



CITY OF MARIETTA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

2012

Fiscal Year Ended June 30, 2012

CITY OF MARIETTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

Department of Finance
Sam Lady
Finance Director

MAYOR AND CITY COUNCIL



Annette Paige Lewis
Council member, Ward 1



R. Steve Tumlin, Jr.
Mayor



Griffin "Grif" L. Chalfant, Jr.
Council member, Ward 2



Johnny Sinclair
Council member, Ward 3



VACANT
Council member, Ward 4



Rev. Anthony C. Coleman
Councilmember, Ward 5



James W. King
Councilmember, Ward 6



Philip M. Goldstein
Councilmember, Ward 7

CITY OF MARIETTA, GEORGIA
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FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

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INTRODUCTORY SECTION



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Fax (770) 794-5535

March 21, 2013

THE HONORABLE R. STEVE TUMLIN, JR. MAYOR
MEMBERS OF CITY COUNCIL AND CITIZENS OF THE
CITY OF MARIETTA
MARIETTA, GEORGIA 30060

The Comprehensive Annual Financial Report (CAFR) for the City of Marietta, Georgia, for the fiscal year ended June 30, 2012, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

The report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures rests with the City. We believe the report, as presented, is accurate in all material aspects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, LLC, have issued an unqualified ("clean") opinion on the City of Marietta's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

Incorporated in 1834, the City of Marietta is the county seat for Cobb County, Georgia. Marietta is named for the wife of U.S. Senator Thomas Cobb, for whom the county is named. The surrounding area was part of the Cherokee Indian Territory when the first settlers arrived in the early 1800s. Gold fever brought the first European immigrants, but a stable agricultural community took root in the broken dreams of the “gold rush”.

The City became a center for trade and attracted wealthy visitors to its mild climate and “health giving” mineral springs. During the Civil War, Sherman destroyed much of the City on his “March to the Sea” in 1864. Recovery was slow; however, an economic boom took hold during World War II with the construction of the Bell bomber plant. The Lockheed Aircraft Corporation modernized the plant and has kept it in operation since 1951, now operating it under the Lockheed Martin Aeronautical Systems name. Current production includes the C-130J Hercules, the sustainment of P-3 Orion, modernization upgrade of the C-5.

The construction of Interstate 75 during the 1960s and 1970s opened up the area for increased metro and regional growth. This accessibility has brought hundreds of thousands of new residents to live in Cobb County, which has elevated the City’s role as the county seat and a center for commercial activity.

Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and seven council members, all elected on a non-partisan basis. The Council appoints the government’s manager, which in turn appoints the heads of the various departments. The mayor and council members serve four-year terms; all elected members’ terms run concurrently. The mayor runs at large; the council members are elected by ward.

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the Mayor and Council. Activities of the general fund, the special revenue funds, the debt service fund and the capital project funds are included in the annual appropriated budget. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative budgetary control, however, is maintained at an object of expenditure level within the department or function. Administrative transfers of appropriations within a department may be authorized by the City Manager to meet unforeseen needs without Council action. Transfers of appropriations between departments or functions within a fund are reviewed with Council prior to approval. The City’s budget procedures are more fully explained in the accompanying Notes to the Financial Statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year’s budget.

The City of Marietta provides a full range of municipal government and utility services to approximately 58,000 citizens and customers. Included in these services are traditional City functions such as police and fire protection, sanitation, road and traffic signal maintenance, parks, recreation, planning, cultural affairs, courts, and utility functions including electric, water, wastewater. Furthermore, the City exercises fiduciary responsibility for the City’s General Pension.

Local economy

Marietta is located about 20 miles northwest of downtown Atlanta. The Atlanta Metropolitan area continues to be one of the fastest growing economies in the United States. The region has significantly lower unemployment rates than most places in the U.S. and led the nation in job creation several times in the 1990s. Cobb County has become one of the fastest growing economically robust counties in Georgia. The business environment outlook for Marietta continues to be favorable despite the economic downturn experienced by other regions of the country; in fact there are a number of redevelopment projects in the advanced planning and construction stages. The City of Marietta's primary focus will be given to fostering small business growth and land uses oriented toward office, industrial, and business parks, which will be offering a variety of employment opportunities.

