will be paid into the Construction Fund and which under the provisions of this Agreement will be available for payment of the costs of the Project will be sufficient to pay the costs which will be incurred in that connection. The County agrees that if after exhaustion of the monies in the Construction Fund, the County should pay any portion of such costs of the Project pursuant to the provisions of this Section 4.3, it shall not be entitled to any reimbursement therefor from the Authority or from the Construction Fund Depository or from the holders of any of the Bonds and it shall not be entitled to any reduction in the rents payable under Section 5.3 hereof; provided, however, in the event of a recovery against contractors, subcontractors, or their sureties pursuant to Section 4.5 hereof, and payment into the Construction Fund of the amounts so recovered in accordance with such Section, the County shall be entitled to reimbursement for any amount theretofore paid by it pursuant to this Section 4.3 if, at the time of such recovery and deposit into the Construction Fund, any and all costs to be paid out of the Construction Fund in accordance with the provisions of this Agreement and the Bond Resolution have been paid in full.

Section 4.4. Reserved.

Section 4.5. Authority to Pursue Remedies Against Contractors, Subcontractors and Their Sureties. In the event of default of any contractor or subcontractor under any contract made in connection with the acquisition, construction, installation and equipping of the Project, the Authority will promptly proceed (unless the County objects in writing) either separately or in conjunction with others, to exhaust the remedies of the Authority against the contractor or subcontractor so in default and against each such surety for the performance of such contract. The Authority agrees to advise the County of the steps it intends to take in connection with any such default. If the County shall so notify the Authority, the County may, in its own name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the County deems reasonably necessary; and in such event the Authority hereby agrees to cooperate fully with the County and to take all action necessary to effect the substitution of the County for the Authority in any such action or proceeding. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing prior to Completion Date shall be paid into the Construction Fund and any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing after the Completion Date shall be paid into the Sinking Fund. In no event shall the Authority settle, or consent to the settlement of, any such action or proceeding without the written consent of the County.

Section 4.6. Arbitrage Covenant. The County and the Authority each covenant that neither the proceeds (including interest on proceeds) of the Series 2004 Bonds, nor monies in the Construction Fund or interest thereon, nor monies in the Sinking Fund or in any other sinking fund created under the Bond Resolution, or interest thereon, nor monies in the Rebate Fund created under Section 5.10 of the Bond Resolution or in any other rebate fund created under the Bond Resolution, or interest thereon shall be invested or reinvested or used in such manner that any of the Bonds would be "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations thereunder.

ARTICLE V.
EFFECTIVE DATE OF THIS AGREEMENT;
DURATION OF LEASE TERM; RENTAL PROVISIONS

Section 5.1. Effective Date of this Agreement; Duration of Lease Term. This Agreement shall become effective on the date of issuance of the Series 2004 Bonds; and the leasehold estate created under this Agreement shall then begin and, subject to the provisions of this Agreement (including particularly Articles X and XI hereof), shall expire at 12:01 a.m. on December 1, 2034 or such later date on which the principal of, redemption premium, if any, and interest on the Series 2004 Bonds are paid in full; provided that in no event shall the term of this Agreement extend beyond the date which is fifty years after the effective date of this Agreement.

Section 5.2. Delivery and Acceptance of Possession. The Authority agrees to deliver to the County sole and exclusive possession of the Project (subject to the right of the Sinking Fund Depository to enter thereon for inspection purposes and to the other provisions of Section 8.2 hereof) on the Completion Date. The County shall have possession of the Project prior to the Completion Date during the acquisition, construction, installation and equipping thereof.

Section 5.3. Rents and Other Amounts Payable.

(a) At least two (2) business days before each June 1 and December 1 thereafter until the principal of, redemption premium, if any, and interest on the Series 2004 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Resolution, the County shall pay to the Authority or its designee, in trust for the holders of the Series 2004 Bonds, for remission to the Sinking Fund Depository, for the account of the Authority and deposit into (i) the Principal and Interest Account of the Sinking Fund, in immediately available funds, as rent for the Project (1) if such date is December 1 a sum equal to the amount payable on such date as interest or as principal and interest on the Series 2004 Bonds, and (2) if such date is June 1 a sum equal to the amount payable on such date as interest on the Series 2004 Bonds and (ii) the Redemption Account of the Sinking Fund, in immediately available funds, as rent for the Project, the amount payable as principal and interest on any Series 2004 Bonds called for redemption. In any event each rental payment under this Section 5.3 shall be sufficient to pay the total amount of interest and principal payable on the next succeeding semiannual payment date; and, if at any semiannual payment date the balance in the Principal and Interest Account of the Sinking Fund is insufficient to make required payments of principal and interest on such date, the County shall forthwith pay any deficiency. A principal and interest payment schedule for the Series 2004 Bonds is attached as Exhibit C hereto.

(b) Anything herein to the contrary notwithstanding, any amount at any time held by the Sinking Fund Depository in the Sinking Fund, including, without limitation, amounts deposited into the Sinking Fund as accrued interest pursuant to Section 5.03 of the Bond Resolution, any return from investments, and any other amounts, shall be credited against the next succeeding rental payment and shall reduce the payment to be made by the County. To the extent such amount is in excess of the sum of (i) the amount required for payment of the Series 2004 Bonds theretofore matured or called for redemption, (ii) past due interest in all cases where such Series 2004 Bonds have not been presented for payment, and (iii) amounts deposited in the Sinking Fund pursuant to Sections 7.1, 7.2, or 11.1 hereof, and provided further, if the amount

held by the Sinking Fund Depository in the Sinking Fund should be sufficient to pay at the times required the principal of and interest on the Series 2004 Bonds then remaining unpaid, the County shall not be obligated to make any further rental payments under the provisions of this Section.

(c) The County agrees to pay directly to the Agent Bank for remission to any Agent Bank until the principal of and interest on the Series 2004 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the provisions of the Bond Resolution, (i) an amount equal to the annual fee, if any, of any Agent Bank for the Ordinary Services rendered by such Agent Bank and its Ordinary Expenses incurred under the Bond Resolution, and (ii) the reasonable fees and charges of any Agent Bank for Extraordinary Services rendered by it and Extraordinary Expenses incurred by it under the Bond Resolution, as those terms are defined in Section 1.01 of the Bond Resolution, subject to the provisions of Section 4.11 of the Bond Resolution, as and when the same become due.

(d) Reserved.

(e) The County covenants that it will exercise its power of taxation to the extent necessary to pay the amounts required to be paid hereunder and it will make available and use for the payment of its obligations incurred hereunder all such taxes levied and collected for that purpose together with funds received from any other sources. The County further covenants and agrees that in order to make such funds available for such purpose in each fiscal year, it will, in its revenue, appropriation, and budgetary measures whereby its tax funds or revenues and the allocation thereof are controlled or provided for in each fiscal year during the Lease Term of this Agreement, include sums sufficient to satisfy the payments required to be made under this Agreement, whether or not any other sums are included in such measure, until all payments required to be made hereby shall have been made in full.

Section 5.4. Place of Rental Payments. The rent provided for in Section 5.3 hereof shall be paid directly to the Agent Bank or its designee, in trust for the benefit of the holders of the Series 2004 Bonds, for remission to the Sinking Fund Depository, as appropriate, for deposit in the Sinking Fund, as appropriate. Any additional payment provided for in Section 5.3(c) hereof shall be paid directly to the Agent Bank to which such payment is owed.

Section 5.5. Obligations of County Hereunder Absolute and Unconditional. Subject to the provision of Section 9.6 hereof, the obligations of the County to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. Until such time as the principal of and interest on the Series 2004 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Resolution, the County (i) shall not suspend or discontinue any payments provided in Section 5.3 hereof except to the extent the same have been prepaid, (ii) shall perform and observe all of its other agreements contained in this Agreement, and (iii) except as provided in Sections 11.1 and 11.2 hereof, shall not terminate the Lease Term for any cause whatsoever.

Section 5.6. Payments Received in Trust. Any payments received by the Authority under and pursuant to this Article V, or otherwise under this Agreement, excepting only

indemnification payments and payments to the Authority for expenses incurred under Sections 6.7, 6.8, and 10.4 hereof and the Agreement, shall not be commingled with other funds or property of the Authority, but will be held by the Authority as trustee for the benefit of the holders of the Bonds, separate and apart from the Authority's other funds and property and upon express trust for the benefit of the holders of the Bonds.

ARTICLE VI.
MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.1. Maintenance and Modifications of Project by the County.

(a) The County agrees that during the Lease Term it will at its own expense (i) keep the Project in as reasonably safe condition as its reasonable occupancy shall permit and (ii) keep the Project in good maintenance, repair and operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof.

The Authority shall not be under any obligation to make repairs or otherwise maintain the Project.

(b) The County may from time to time, in its sole discretion and at its own expense, make any additions, modifications, or improvements to the Project, including installation of additional machinery, equipment, furniture, or fixtures in the Buildings, which it may deem desirable for its purposes, provided that no such addition, modification, and improvement shall adversely affect the structural integrity of the Buildings. Machinery, equipment, furniture, and fixtures so installed by the County shall not be deemed to constitute a part of the Project, shall remain the sole property of the County, and may be modified or removed at any time and from time to time, provided that any damage to the Project occasioned by such modification or removal shall be repaired in workmanlike fashion by the County at its own expense.