Redevelopment and revitalization of several areas throughout the City have been identified and when completed, will create financially sound development, therefore increasing a stronger tax base. Marietta offers one of the lowest millage rates in the Metro Atlanta region at 31.51 mills per thousand dollars (combined City, County, and School). Marietta will continue to promote a strong tourism program for the 5 historic districts, churches and homes as identified by the National Historic & Georgia Register. Our economic activity centers include multi-million dollar corporations such as YKK Corp of America, Matria Healthcare, Columbian Chemical, and Coloplast Corporation.

Marietta and the Marietta Census Tracts have been and will continue to be a population growth area. The City's population was estimated to be 58,238 on June 30, 2012.

Long-term financial planning

Unassigned fund balance in the general fund (47.6% of total general fund revenues) exceeds the policy guidelines set by the Council for budgetary and planning purposes (i.e. minimum fund balance calculation is slightly over \$6 million).

Over the past five years the City has devoted its attention to the redevelopment of various areas of the City. This is further discussed in the major initiatives section of this letter.

Major Initiatives

The City of Marietta worked diligently last year to improve the quality of life of our citizens as we continued to develop our City into the most livable community in the Atlanta metro region. In order to progress toward this goal, we undertook the following major initiatives:

The popular Concert in the Square series and new happenings such as the expansion of the farmers market, the first Friday art walks, programs for kids and adults at the renovated Strand Theatre and the Historic Marietta Trolley all draw large numbers of people to the downtown area, making downtown Marietta a popular destination. The economic development office and the parks and recreation staff collaborate in attracting vendors and consumers alike to the vibrant Square.

The \$25 million voter-approved Parks Bond to improve Marietta's park system is providing funding for many parks projects, such as land acquisition; improvements to existing parks and facilities; development of parks, facilities, trails and green spaces; planning and designing of improvements, administration and contingencies. The following projects took place during fiscal year 2012:

The newly named Virginia and Steve Tumlin Park at Hickory Hills reopened after major renovations with its first youth soccer fields (2), lighted tennis courts (2), plaza and playground with swings, pavilions with picnic tables, a half-mile walking track with lighting, an open play area, landscaping, a park overlook, restrooms and parking.

Marietta's Custer Park, benefactor of a \$1.8 million renovation, now offers lighted soccer fields (2), a playground and plaza, concession stand, restrooms, and parking.

Improvements at Merritt Park included the replacement of the two tennis courts and adding new lighting, improving the driveway and parking lot, and construction of a bridge and trail.

The operation of the Aviation Baseball Complex was contracted out to a private baseball group which provides youth baseball and softball programs. The hosting of tournaments benefits the City by tourism-related spending. The improvements to the baseball complex include field grading and re-sodding, new fencing and backstops, new and renovated batting cages, and new/renovated dugouts.

The 2005, voter-approved, 1% Special Purpose Local Option Tax (SPLOST) continues to fund road and transportation projects throughout the city. Two major traffic corridors have been upgraded during the last fiscal year for improving mobility, pedestrian safety and appearance, with some related projects ongoing.

Fairground Street had utility relocations, construction, intersection improvements, and curb and median work south of the construction of the new (and first) roundabout. Roswell Street had utility relocations, right of way acquisition, and construction.

Sidewalks and multi-use trail construction projects have included the Marietta Multi-Use Trails (South and University sections), Kennesaw Mountain to Chattahoochee Multi-Use Trail, and Powder Springs Road Multi-Use Trail.

Capital Projects for the Fire Department also went forward with approved SPLOST funding. A fire truck was purchased as well as land for a new fire station.

The combination of Marietta's progress in economic development and its rich history has not gone unnoticed throughout the nation. The NBC "TODAY Show" in New York called Marietta one of the top 4 places in America for house hunting to "get the most bang for your buck". Another great honor came when CNNmoney.com editors picked Marietta as one of the 100 places to live in the country.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marietta for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This represented the twenty-fifth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting from the GFOA a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2011 for fiscal year 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the staff of the Accounting Division and the entire staff of the Finance Department and the cooperation of the various elected officials and appointed management. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sam Lady", with a stylized flourish extending to the right.