(c) The County shall not permit any mechanics' or other liens to be established or remain against the Project for labor or materials furnished in connection with any addition, modification, improvement, repair, renewal, or replacement so made by it, provided, that if the County shall first notify the Authority of its intention to do so, the County may in good faith contest any mechanic's or other lien filed or established against the Project, and in such event may permit any item so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom.

Section 6.2. Removal of Furniture and Equipment. The Authority shall not be under any obligation to renew, repair, or replace any inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary Furniture and Equipment. Whenever the County in its discretion so desires, the County may remove any such item of Furniture and Equipment from the Buildings or such other place as the Furniture and Equipment may be located without any responsibility or accountability to the Authority therefor.

Section 6.3. Taxes, Other Governmental Charges and Utility Charges.

(a) The Authority and the County acknowledge that under present law the Authority's ownership of the Project will not be subject to ad valorem taxation by the State of Georgia or by any political or taxing subdivision thereof and that under present law the income and profits, if any, of the Authority from the Project are not subject to either federal or Georgia taxation. The County will pay, as the same respectively become lawfully due and payable, (i) any and all taxes and governmental charges of any kind whatsoever levied upon or with respect to the County's interest in the Agreement and the Project, (ii) any and all taxes and governmental charges of any

kind whatsoever levied upon or with respect to the Project or any machinery, equipment, or other property installed or brought by the County therein or thereon, (iii) all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Project, and (iv) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by lien on the Project; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the Lease Term.

(b) The County may, at its expense and in its own name and on behalf or in the name and on behalf of the Authority, in good faith, contest any such taxes, assessments, and other charges and, in the event of any such contest, may permit the taxes, assessments, or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. The Authority will cooperate fully with the County in any such contest. In the event that the County shall fail to pay any of the foregoing items required by this Section to be paid by the County, the Authority may (but shall be under no obligation to) pay the same, and any amounts so advanced by the Authority, together with interest thereon at a per annum rate equal to the highest interest rate on any of the Bonds, shall become an additional obligation of the County to the Authority.

Notwithstanding anything to the contrary contained herein, the Authority shall have no obligation or responsibility to pay ad valorem taxation by the State of Georgia or any other political or taxing subdivision thereof.

Section 6.4. Insurance Required. The County agrees to insure the Project with insurance companies licensed to do business in the State of Georgia, or to self-insure the Project, in such amounts and in such manner and against such loss, damage, and liability, including liability to third parties, as are customarily insured against by governmental entities with respect to County facilities of the sort included within the Project, and, to the extent not paid by a contractor during the Construction Period, pay the premiums thereon, subject to reimbursement during the Construction Period as provided in Section 6.02 of the Bond Resolution. The policies which embody such insurance may reflect such deductibles as are deemed appropriate by the County. The foregoing insurance coverage shall include such public liability insurance as is in accordance with the practice of the County for facilities of which the County is the owner.

Section 6.5. Application of Net Proceeds of Insurance. The Net Proceeds of any fire and casualty insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as provided in Section 7.1 hereof, and the Net Proceeds of any liability or workmen's compensation insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied towards extinguishment or satisfaction of the liability with respect to which such insurance proceeds are paid.

Section 6.6. Additional Provisions Respecting Insurance. All insurance required in Section 6.4 hereof shall be taken out and maintained in generally recognized, responsible insurance companies selected by the County unless the County has elected to self-insure the Project. All claims, regardless of amount, may be adjusted by the County with the insurers.

Section 6.7. Indemnification of Authority. The County shall, to the extent permitted by law, indemnify and save the Authority harmless against and from all claims by or on behalf of any person, firm, or corporation arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project caused by the County, (b) any breach or default on the part of the County in the performance of any of its obligations under the Agreement, (c) any act of negligence of the County or of any of its agents, contractors, servants, employees, or licensees, and (d) any act of negligence of any assignee or sublessee of the County, or of any agent, contractor, servant, employee, or licensee of any assignee or sublessee of the County, but excepting (as to (a) through (d) of the foregoing) any claims resulting from the willful or wanton misconduct or unlawful acts of the Authority, as the case may be, and also excepting (as to clauses (a) through (d) of the foregoing), any liability for damage arising out of bodily injury to persons or damage to property caused by or resulting from the sole negligence of the indemnified person, his agents, or employees relative to the construction, alterations, repair, or maintenance of a building structure, appurtenances, and appliances, including moving, demolition, and excavating connected therewith, it being understood and agreed that this latter exception is included herein to assure the validity and enforceability of the indemnity provision hereof under Georgia law, and, in particular, O.C.G.A. § 13-8-2 (1982), as amended, and is not otherwise intended by the parties to narrow the indemnity provision hereof. The County shall indemnify and save the Authority harmless from and against any and all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred or in connection with any action or proceeding brought thereon, and upon notice from the Authority, the County shall defend them or any of them in any such action or proceeding.

Section 6.8. Other Authority Expenses. Anything to the contrary herein notwithstanding, the County will pay any reasonable expenses, such reasonableness to be determined by the County, not specifically mentioned herein which are incurred by the Authority in connection with the Project, the Agreement, the Bond Resolution or the Bonds, and which are not payable from the Construction Fund created pursuant to Section 6.02 of the Bond Resolution.

ARTICLE VII.
DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage and Destruction. If, prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution), the Project or any part thereof is damaged by fire or other casualty, the County, with the cooperation of the Authority, which cooperation the Authority shall be required to provide, shall either:

(a) promptly complete, repair, rebuild, or restore the property damaged to substantially the same condition as it existed prior to the event causing such damage, with such changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the County and which will not impair the operating unity or productive capacity or character of the Project, or such portion thereof, applying for such purposes so much as may be necessary of any Net Proceeds of insurance resulting from such claims or such losses as well as any additional monies of the County as are necessary therefor; or

(b) if some, but not all, of the facilities constituting the Project have been damaged or destroyed, pay or provide for the payment of any proceeds from any insurance covering such damage or destruction into the Redemption Account of the Sinking Fund and use for the optional redemption of Series 2004 Bonds, at the earliest permissible redemption date or for the purchase of Series 2004 Bonds, in the open market subject to the restrictions and upon the terms as provided below in this Section 7.1; or

(c) purchase the Project upon exercise of the option provided for in Section 11.2 hereof.

In the event any Net Proceeds remain after payment of all costs of repair, rebuilding, or restoration pursuant to subparagraph (a) above, or if the County has determined to proceed in accordance with subparagraph (b) above, any such Net Proceeds shall be paid into the Redemption Account of the Sinking Fund and used for the optional redemption of Series 2004 Bonds, at the earliest permissible redemption date or for the purchase of Series 2004 Bonds in the open market in accordance with and subject to the applicable redemption provisions and redemption payment credit provisions for the Bonds provided in Article III of the Bond Resolution.

If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Bond Resolution), Net Proceeds shall be paid to the County.

Section 7.2. Condemnation. Unless the County shall exercise its option to purchase pursuant to the provisions of Section 11.2 hereof, in the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the County shall be obligated to continue to make the rental payments specified in Section 5.3 hereof. Any Net Proceeds received from any award made in such

eminent domain proceedings shall be applied in one or more of the following ways, in the discretion of the County, with the approval of the Authority:

(i) the restoration of the improvements located on or in the Buildings to substantially the same condition as they existed prior to the exercise of said power of eminent domain;

(ii) the acquisition, by construction or otherwise, by the Authority of other improvements suitable for the County's operations (which improvements shall be deemed to constitute a part of the Project and to be available for use and occupancy by the County without payment of any rent other than as herein provided to the same extent as if such other improvements were specifically described herein and demised hereby); or

(iii) payment into the Redemption Account of the Sinking Fund for optional redemption of the principal of any of the Series 2004 Bonds at the earliest permissible redemption date, together with premium and accrued interest thereon to the date of redemption, or for the purchase of Series 2004 Bonds, on a pro rata basis, in the open market in accordance with and subject to the applicable redemption provisions and redemption payment credit provisions for the Bonds provided in Article III of the Bond Resolution.

If the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Bond Resolution), Net Proceeds shall be paid to the County.

(b) Unless the County shall have elected to exercise its option to purchase pursuant to the provisions of Section 11.2 hereof within ninety (90) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, the County shall notify the Authority and the Sinking Fund Depository in writing as to which of the ways specified in this Section the County elects to have the condemnation award applied; and the Authority agrees to proceed pursuant to the terms of the Bond Resolution to carry out the directions of County to the extent permitted by the Bond Resolution.

(c) The Authority shall cooperate fully with the County in the handling and conduct of any prospective or pending condemnation proceeding with respect to the Project or any part thereof and will, to the extent it may lawfully do so, permit the County to litigate in any such proceeding in the name and on behalf of the Authority. In no event will the Authority voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Project or any part thereof without the written consent of the County.

(d) The County shall not, by reason of the use of any condemnation proceeds pursuant to this Section, be entitled to any reimbursement from the Authority or abatement or reduction of the rent payable under Section 5.3 hereof.

Section 7.3. Condemnation of County-Owned Property. The County shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for damages to or takings of its own property or for damages on account of the taking or interference with the County's rights to possession, use, or occupancy of the Project.

ARTICLE VIII.
SPECIAL COVENANTS

Section 8.1. No Warranty of Condition or Suitability by the Authority. The Authority makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the County's purposes or needs; provided, however, that the Authority covenants and agrees that the County shall have all of the rights and benefits under any and all warranties, either express or implied, relating to the Project or any appurtenances thereto or personal property located thereon, given or made by any contractor, subcontractor, equipment supplier, supplier of services, laborer, or materialman to the Authority by reason of or incident to any work performed or materials or equipment furnished in connection with the Project.

To the extent allowed by law, the County releases the Authority from, agrees that the Authority shall not be liable for, and agrees to hold the Authority harmless against, any loss or damage to the property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof.

Section 8.2. Inspection of the Project. The County agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Buildings and to examine and inspect the Project.

Section 8.3. Granting of Easements. If no Default shall have happened and be continuing hereunder, the County may at any time or times cause to be granted easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project, or the County may cause to be released existing easements, licenses, rights-of-way, and other rights or privileges in the nature of easements, held with respect to any property included in the Project with or without consideration and the Authority agrees that it shall execute and deliver and will cause and direct any Agent Bank to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way, or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the Authorized County Representative requesting the execution and delivery of such instrument and stating (1) that such grant or release is not detrimental to the proper conduct of the business of the County in connection with the Project, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project, and will not materially weaken, diminish, or impair the security intended to be given by or under the Bond Resolution.

Section 8.4. Special Covenants Regarding Code Compliance.

(a) For purposes of Sections 8.4(b) through (d) below, the following terms shall have the following meanings:

Debt Service. The term "Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

Gross Proceeds. The term "Gross Proceeds" means the sum of the following amounts:

(i) original proceeds, namely, net amounts received by or for the Authority or the County as a result of the sale of the Series 2004 Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 2004 Bonds;

(ii) investment proceeds, namely, amounts received at any time by or for the Authority or the County, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations), of obligations issued to refund in whole or in part the Series 2004 Bonds,

(iii) sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in clause (i) and (ii) above) of the Series 2004 Bonds, which are held in the Sinking Fund and any other fund to the extent that the Authority reasonably expects to use such other fund to pay Debt Service on the Series 2004 Bonds;

(iv) amounts in any fund established as a reasonably required reserve or replacement fund;

(v) Investment Property pledged as security for payment of Debt Service on the Series 2004 Bonds by the Authority;

(vi) amounts, other than as specified in this definition, used to pay Debt Service on the Series 2004 Bonds; and

(vii) amounts received as a result of investing amounts described in this definition.

Investment Property. The term "Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment - type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

Net Proceeds. The term "Net Proceeds," when used with reference to the Series 2004 Bonds, means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount.

Nonpurpose Investment. The term "Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Series 2004 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2004 Bonds.

Private Business Use. The term "Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other

than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

Regulations. The term "Regulations" means temporary and permanent regulations promulgated under the Code.

(b) The Authority and the County shall assure that (i) not in excess of ten percent (10%) of the Net Proceeds of the Series 2004 Bonds is to be used or will be used for Private Business Use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of such property, or to be derived from payments, whether or not to the County or the Authority, in respect of property or borrowed money used or to be used for a Private Business Use; and, (ii) in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Series 2004 Bonds are used or to be for a Private Business Use, and (B) an amount in excess of five percent (5%) of the principal or five percent (5%) of the interest due on the Series 2004 Bonds during the term thereof is, under the terms of the Series 2004 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the County or the Authority, in respect of property or borrowed money used or to be used for a Private Business Use, then said excess over said five percent (5%) of Net Proceeds of the Series 2004 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project.

(c) Not in excess of the lesser of (i) five percent (5%) of the Net Proceeds of the Series 2004 Bonds or (ii) \$5,000,000 shall be used, directly or indirectly, to make or finance loans (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

(d) Neither the County nor the Authority shall take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and Regulations promulgated thereunder.

(e) The County shall make such payments as are required under Section 5.10 of the Bond Resolution into the Rebate Fund, as defined in such Section 5.10.

Section 8.5. County Financial Statements. The County shall prepare or cause to be prepared full and true statements of its financial affairs as of the end of each of its fiscal years within 180 days after the end of each fiscal year. Such financial statements shall include statements of the County's assets, liabilities, and surplus, if any, a statement of its revenues and expenditures, and such other statements as are customarily included in such financial statements. Such annual financial statements of the County shall be audited each year by the County's independent certified public accountants. A copy of such financial statements, together with the auditor's report thereon, shall be provided to any rating agency then maintaining a rating on the

Bonds, to any nationally recognized municipal securities information repository, upon request, or any Bondholder who makes a request therefor.

ARTICLE IX.
ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING;
REDEMPTION; RENT PREPAYMENT AND ABATEMENT; ADDITIONAL BONDS

Section 9.1. Assignment and Subleasing. This Agreement may be assigned, and the Project or any portion thereof may be subleased as a whole or in part, by the County to any assignee or sublessee permitted under the Act, without the prior written consent of the Authority or any Agent Bank, subject, however, to each of the following conditions:

(a) no assignment shall relieve the County from primary liability for any of its obligations hereunder, and notwithstanding any such assignment, the County shall continue to remain primarily liable for payment of the rents specified in Section 5.3 of this Agreement and for performance and observation of each of the other agreements on its part herein provided to be performed and observed by it;

(b) the assignee or sublessee shall assume the obligations of the County hereunder to the extent of the interest assigned or subleased, including any obligation or obligations with respect to any further assignment or sublease;

(c) the County shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority a true and complete copy of each such assignment and sublease, as the case may be, including the assumption of all liabilities by such assignee or sublessee; and

(d) the Authority shall have received an opinion of nationally recognized bond counsel to the effect that an assignment or sublease to such person or entity will not cause a loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

Section 9.2. Assignment and Pledge. The Authority shall assign its interest in amounts to be received by the Authority hereunder and pledge any monies receivable under this Agreement as security for payment of the principal of, redemption premium, if any, and the interest on the Bonds.

Section 9.3. Restrictions on Sale of Project by Authority. The Authority agrees that it will not sell, assign, transfer or convey the Project or any part thereof during the Lease Term (as defined in this Agreement). If the laws of the State of Georgia at the time shall permit such a sale, assignment, transfer, or conveyance to be made, nothing contained in this Section shall prevent the consolidation of the Authority with, or merger of the Authority into, or transfer of the Project as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project, provided the interest on the Bonds shall remain exempt from United States income taxation, the payment of the principal of and interest on the Bonds according to their tenor and the performance, and observance of all the agreements and conditions of this Agreement to be kept and performed by the Authority shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 9.4. Redemption of Bonds. The Authority, at the County's request, if the Series 2004 Bonds are redeemable at the time of such request, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the Bond Resolution to effect redemption of all or a portion of the then Outstanding Series 2004 Bonds, as requested by the County, on the earliest redemption date on which such redemption may be made under the applicable provisions of the Bond Resolution or on the date set for redemption by the County pursuant to applicable provisions of the Agreement and the Bond Resolution. So long as the County is not in Default hereunder, the Authority shall not redeem Series 2004 Bonds prior to their maturities unless requested in writing by the County.

Section 9.5. Prepayment of Rents. There is expressly reserved to the County the right, and the County is authorized and permitted, at any time it may choose, to prepay all or any part of the rents payable under Section 5.3 hereof. All rents so prepaid shall be credited to the rental payments in Section 5.3 hereof as specified by the County, and, at the election of the County, shall be used for the redemption or purchase of Series 2004 Bonds in the manner and to the extent permitted in the Bond Resolution; provided however, in no event shall this right of prepayment impair the right of the Authority or the holders of the Series 2004 Bonds to receipt of amounts sufficient to pay the total amount of principal, redemption premium, if any, or interest payable on any semiannual payment date.

Section 9.6. County Entitled to Certain Rent Abatements if Series 2004 Bonds Paid Prior to Maturity. If at any time the aggregate monies in the Sinking Fund shall be sufficient to retire in accordance with the provisions of the Bond Resolution all of the Series 2004 Bonds at the time outstanding and to pay all fees and charges of any Agent Bank due or to become due through the date on which the last of the Series 2004 Bonds is retired, under circumstances not resulting in termination of the Lease Term, and if the County is not at the time otherwise in Default hereunder, the County shall be entitled to use or occupy the Project from the date on which such aggregate monies are in the hands of the Sinking Fund Depository to and including the end of the Lease Term, without the payment of rent under this Agreement during such interval (but otherwise on the terms and conditions hereof).

Section 9.7. References to Bonds Ineffective After Series 2004 Bonds Paid. Upon payment in full of the Series 2004 Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution) and all fees and charges of any Agent Bank with respect thereto, all references solely in this Agreement to the Series 2004 Bonds, the Bond Resolution, and any Agent Bank with respect thereto shall be ineffective and neither any Agent Bank with respect thereto nor the holders of any of the Series 2004 Bonds shall thereafter have any rights hereunder, except such rights as shall have theretofore vested.