Sam Lady
Finance Director
City of Marietta

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marietta
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

OFFICIALS

Mayor and City Council

R. Steve Tumlin, Jr.
Mayor

Annette Paige Lewis	Ward 1
Griffin L. Chalfant, Jr.	Ward 2
Johnny Sinclair	Ward 3
Irvan A. Pearlberg	Ward 4
Rev. Anthony C. Coleman	Ward 5
James W. King	Ward 6
Philip M. Goldstein	Ward 7

Board of Lights and Water

R. Steve Tumlin, Jr., Mayor
Chairman

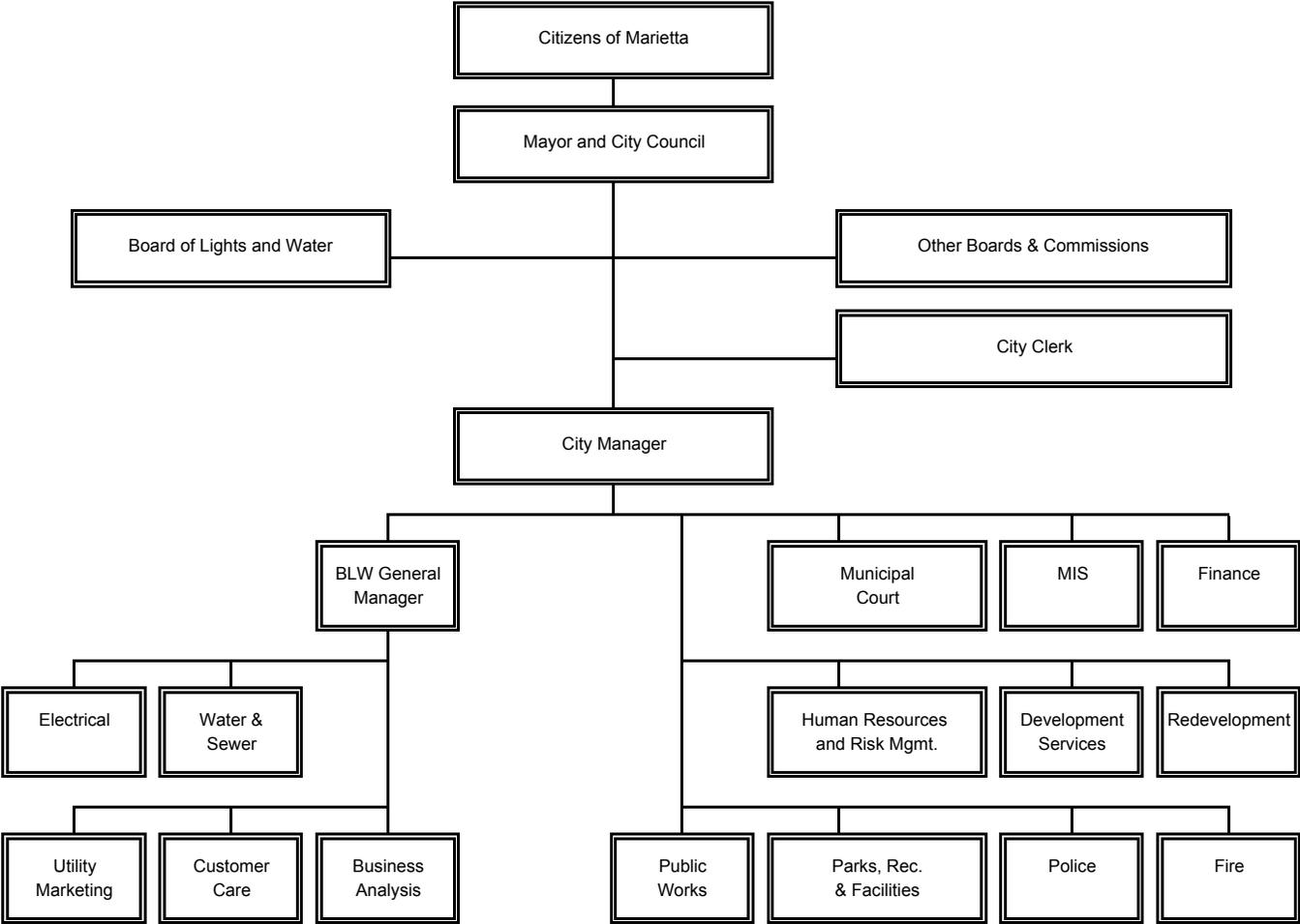
Bruce E. Coyle	Board Member
Harlon D. Crimm	Board Member
Charles L. George	Board Member
James W. King, Council Member	Board Member
Terry G. Lee	Board Member
Alice Summerour	Board Member