Section 9.8. Issuance of Additional Bonds. The Authority may authorize the issuance of Additional Bonds ranking pari passu with the Series 2004 Bonds with respect to the payment of principal of and interest on and as to the security for the payment of the principal of, redemption premium, if any, and interest thereon under the terms and conditions provided in Section 2.08 of the Bond Resolution. It is anticipated that Additional Bonds will be issued for the purpose of paying the cost of completion of the Project or may be issued for the purpose of paying the cost of refunding, in whole or in part, the Series 2004 Bonds, provided that the conditions precedent specified in the Bond Resolution are met. If the County is not in Default

hereunder, the Authority will, on request of the County, from time to time, use its best efforts to validate, sell, and issue such Additional Bonds; provided that the terms of such Additional Bonds and the purchase price to be paid therefor are approved in writing by the County; and provided further that the County and the Authority shall enter into an amendment to the Agreement to provide for additional payments, and the Authority shall otherwise comply with the provisions of Section 2.08 of the Bond Resolution with respect to the issuance of any such Additional Bonds and the security therefor.

ARTICLE X.
DEFAULTS AND REMEDIES

Section 10.1. Defaults Defined. The following shall constitute "Defaults" under this Agreement and the term "Default" shall mean, whenever it is used in this Agreement any one or more of the following events:

(a) failure by the County to pay any amounts required to be paid under Section 5.3 hereof at the times specified for such payment.

(b) failure by the County to observe and perform any covenant, condition, or agreement on its part to be observed or performed under this Agreement other than as referred to in subsection (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall have been given to the County by the Authority or the holders of more than 50% in outstanding principal amount of the Bonds. If a default specified in this subsection (b) is such that it can be corrected but not within the period specified herein, unless an extension of such period would materially endanger the lien or charge hereon in favor of the Bondholders or the Project or the revenues therefrom would be subjected to loss or forfeiture, such default shall not constitute the basis of a Default hereunder (i) if corrective action capable of remedying such default is instituted by the County within the applicable period and diligently pursued until the default is corrected, and (ii) if the County shall within the applicable period furnish to the Authority a certificate executed by the Chief Executive Officer of DeKalb County certifying that the default is such that it can be corrected but not within the applicable period and that corrective action capable of remedying such default has been instituted and is being diligently pursued and will be diligently pursued until the default is corrected;

(c) the making of any representation or warranty by the County in this Agreement if such representation or warranty is untrue, incorrect, or invalid when made; and

(d) the filing by the County of a voluntary petition in bankruptcy; the commission by the County of any act of bankruptcy; or the adjudication of the County as a bankrupt;

The foregoing provisions of this Section are subject to the following limitations: if by reason of force majeure the County is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the County contained in Article V and Sections 6.3 and 6.4 hereof, the County shall not be deemed in Default during the continuance of such inability. The term "force majeure" as used herein shall include, without limitation, the following: acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Georgia or any of their departments, agencies, political subdivisions, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes, or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the County. The County agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the County from carrying out its agreements; provided, that the settlement of strikes, lockouts, and other similar disturbances shall be entirely within the discretion of the

County, and the County shall not be required to make settlement of strikes, lockouts, and other similar disturbance by acceding to the demands of the opposing party or parties when such course is, in the judgment of the County, unfavorable to the County.

Section 10.2. Remedies on Default. Whenever any Default referred to in Section 10.1 hereof shall have occurred and be subsisting, the Authority may take any one or more of the following remedial steps:

- (a) the Authority, at its option, may elect
 - (i) to recover from the County as liquidated damages the outstanding principal balance of the Bonds, plus any redemption premium thereon plus all accrued but unpaid interest thereon to the date of payment, plus any other amounts which may be owing from the County pursuant to this Agreement, including, without limitation, amounts required to be paid pursuant to Sections 5.3 and 10.4 of this Agreement; or
 - (ii) to declare all installments payable under Section 5.3 of this Agreement for the remainder of the Lease Term to be immediately due and payable, whereupon the same shall become immediately due and payable. If the Authority elects to exercise the remedy afforded under this subsection 10.2(a)(ii) and accelerate all rent payments payable under Section 5.3 of this Agreement for the remainder of the Lease Term (as defined in the Agreement), the amount then due and payable by the County as accelerated rents shall be the sum of the aggregate principal amount of the outstanding Bonds and all interest and redemption premium, if any, on the Bonds then due and to become due to maturity. Such sums as may then become payable shall be paid into the Principal and Interest Account of the Sinking Fund, and, after the Bonds and accrued interest thereon have been fully paid and any costs occasioned by such default have been satisfied, any excess monies in such sinking funds shall be returned to the County as an overpayment of rents;
- (b) the Authority may re-enter and take possession of the Project without terminating the Agreement, and sublease the Project for the account of the County, holding the County liable for the difference between the rent and other amounts payable by such sublessee under such sublease and the rents and other amounts payable by the County hereunder;
- (c) the Authority may terminate the Lease Term (as defined in this Agreement), exclude the County from possession of the Project and use its best efforts to lease the Project to another for the account of the Authority, holding the County liable for all rent and other payments due up to the effective date of such lease and for the difference between (i) the amounts that would be payable under this Agreement through the end of the Lease Term (as defined in this Agreement) and (ii) the amount actually received under this Agreement;
- (d) the Authority may require the County to furnish copies of the books and records of the County pertaining to the Project; and
- (e) the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the County under this Agreement. Any amounts collected pursuant to action taken under this Section shall be paid into the

appropriate Sinking Fund Principal and Interest Account and applied in accordance with the provisions of the Bond Resolution or, if the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Bond Resolution), to the County.

Notwithstanding anything to the contrary contained herein, so long as the Bonds are outstanding, the Authority, in its efforts to remedy a default, shall take no action that would cause interest on the Bonds to become taxable.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are conferred on the Authority hereunder shall also extend to any Agent Bank, and any Agent Bank and the holder or holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the County should default under any of the provisions of this Agreement and either or both the Authority or any Agent Bank should employ attorneys or incur other expenses for the collection of rent or the enforcement of performance or observance of any obligation or agreement on the part of the County herein contained, the County agrees that it will on demand therefor pay to the Authority and such Agent Bank the reasonable fees and expenses of attorneys and such other reasonable fees and expenses so incurred by the Authority and such Agent Bank.

Section 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI.
OPTIONS IN FAVOR OF COUNTY

Section 11.1. Options to Terminate. The County shall have the following options to cancel or terminate the Lease Term (as defined in this Agreement):

(a) at any time prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution), the County may terminate the Lease Term (as defined in this Agreement) by providing for payment in full of the Bonds in the manner set out in Section 9.02 of the Bond Resolution and giving the Authority notice in writing of such termination, whereupon such termination shall forthwith become effective, and

(b) at any time after full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution), the County may terminate the Lease Term (as defined in this Agreement) by giving the Authority notice in writing of such termination and such termination shall forthwith become effective.

Section 11.2. Option to Purchase Project Prior to Payment of the Bonds. The County shall have and is hereby granted the option to purchase the Project prior to the full payment of the Bonds (or prior to provision for payment thereof having been made in accordance with the provisions of the Bond Resolution). To exercise such option, the County shall give written notice to the Authority (and to any Agent Bank if any of the Bonds shall then be unpaid) and shall specify therein the date of closing such purchase, which date shall be not less than forty-five (45) days nor more than ninety (90) days from the date such notice is mailed. The purchase price which shall be paid to the Sinking Fund Depository by the County in the event of its exercise of the option granted in this Section 11.2 shall be the sum of the following:

(1) an amount of money which, when added to the amount then on deposit in the sinking funds for the Bonds, will be sufficient to retire all the then outstanding Bonds on the earliest applicable maturity date or the earliest permissible redemption date including, without limitation, principal, redemption premium, if any, and accrued interest thereon to such maturity date, plus

(2) an amount of money equal to the fees and expenses of any Agent Bank under the Bond Resolution accrued and to accrue until such final payment of the Bonds, plus

(3) the sum of ten dollars (\$10.00) which shall be paid by the County to the Authority.

From and after the date of exercise of the option granted in this Section, any Net Proceeds of insurance or condemnation shall be paid to the County.

Section 11.3. Conveyance on Exercise of Option to Purchase. At the closing of the purchase pursuant to the exercise of any option to purchase granted herein, the Authority will, upon receipt of the purchase price, deliver to the County documents conveying to the County good and marketable title to the property with respect to which such option was exercised, as

such property then exists, subject to the following: (i) those liens and encumbrances, if any, to which title to such property was subject when conveyed to the Authority, (ii) those liens and encumbrances created by the County or to the creation or suffering of which the County consented, (iii) those liens and encumbrances resulting from the failure of the County to perform or observe any of the agreements on its part contained in this Agreement, and (iv) Permitted Encumbrances other than the Bond Resolution and this Agreement.

Section 11.4. Relative Priority of Options and Resolutions. The options respectively granted to the County in this Article shall be and remain prior and superior to the Bond Resolution and may be exercised whether or not the County is in default hereunder, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option.