City / BLW Administration

William F. Bruton, Jr.
City Manager

Pamela Allen	Municipal Court Administrator
Shannon Barrett	Assistant to the City Manager
Thomas Bell	Electrical Director
Brian Binzer	Development Services Director
Richard Buss	Parks, Recreation and Facilities Director
Daniel Conn	Public Works Director
Ronald Barrett	MIS Director
Shannon Barrett	Acting Human Resources and Risk Management Director
Barry Echols	Utility Marketing Director
Herbert Edwards	Business Analysis Director
Daniel Flynn	Police Chief
Jackie Gibbs	Fire Chief
Stephanie Guy	City Clerk
Douglas Haynie	City Attorney
Sam Lady	Finance Director
Robert W. Lewis	BLW General Manager
Ronald Mull	Customer Care Director
Robert Snelson	Water and Sewer Director

CITY OF MARIETTA ORGANIZATION CHART



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of City Council
City of Marietta, Georgia**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marietta, Georgia as of and for the year ended June 30, 2012, which collectively comprise the City of Marietta, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marietta, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marietta, Georgia as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof 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 20, 2013, on our consideration of the City of Marietta, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedules of Funding Progress, and Schedule of Employer Contributions (on pages 4 through 16 and 64 through 66) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marietta, Georgia's financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of special purpose local option sales tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the schedule of expenditures of special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

Out audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marietta, Georgia's basic financial statements. The introductory section, comparative section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 20, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the City of Marietta for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- ❖ Marietta's assets exceed liabilities by \$239.5 million at the end of fiscal year 2012. This is an increase of \$19.8 million when compared to the previous year. Of this amount, \$191.1 million is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are \$28.8 million, an increase of \$40.7 million from last year. Unrestricted net assets from governmental activities are a negative \$13.5 million, an increase of \$6.1 million from last year. This increase is due mainly to the City's annual payments on the notes payable related to the City School's assets, thus reported as a component of unrestricted net assets. Business-type activities unrestricted net assets are \$12.5 million.
- ❖ The City's total net assets increased \$19.8 million over the previous year with a \$12.0 million increase generated from governmental activities and a \$7.8 million increase resulting in the business-type activities.
- ❖ The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2012 are \$123.7 million and \$34.6 million respectively. \$128.8 million of this total represents long-term liabilities, such as bonds and notes payable, leases payable, and compensated absences. This is a decrease of \$13.7 million for the governmental activities and an increase of \$109 thousand for the business-type activities.
- ❖ The City's General Fund's fund balance was \$49.8 million as of June 30, 2012. Of this amount, \$30.4 million is considered nonspendable, which includes \$28.2 million noted as long term advances, \$2.2 million in prepaid expenditures and inventory. Approximately \$500,000 has been assigned by the council for use in the 2013 fiscal year operating budget, while another \$2.2 million represents outstanding encumbrances which will be included in the next fiscal year budget. The remaining \$16.8 million is unassigned, but will be appropriated by the City Council for subsequent year's expenditures and other future purposes. The General Fund's fund balance increased by \$8.6 million from June 30, 2011.

Total governmental activities bonds payable, net decreased by \$7.4 million in fiscal year 2012. This is due to the City 2012 debt regularly scheduled bond payments in fiscal year 2012. The city did not issue any additional bonds in fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Marietta's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds, and a statistical section.

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

The statement of net assets presents information on all the City'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 City's financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the 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 the statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 City of Marietta's governmental activities include general government, public safety, streets and highways, and recreation. The City has three business type activities, the Board of Lights & Water that provides electric, water and wastewater services, City Club Golf Course, and the Marietta Conference Center and Resort that is a hotel and conference facility.

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental, 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 City maintains thirteen (13) 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, city parks bond fund and SPLOST fund which are considered to be major funds. Data from the other ten (10) funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 19 through 21 of this report.

Proprietary funds. The City 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 City maintains three enterprise funds, the Board of Lights and Water, the City Club Golf Course, and the Marietta Conference Center & Resort. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance and motor transport activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Board of Lights and Water, City Club Golf Course, and the Marietta Conference Center and Resort. The Board of Lights and Water and Marietta Conference Center and Resort are considered to be major funds of the City. The internal service funds are presented in the proprietary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of government. Fiduciary funds are *not* included in the government-wide financial statements because the resources of these funds are not available to support the City's own operations. 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 25 and 26 of this report.

Budgetary comparisons. The City of Marietta adopts an annual budget for all of its governmental funds. Budget to actual comparisons for each of the governmental funds are provided in individual schedules elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 63 of this report.

Other information. The combining and individual nonmajor fund statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements and can be found on pages 67 through 84 of this report.