ARTICLE XII.
COUNTY'S OPTION TO PURCHASE
THE PROJECT AFTER PAYMENT OF BONDS

Section 12.1. Option to Purchase Project After Payment of Bonds. Upon full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution), the County shall have and is hereby granted the option to purchase the Project for ten dollars (\$10.00). The option specified in this Section shall be and remain prior and superior to the Bond Resolution and may be exercised whether or not the County is in default hereunder, provided that such default will not result in nonfulfillment of any condition to this right.

ARTICLE XIII.
MISCELLANEOUS

Section 13.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, postage prepaid, addressed as follows:

- (i) if the Authority, to:

DeKalb County Public Safety and Judicial Facilities Authority
c/o DeKalb County Director of Finance
1300 Commerce Drive, 6th Floor
Decatur, Georgia 30030-3222
Attention: Treasurer

with a copy to:

Sherman Golden, Esq.
Golden & Associates, P.C.
245 Peachtree Center Avenue, Suite 804
Atlanta, Georgia 30303

- (ii) if to the County, to:

DeKalb County
Finance Department
1300 Commerce Drive, 6th Floor
Decatur, Georgia 30030-3222
Attention: Director of Finance

with a copy to:

County Attorney
DeKalb County Law Department
1300 Commerce Drive, 5th Floor
Decatur, Georgia 30030-3222

- (iii) if to the Agent Bank, to:

SunTrust Bank
Corporate Trust Division, 24th Floor
25 Park Place
Atlanta, Georgia 30303-2900
Attention: Olga Warren

A duplicate copy of each notice, certificate, or other communication given hereunder by either the Authority, the County or the Agent Bank to any one of the others shall also be given to all of

the others. The Authority, the County, and the Agent Bank may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent.

Section 13.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the County and their respective successors and assigns, subject, however, to the limitations contained in this Agreement.

Section 13.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4. Amounts Remaining in any Sinking Fund. It is agreed by the parties hereto that any amounts remaining in the Sinking Fund upon expiration or sooner termination of the Lease Term, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Bond Resolution) and the fees, charges, and expenses of any Agent Bank in accordance with the Bond Resolution, shall belong to and be paid to the County by the Sinking Fund Depository as overpayment of rents.

Section 13.5. Amendments, Changes and Modifications. Except as otherwise provided in this Agreement or in the Bond Resolution, subsequent to the initial issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Resolution), this Agreement may not be effectively amended, changed, modified, altered, or terminated.

Section 13.6. Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.7. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Agreement.

Section 13.8. Recording of Agreement. This Agreement or a memorandum form thereof in recordable form and every assignment and modification thereof shall be recorded in the office of the Clerk, Superior Court, DeKalb County, Georgia, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 13.9. Law Governing Construction of Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia.

ARTICLE XIV.
CONTINUING DISCLOSURE

Section 14.1. Annual Disclosure. (a) The County shall annually provide certain financial information and operating data in accordance with the provisions of Section (b)(5)(i) of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC"), as follows:

(i) the financial information with respect to the County of the type described in the sections of the Official Statement entitled "The County and DeKalb County Bonded Indebtedness", but only to the extent such items are not included in the audited Financial Statements referred to in (iii) below.

(ii) the operating data with respect to the County of the type described in the sections of the Official Statement entitled "General Fund and Operating Data", but only to the extent such items are not included in the Audited Financial Statements referred to in (iii) below.

(iii) audited financial statements, prepared in accordance with GAAP.

(b) The County shall annually provide the financial information and operating data described in Section 14.1(a) of this Agreement (the "Continuing Disclosure") on or before each August 15th (commencing August 15, 2005), to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information depository ("SID"), if any is hereafter created.

(c) Any of the Continuing Disclosure may be included by specific reference to other documents previously provided to each NRMSIR and to the appropriate SID, if any is hereafter created, or filed with the SEC, provided, however, that any final official statement incorporated by reference must be available from the Municipal Securities Rulemaking Board (the "MSRB").

(d) The County shall provide in a timely manner to each NRMSIR or the MSRB and to the appropriate SID, if any is hereafter created, notice specifying any failure of the County to provide the Continuing Disclosure by the date specified.

Section 14.2. Event Disclosure. The County shall provide in a timely manner to each NRMSIR or the MSRB and with the appropriate SID, if any is hereafter created, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancement reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

- (f) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (g) modifications to rights of Bondholders;
- (h) Bond calls;
- (i) defeasance of all or any portion of the Bonds;
- (j) release, substitution, or sale of property securing repayment of the Bonds; and
- (k) rating changes.

Section 14.3. Termination. The covenants and obligations of the County specified in Sections 14.1 and 14.2 of this Agreement will terminate upon the redemption, defeasance within the meaning of the Rule or payments in full of all of the Bonds.

Section 14.4. Amendment. (a) The County reserves the right to modify its obligations contained in Sections 14.1 and 14.2 of this Agreement, without Bondholder consent, provided that such modification complies with the Rule as it exists at the time of modification and satisfies the following conditions as applicable:

- (i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

- (ii) The undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

- (iii) The amendment does not materially impair the interests of the holders (within the meaning of the Rule) of the Series 2004 Bonds then outstanding, as determined either by parties unaffiliated with the County or obligated person (such as the trustee or bond counsel), or by the approving vote of Bondholders pursuant to the terms of the governing instrument at the time of the amendment.

(b) If the County modifies its obligations pursuant to (a) above, then the County covenants as follows:

- (i) The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

- (ii) If an amendment is made to an undertaking specifying the accounting principles to be followed in preparing financial statements, then the annual financial information for the year in which the change is made must present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The

comparison must also include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the County or obligated person to meet its obligations. To the extent reasonably feasible, the comparison also should be quantitative. A notice of the change in the accounting principles will be sent to the NRMSIRs or the MSRB, and the appropriate SID, if any is hereafter created. No amendment in the undertaking shall be necessary to permit the County to prepare and deliver financial statements and other data reflecting changes in GAAP adopted subsequent to the date of the undertaking.

(iii) The County shall in a timely manner send notice of any such modification to each NRMSIR and to the appropriate SID, if any is hereafter created.

Section 14.5. Defaults. (a) If the County fails to comply with any covenant or obligation specified in this Article, any holder (within the meaning of the Rule) of Series 2004 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County's covenant to provide financial information and operating data.

(b) Notwithstanding anything herein to the contrary, any failure of the County to comply with any covenant or obligation specified in this Article shall not be deemed to constitute a "Default" under Section 10.1 of this Agreement or the Bond Resolution.

Section 14.6. Additional Disclosure. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 14.7. NRMSIRs. The current list of SEC-recognized NRMSIRs is as follows:

- (1) Bloomberg Municipal Repositories
100 Business Park Drive
Skillman, New Jersey 08558
(609) 279-3225
(609) 279-5962 Fax
munis@bloomberg.com Email
- (2) DPC Data Inc.
One Executive Drive
Fort Lee, New Jersey 07024
(201) 346-0701
(201) 947-0107 Fax
nrmsir@dpcdata.com Email

- (3) FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
(212) 771-6999
(212) 771-7390 Fax
NRMSIR@FTID.com Email

- (4) Standard & Poor's Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, New York 10041
(212) 438-4595
(212) 438-3975 Fax
nrmsir_repository@sandp.com Email

IN WITNESS WHEREOF, the Authority and the County have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the ____ day of December, 2004.

DEKALB COUNTY PUBLIC SAFETY AND
JUDICIAL FACILITIES AUTHORITY

ATTEST:

Dr. Michael J. Bell, Secretary

By: _____
Angelo Fuster, Chairman

(SEAL)

As to the DeKalb County Building
Authority, signed and sealed on
this ____ day of December, 2004
in the presence of:

Witness

Notary Public

DEKALB COUNTY, GEORGIA

ATTEST:

By: _____
Clerk to the Chief Executive Officer Vernon Jones, Chief Executive Officer
and Board of Commissioners

(SEAL)

As to DeKalb County, Georgia
signed and sealed on this ____ day
of December, 2004 in the
presence of:

Witness

APPROVED AS TO FORM:

Notary Public

Viviane Ernestes, Acting County Attorney

EXHIBIT A

Permitted Encumbrances

EXHIBIT B

The Project

Police & Fire Headquarters Building

(1950 and 1960 West Exchange Place, Atlanta, Georgia)

Purchase of Facility	\$18,200,000	
Fees, Modifications and Equipment	\$8,300,000	
Telecommunications & Data Systems	<u>\$1,000,000</u>	\$27,500,000

Public Safety Equipment Maintenance Facility

(5350 Memorial Drive, Decatur, Georgia)

Purchase	\$2,300,000	
Equipment & Build-Out	<u>\$3,000,000</u>	\$5,300,000

Completion of Renovation of Superior Courthouse

(556 North McDonough Street, Decatur, Georgia)

\$10,400,000

Purchase, Construction and Renovation of Fire Stations

\$4,200,000

Reconstruct Fire Station 26

(2522 McAfee Road, Decatur, Georgia)

Fire Station 27

(Stonecrest Mall Area)*

Fire Station 28

(Smokerise Area)*

Purchase, Construction and Renovation of Police Precinct Stations

\$1,000,000

County Commission District 2 Precinct*

Stonecrest Mall Area Precinct*

Candler/Glenwood Road Precinct*

Police & Fire Centralized Warehouse

(4380 Memorial Drive, Decatur, Georgia)

\$250,000

Administrative & Issuance Costs

\$750,000

Contingency

\$600,000

\$50,000,000

*** Location may be modified. Final location must be approved by official action of the DeKalb County Board of Commissioners.**

EXHIBIT C

Schedule of Aggregate Principal and Interest Payments for Series 2004 Bonds

DEBT SERVICE ON THE SERIES 2004 BONDS

The following table sets forth the annual debt service requirements on the Series 2004 Bonds:

\$50,000,000
DeKalb County Public Safety and Judicial Facilities Authority
Revenue Bonds
(Public Safety and Judicial Facility Project),
Series 2004

Annual Debt Service Schedule

<u>Twelve Months Ending December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2005	\$	\$	\$
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
TOTAL	\$ 0	\$	\$

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APPENDIX E

SUMMARY OF BOND RESOLUTION

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SUMMARY OF BOND RESOLUTION

The following are summaries of certain provisions of the Bond Resolution. Defined terms used in this summary have the meanings set forth in this section. These summaries do not purport to be complete or comprehensive, and are qualified in their entirety by reference to the Bond Resolution copies of which are available from the Authority.

Definitions

“Additional Bonds” means any additional bonds authorized and issued by the Authority pursuant to the Bond Resolution.

“Agent Bank” means a trust company or bank in good standing, having an unimpaired capital and surplus of not less than \$25 million, which institution shall have been designated or appointed to serve in the capacity of Paying Agent, Bond Registrar, Authenticating Agent, Rebate Fund Depository or Sinking Fund Depository hereunder. Any Agent Bank serving as Paying Agent or Bond Registrar shall have trust powers, but the Agent Bank serving as Sinking Fund Depository need not have such powers.

“Authority” means the DeKalb County Public Safety and Judicial Facilities Authority, a body corporate and politic, duly created and existing under the Act, and its successors and assigns.

“Agreement” means the Lease Agreement, dated the date of delivery of the Bonds, between the Authority and the County.

“Bondholder,” “holder” or “owner of the Bonds” means the registered owner of any Series 2004 Bond.

“Bonds” means the Series 2004 Bonds and any Additional Bonds.

“Construction Fund Depository” means the Construction Fund Depository designated pursuant to Section 15.13 of the Bond Resolution.

“County” means DeKalb County, Georgia, a political subdivision of the state of Georgia, and any public entity, body, or authority to which is hereafter transferred or delegated by law the duties, powers, authorities, obligations, or liabilities of the present political subdivision.

“Default” means any Default under the Bond Resolution, as specified in and defined by Section 10.01 of the Bond Resolution.

“Fund Depositories” means the Construction Fund Depository, the Rebate Fund Depository and the Sinking Fund Depository, collectively.

“Governmental Obligations” means any direct and general obligations of, or obligations the payment of the principal and interest on which are unconditionally guaranteed by, the United States of America, which are non-callable and which at the time of investment are legal investments under the laws of the State of Georgia for the moneys proposed to be invested therein.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been issued pursuant to the Bond Resolution, except:

(a) Bonds canceled because of payment or redemption prior to maturity;

(b) Bonds for the payment or redemption of which funds shall have been theretofore deposited with the Paying Agent (whether upon or prior to the maturity or redemption date of any such Bonds); provided, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Paying Agent shall have been made therefor, or waiver of such notice

satisfactory in form to the Paying Agent shall have been filed with the Paying Agent; and

(c) Bonds in lieu of which others have been executed and delivered under Section 2.06 of the Bond Resolution.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of Georgia for the moneys proposed to be invested therein:

(a) bonds or obligations of the State of Georgia, or of any county, municipality, or political subdivision of the State of Georgia;

(b) bonds or other obligations of the United States or subsidiary corporations of the United States government which are fully guaranteed by such government;

(c) obligations of agencies of the United State’s government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank and the Central Bank for Cooperatives;

(d) bonds or other obligations issued by any public housing agency or municipality in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(e) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Federal Savings and Loan Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation (including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds); provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Federal savings and Loan Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia, or of any county, municipality corporation in the State of Georgia, or obligations included in subsections (b), (c), or (d) above;

(f) repurchase agreements relating to obligations included in subsection (b) above to the extent authorized by O.C.G.A § 50-17-2; and

(g) any other investments to the extent at the time permitted by then applicable law for the investment of public funds.

“Pledged Property” or “Property Herein Conveyed” means the property described in paragraphs I through III of the granting clause of the Bond Resolution.

“Project” means the land, buildings, furniture, fixtures, equipment, and other facilities leased under the Agreement, as they may at any time exist.

“Rebate Fund” means the Rebate Fund created pursuant to Section 5.10 of the Bond Resolution.

“Rebate Fund Depository” means the Rebate Fund Depository designated pursuant to Section 15.13 of the Bond Resolution.

“Series 2004 Bonds” means any of the DeKalb County Public Safety and Judicial Facilities Authority

Revenue Bonds (Public Safety and Judicial Facility Project), Series 2004, in the aggregate principal amount not to exceed \$50,000,000 initially authorized and issued pursuant to Section 2.02 of the Bond Resolution.

“Sinking Fund” means the fund created by Section 5.02 of the Bond Resolution.

“Sinking Fund Depository” means the Sinking Fund Depository designated pursuant to Section 15.13 of the Bond Resolution.

Obligation; Pledge of Revenues

The Bonds are to be special obligations of the Authority. To secure its obligations to pay the principal of, premium, if any, and interest on the Bonds, the Authority will pledge for the benefit of the holders of the Bonds (i) its right, title and interest in and to the rents and other payments derived and to be derived under the provisions of the Agreement, except for certain indemnification payments and payments to the Authority for expenses incurred by the Authority or its members, (ii) its right, title and interest in and to the Sinking Fund, (iii) its right, title and interest of the Authority in and to any other rents, revenues, and earnings of the Authority arising out of or in connection with the Authority’s interest in the Project and (iv) its right, title and interest in and to the rents and other payments derived and to be derived by the Authority under any additional Agreement or Agreements covering the Project and entered into from time to time excepting only any payments to the Authority for indemnification or reimbursement of expenses under any such provision of such additional Agreement or Agreements. The Bonds are not a debt of the County. See “SUMMARY OF THE LEASE-Exercise of the County’s Power of Taxation” herein for a description of the covenants of the County.

Payment of Principal and Interest

The Authority covenants that it will promptly pay the principal of, premium, if any, and interest and payment at maturity amount on the Bonds at the place, on the dates, and in the manner provided herein and in the form of the Bonds according to the true intent and meaning of the Bond Resolution. The principal and interest and payment at maturity amount are payable solely from rental payments and other payments received from the County under the Agreement, together with all other revenues, rents, and earnings arising out of or in connection with the Authority’s interest in the Project, which payments, revenues, rents, and earnings (excepting only any indemnification payments and payments to the Authority for certain expenses incurred under the Lease) are hereby specifically pledged to the payment of principal of, redemption premium, if any, and interest on the Bonds in the manner and to the extent specified in the Bond Resolution. The principal of, interest on and payment at maturity amount of the Bonds are payable solely from the Sinking Fund established pursuant to the Bond Resolution. Not less than ten (10) days in advance of any date upon which the payment of any principal of, payment at maturity amount, redemption premium, if any, or interest on any of the Bonds is payable, the Sinking Fund Depository shall provide written notice to the Authority indicating the amount payable to the holders of the Bonds on such payment date, the amount, if any, then available for such payment in the Sinking Fund Redemption or Principal and Interest Account, as the case may be, and the amount required to be paid into the Sinking Fund Redemption or Principal and Interest Account, as the case may be, by the County under the Agreement for the purpose of making such payment to the holders of the Bonds.

Issuance of Additional Bonds

(a) Subject to the requirements of applicable law (including, without limitation, the limitation on the principal amount of the Authority’s revenue bonds that may be outstanding at any one time under Section 36-75-7 of the Act), so long as the Agreement is in effect and the County shall not be in default thereunder, one or more series of Additional Bonds may be authorized by resolution of the Authority and thereupon issued and delivered for the purposes and under the conditions described under, and upon compliance with, this subheading and as provided in the Agreement. Any such Additional Bonds shall rank pari passu with any Bonds Outstanding hereunder as to the security for the payment thereof and interest thereon.

(b) Additional Bonds may be in such denomination or denominations, shall bear interest payable at such intervals, on such dates in each year, at such rate or rates, shall mature on such dates in such amounts

and years, and shall be in such form and may contain such provisions for redemption prior to maturity, all as may be provided in the supplemental resolution under which such bonds are issued.

(c) The proceeds from the issuance of any Additional Bonds shall be used solely for the payment of the costs (including the costs of issuing such bonds, legal fees and other related costs), of completion of the Project for reimbursement to the Authority or the County of advances of costs of the Project, for the retirement or refunding of loans made to pay the costs of completion or improvements to the Project.

(d) Prior to the issuance of any such Additional Bonds, the Authority shall pass a supplemental resolution under which any series of Additional Bonds shall be issued and shall enter into a supplemental lease agreement with the County under which the County shall make additional payments to the extent necessary to pay fully the principal of, redemption premium, if any, and interest on such Additional Bonds, and any Agent Bank's fees with respect thereto, and all other payments required to be made by the County under the provisions of any such supplemental resolution, as well as to operate, maintain, repair and insure the Project as completed. Such supplemental agreement shall ratify and reaffirm all of the applicable covenants and provisions of the Agreement.

(e) The Authority shall assign and pledge such supplemental agreement and all revenues derived or to be derived therefrom as security for the payment of the Outstanding Bonds, including the Additional Bonds.

(f) Any subsequent proceedings authorizing the issuance of Additional Bonds, including any supplemental resolution as provided in this Section, shall not conflict with the terms and provisions of the Bond Resolution but shall, for all legal purposes, ratify and reaffirm all the applicable covenants, agreements, and provisions of the Bond Resolution for the equal protection and benefit of all Bondholders.

(g) The Authority shall pass proper proceedings reciting that all of the above requirements have been met and shall authorize the issuance of the Additional Bonds.

(h) The Additional Bonds and all proceedings and agreements relative thereto and the security therefor shall be validated in accordance with the laws of the State of Georgia.

Redemption before Maturity

Bonds maturing on December 1, 2015 or thereafter are subject to optional redemption by the Authority, at the direction of either the Authority or the County on or after December 1, 2014 in whole or in part on any date and by lot within a maturity in such manner as the Paying Agent may determine. Any such redemption will be at a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to the redemption date.

Construction Fund

The Construction Fund has been created under the Bond Resolution. Upon issuance of any Additional Bonds for the purpose of financing improvements to the Project, the Authority may establish an account in the Construction Fund with respect to such Additional Bonds. Funds on deposit in such account will only secure the series of Additional Bonds with respect to which it was created. Any monies in the Construction Fund may, upon direction of the County's Director of Finance, be invested or reinvested in Permitted Investments as described in the Bond Resolution. Interest accruing thereon and any profit resulting therefrom is to be credited to the respective account in the Construction Fund.

Sinking Fund

A trust fund is established under the Bond Resolution designated as the Sinking Fund and within the Sinking Fund, a Principal and Interest Account. The Paying Agent has been designated as the Sinking Fund Depository with respect to the Sinking Fund. There shall be paid into the Sinking Fund all accrued interest derived from the sale of the Bonds, any portion of the proceeds of any Bonds representing capitalized interest, if any, all

rental payments payable by the County under the Agreement, all monies required to be remitted to the Sinking Fund Depository or paid into the Sinking Fund, as a result of the damage, destruction or condemnation of the Project and all monies required to be so deposited in connection with the redemption of the Bonds in accordance with the Bond Resolution. All other monies received by the Sinking Fund Depository under and pursuant to any of the provisions of the Agreement or the Bond Resolution which are accompanied by directions that such monies are to be paid into a Sinking Fund, are to be deposited into the Sinking Fund in accordance with the directions accompanying any such monies.

Subject to the terms and conditions of the Resolution, and with certain limited exceptions, monies in the Sinking Fund may be used only for the payment of principal of, premium and interest on the Bonds. Whenever the monies held in the Sinking Fund are sufficient to redeem all of the Bonds and to pay interest to accrue thereon prior to such redemption, the Authority, in its discretion, may take and cause to be taken the necessary steps to redeem all of the Bonds and to pay interest to accrue thereon on the next succeeding redemption date for which the required redemption notice can be given. Except for extraordinary optional redemptions and sinking fund redemptions, no part of the rental payments under the Agreement required to be paid into the Sinking Fund shall be used to redeem Bonds prior to maturity. Monies held in the Sinking Fund may be used for the purchase of Bonds in the manner provided in the Bond Resolution.

Monies in the Sinking Fund may be invested and reinvested by the Sinking Fund Depository, as directed by the County, in Permitted Investments. Such investments are to be held by or under control of the Sinking Fund Depository and are deemed to be a part of the Sinking Fund.

Repayment to the County from the Sinking Fund

Any amounts remaining in the Sinking Fund after payment in full of all Bonds (taking into consideration that sufficient monies or obligations such as are described in the Bond Resolution must be retained in the Sinking Fund to pay all principal of and interest then due and payable with respect to each Bond not yet presented for payment and to pay all principal and interest relating to each Bond which is not yet due and payable but with respect to which the lien of the Bond Resolution has been defeased upon compliance with the Bond Resolution), and after payment of all of the fees, charges, and expenses of the Paying Agent, Bond Registrar, Authenticating Agent, and Fund Depositories which have accrued and which will accrue and all other items required to be paid hereunder, if any, shall be paid to the County upon the expiration or sooner termination of the term of the Agreement as provided in the Agreement.

Creation of Rebate Fund

There is created under the Bond Resolution the Rebate Fund. Moneys held in the Rebate Fund are pledged to secure payments to the United States of America, and neither the Authority nor the owner of any Bonds shall have any right in or claim to such moneys.

Investments

Any monies held as a part of the Construction Fund, Sinking Fund or Costs of Issuance Fund shall be invested in obligations which are Permitted Investments in accordance with the terms and provisions of the Bond Resolution and in accordance with the representations in any Non-Arbitrage Certificate required to be delivered by the Authority simultaneously with the delivery of a Series of Bonds. Such investments shall be made upon the direction of the County's Director of Finance in such person's capacity as a member of the Authority. Such investments shall be held by or under the control of the applicable Fund Depository and shall be deemed at all times a part of the Fund to which such interest accruing thereon and any profit resulting therefrom shall be credited to such fund and any loss resulting therefrom shall be charged to such fund. The applicable Fund Depository is directed to sell and convert such investments to cash as directed by the County from time to time to allow payment of requisitions and the making of timely disbursements from the Construction Fund, the Sinking Fund or the Rebate Fund.

Monies to be Held in Trust

All monies paid over to the Sinking Fund Depository or the Construction Fund Depository, for the account of the Sinking Fund or the Construction Fund, as applicable, under any provision of the Bond Resolution shall be held in trust by the Sinking Fund Depository or the Construction Fund Depository, as applicable for the benefit of the holders of the Bonds entitled to be paid therefrom.

Discharge of Lien

If the Authority shall pay or cause to be paid, or make provision for the payment of, the principal of and interest on any Bonds, at the times and in the manner stipulated in the Bond Resolution, then the lien of the Bond Resolution as to such Bond shall cease, determine, and be void.

Provision for Payment of Bonds

Bonds shall be deemed to have been paid within the meaning of the Bond Resolution if there shall have been irrevocably deposited into the Sinking Fund or in an escrow deposit trust fund created for such purposes with a Paying Agent for the Bonds or any portion thereof either (i) moneys in an amount, or (ii) Governmental Obligations the principal of and interest on which when due will provide moneys in an amount which, without further investment or reinvestment, and together with the moneys, if any, deposited with or held by the Paying Agent at the same time and available for such purpose pursuant to the Bond Resolution, shall be sufficient to pay the principal of, redemption premium, if any, and interest due and to become due on such Bonds at their respective maturities or redemption dates prior to maturity; and in case the Bonds are to be redeemed prior to their maturity, the Authority shall have given to the Paying Agent in form satisfactory to the Paying Agent irrevocable instructions to redeem the Bonds on the date or dates indicated and either evidence satisfactory to the Paying Agent that all redemption notices required hereunder have been given or irrevocable power authorizing the Paying Agent to give such redemption notices. The sufficiency of the moneys and Governmental Obligations so deposited with the Paying Agent shall be verified by the written report of a certified public accountant or firm thereof designated by the Authority, and the Authority and the Paying Agent shall be fully protected in relying upon such report in determining whether conditions described in this paragraph have been met.

Defaults

If any of the following events occurs, subject to the rights of the Authority and the County to cure such default, it is defined as and declared to be and to constitute a "Default" under the Bond Resolution:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the maturity date or the redemption date prior to maturity or upon maturity thereof by declaration; or
- (c) default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Authority in the Bond Resolution or in the Bonds contained; or
- (d) the occurrence of any Default under the Agreement as provided in the Agreement.

Notice of Defaults; Opportunity of the Authority and County to Cure Defaults

(a) No default specified in subparagraph (c) above shall constitute a Default hereunder until notice of such default by registered or certified mail shall be given by the owner of any Bond to the Authority and the County, and the Authority shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided further, that if a default specified in said subparagraph (c) be such that it can be corrected but not within the period specified herein, it shall not constitute the basis of a Default hereunder if corrective action capable of remedying such default is instituted by the Authority within the applicable period and

diligently pursued until the default is corrected, unless, by such action, the lien or charge of the Bond Resolution on any part of the Pledged Property shall be materially endangered or the Project or the revenue therefrom or any part thereof shall be subject to loss or forfeiture.

(b) With regard to any Default concerning which notice is given to the County or the Authority under the provisions described in (a) above, the Authority grants to the County full authority to perform any obligation the performance of which by the Authority is alleged in such notice to be in default, such performance by the County to be in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

Acceleration

Upon the occurrence of any Default hereunder, the holders of more than 50% in aggregate principal amount of Bonds then outstanding may, by notice in writing delivered to the Authority, declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration to be immediately due and payable, and the same shall thereupon become and be immediately due and payable.

Other Remedies

Upon the occurrence of any Default hereunder, any Bondholder shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of Georgia, as it may deem best, including any suit, action, or special proceeding in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any proper legal or equitable remedy as such Bondholder shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Pledged Property, of a receiver for all or any part of the Pledged Property, the rights here specified are to be cumulative to all other available rights, remedies, or powers and shall not exclude any such rights, remedies, or powers.

Rights of Bondholders

(a) No right or remedy by the terms of the Bond Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Bondholders or now or hereafter existing at law, in equity, or by statute.

(b) No delay or omission to exercise any right or remedy accruing upon any Default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

(c) No waiver of any Default hereunder shall extend to or shall affect any subsequent Default or shall impair any rights or remedies consequent thereon.

Application of Monies

(a) All monies received pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such monies and of the expenses, liabilities, and advances incurred or made by any of the Bondholders in connection therewith, be deposited in the Sinking Fund Principal and Interest Account and all monies in the Sinking Fund shall be applied as follows:

(i) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such monies shall be applied by the Paying Agent:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds (other than

installments of interest on Bonds with respect to the payment of which monies or securities are set aside in the Sinking Fund), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than principal of Bonds with respect to the payment of which monies or securities are set aside in the Sinking Fund), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such monies shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds (other than principal of and interest on Bonds with respect to the payment of which monies or securities are set aside in the Sinking Fund), without preference or priority of principal and interest one over the other, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (ii) of this subsection (a), in the event that the principal of all the Bonds shall later become due or be declared due and payable, the monies shall be applied in accordance with the provisions of paragraph (i) of this subsection (a).

(a) Whenever monies are to be applied pursuant to the provisions of this Section, such monies shall be applied at such times, and from time to time, as the Paying Agent shall determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. Whenever the Paying Agent shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Paying Agent shall give such notice as it may deem appropriate of the deposit with it of any such monies and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Paying Agent for appropriate endorsement or for cancellation if paid in full.

(b) Whenever all Bonds and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Paying Agent, Bond Registrar, Authenticating Agent, and Fund Depositories, if any, have been paid, any balance remaining in the Sinking Fund shall be paid to the County as provided herein.

Supplemental Resolutions Not Requiring Consent of Bondholders

The Authority may, without the consent of, or notice to, any of the Bondholders, adopt a resolution or resolutions supplemental to the Bond Resolution as shall not be inconsistent with the terms and provisions of the Bond Resolution for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in the Bond Resolution;
- (b) to grant to or confer for the benefit of the Bondholders any additional rights, remedies, powers, or authorities that may lawfully be granted to or conferred upon the Bondholders;
- (c) to subject to the lien and pledge of the Bond Resolution additional rents, revenues, receipts, properties, or collateral;

(d) to issue and to secure the payment of Additional Bonds as provided in the Bond Resolution; and

(e) in connection with any other changes hereto which shall be deemed necessary or desirable for the purpose of modifying or altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein which do not prejudice the interests of the Bondholders.

Supplemental Resolutions Requiring Consent of Bondholders

Exclusive of supplemental resolutions not requiring consent of Bondholders, Bond Resolution and subject to the terms and provisions described in this paragraph, and not otherwise, the holders of not less than two-thirds (2/3) in principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Bond Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Authority of such other resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any supplemental resolution; provided, however, that nothing in this Section shall permit, or be construed as permitting:

(i) an extension of the maturity date on which the principal of or the interest on any Bond is, or is to become, due and payable,

(ii) a reduction in the principal amount of any Bond or Bonds, the rate of interest thereon, or any redemption premium,

(iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds,

(iv) a reduction in the principal amount of the Bonds required for consent to any supplemental resolution,

(v) an alteration of the date fixed in any of the Bonds for the payment of the principal of, redemption premium, or interest on any Bond or other modification of the terms of payment of the principal at maturity of or interest or redemption premium on any Bond or imposition of any conditions with respect to such payment or adversely affecting the right of the owner of any Bond, which is absolute and unconditional, to institute suit for the enforcement of any such payment as provided herein,

(vi) any action affecting the rights of the owners of less than all of the Bonds then outstanding,

(vii) any action to increase the percentage of the principal amount of Bonds the action of the owners of which shall be required to declare all outstanding Bonds to be due pursuant to the provisions of the Bond Resolution, or

(viii) the creation of any lien or charge on any of the Pledged Property prior to or superior to the lien or charge created on the Pledged Property as security for the payment of the Bonds hereafter issued pursuant to the provisions of the Bond Resolution.

If the Authority shall desire to adopt any such supplemental resolution for any of the purposes of this Section, it shall cause notice of the proposed adoption of such supplemental resolution to be given in writing by registered or certified mail postage prepaid to the registered owners of all Outstanding Bonds. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the principal office of the Authority for inspection by all Bondholders. If, within sixty (60) days, or such longer period as shall be prescribed by the Authority, following the mailing of such notice, the holders of not less than two-thirds (2/3) in principal amount of the Bonds shall have consented to and approved the adoption of such supplemental resolution as herein provided, no holder of any Bond shall have the right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Authority from adopting the same or from taking any action pursuant

to the provisions thereof. Upon the adoption of any such supplemental resolution as in this Section permitted and provided, the Bond Resolution shall be modified and amended in accordance therewith.

Amendments to Agreement Not Requiring Consent of Bondholders

Any amendment, change, or modification of the Agreement as may be required (i) by the provisions of the Agreement or the Bond Resolution, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Agreement, (iii) in connection with the property included in the Project as described and defined in the Agreement so as to more precisely identify the same or substitute additional property acquired with the proceeds of the Bonds in accordance with the provisions of the Agreement, (iv) in connection with additional real estate which pursuant to the Agreement is to become part of the Leased Land, as defined in the Agreement, or (v) in connection with any other changes thereto which shall be deemed necessary or desirable and which do not prejudice the interests of the Bondholders, may be effected without the consent of, or notice to, the Bondholders.

Amendments to Agreement Requiring Consent of Bondholders

Except for the amendments, changes, or modifications not requiring consent of Bondholders,, no amendment, change, or modification of the Agreement shall be effected without mailing of notice and the written approval or consent of the holders of not less than two-thirds (2/3) in principal amount of the Bonds given and procured as provided in the Bond Resolution. If at any time the Authority and the County shall desire to effect any proposed amendment, change, or modification of the Agreement, the Authority shall cause notice of such proposed amendment, change or modification to be as provided in the Bond Resolution with respect to proposed supplemental resolutions. Such notice shall briefly set forth the nature of such proposed amendment, change, or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Authority for inspection by Bondholders.

Consents of Bondholders

Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by the Bond Resolution to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by their agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Authority, and, where it is expressly required, to the Authority and the County. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of the Bond Resolution and conclusive if made in the manner provided in this Section.

Certain Particular Covenants of the Authority

The Authority has covenanted in the Bond Resolution that it will faithfully perform at all times any and all covenants, agreements, undertakings, stipulations and provisions contained in the Bond Resolution, in any and every Bond, and in all proceedings of the Authority pertaining thereto.

The Authority has also covenanted that so long as any of the Bonds are outstanding it will pay, or cause to be paid, into the appropriate sinking fund, from the sources of payment described in the Bond Resolution, sufficient monies to promptly pay the principal of and interest on the Bonds as the same become due and payable.

Payments Due on Saturdays, Sundays, and Holidays

In any case where the date of maturity of principal of or interest on the Bonds or the date fixed for redemption of any Bonds shall be, in the city of payment, a Saturday, Sunday, or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal or interest need not be made on such date in such city but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday, or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Non-Presentment of Series 2004 Bonds

If any Bond shall not be presented for payment when the principal to the Bond Resolution becomes due, either at maturity or at the redemption date, provided monies sufficient to pay such Bond shall have been made available to the Paying Agent and are held in the Sinking Fund for the benefit of the holders of the Bond Resolution, all liability of the Authority to the holder thereof for the payment of such Bond shall forthwith cease, determine, and be completely discharged, and thereupon, subject to the laws having to do with unclaimed property in the State of Georgia, it shall be the duty of the Paying Agent to hold such monies, without liability for interest thereon, for the benefit of the holder of each Bond who shall thereafter be restricted exclusively to such monies for any claim of whatever nature on his part under the Bond Resolution or on, or with respect to, such Bond.

Subordination to Rights of the County

So long as the County is not in default under the Agreement, the Bond Resolution and the rights, options, and privileges hereunder and thereunder of the Bondholders, are specifically made subject to and subordinate to the rights, options, and privileges of the County set forth in the Agreement. So long as not otherwise provided in the Bond Resolution, the County shall be suffered and permitted to possess, use, and enjoy the Project and its appurtenances so as to carry out its obligations under the Agreement.

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