CITY-WIDE FINANCIAL ANALYSIS

A government-wide financial report represents the approach mandated by the Governmental Accounting Standards Board (GASB). GASB set the uniform standards for presenting government financial reports. This report provides comparative financial information to the previous year's actual results in this Management Discussion and Analysis.

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of June 30, 2012, assets exceeded liabilities by \$239.5 million.

The following table provides a summary of the City's governmental and business-type net assets for fiscal year 2011 and 2012.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Assets						
Current and other assets	\$128,325,094	\$115,610,769	\$ 36,789,184	\$ 44,195,324	\$165,114,278	\$159,806,093
Capital assets	75,338,817	86,100,767	149,432,344	151,915,340	224,771,161	238,016,107
Total assets	203,663,911	201,711,536	186,221,528	196,110,664	389,885,439	397,822,200
Liabilities						
Current and other liabilities	6,533,320	6,323,856	21,127,049	23,148,867	27,660,369	29,472,723
Non-current liabilities	131,085,599	117,359,453	11,371,392	11,480,677	142,456,961	128,840,130
Total liabilities	137,618,889	123,683,309	32,498,441	34,629,544	170,117,330	158,312,853
Net Assets						
Invested in capital assets, net of related debt	59,027,731	71,920,680	145,968,231	148,960,282	204,995,962	191,102,860
Restricted	26,661,194	19,595,692	-	-	26,661,694	19,595,692
Unrestricted	(19,643,903)	(13,488,145)	7,754,856	12,520,838	(11,887,047)	28,810,795
Total net assets	\$ 66,045,022	\$ 78,028,227	\$153,723,087	\$161,481,120	\$219,768,109	\$239,509,347

The largest portion of the City's net assets, \$191.1 million, represents investments in capital assets.

The investment in capital assets included land, buildings, machinery, and equipment, as well as infrastructure acquired and identified that was purchased and installed in previous fiscal years. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in 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.

An additional \$19.6 million of the City's net assets represent resources that are subject to external restrictions on how they may be used. Included in this category are restrictions for debt service, public safety grants, and capital projects.

Changes in Net Assets. Governmental and business-type activities increased the City's net assets by \$19.7 million in fiscal year 2012. The following table indicates the changes in net assets for governmental and business-type activities in fiscal year 2011 and 2012.

Changes in Net Assets

	Governmental		Business-type		Total	
	2011	2012	2011	2012	2011	2012
Revenues						
Program revenues:						
Charges for services	\$ 13,376,520	\$ 14,787,711	\$139,779,955	\$144,952,373	\$153,156,475	\$159,740,084
Operating grants and contributions	9,344,286	10,455,573	0	0	9,344,286	10,455,573
Capital grants and contributions	10,204,436	11,705,387	77,154	0	10,204,436	11,705,387
General Revenues:						
Property taxes	13,806,851	12,952,017	0	0	13,806,851	12,952,017
Other taxes	12,000,744	11,400,985	0	0	12,000,744	11,400,985
Investment earnings	205,966	171,150	539,567	420,170	745,533	591,320
Other revenues	2,102,947	160,239	444,084	248,547	2,547,031	408,786
Total Revenues	61,041,750	61,633,062	140,840,760	145,621,090	201,882,510	207,254,152
Expenses						
General government	8,679,032	4,618,717	0	0	8,679,032	4,618,717
Judicial	0	1,615,241	0	0	0	1,615,241
Public works	14,222,761	11,474,849	0	0	14,222,761	11,474,849
Culture and recreation	2,934,820	4,880,741	0	0	2,934,820	4,880,741
Public safety	33,226,781	28,223,036	0	0	33,226,781	28,223,036
Health and welfare	0	204,666	0	0	0	204,666
Urban redevelopment and housing	5,879,557	8,274,976	0	0	5,879,557	8,274,976
Interest on long-term debt	4,857,635	3,044,218	0	0	4,857,635	3,044,218
Electric, water & sewer	0	0	116,743,808	121,730,632	90,902,721	121,730,632
Golf	0	0	1,577,086	1,497,086	1,577,086	1,497,086
Conference	0	0	1,551,818	1,948,549	1,551,818	1,948,549
Total expenses	69,800,586	62,336,444	119,872,712	125,176,470	189,673,298	187,512,914
Increase (decrease) in net assets before transfers	(8,758,836)	(703,382)	20,968,048	20,444,620	12,209,212	19,741,238
Transfers in (out)	10,307,493	12,686,587	(10,307,493)	(12,686,587)	0	0
Increase (decrease) in net assets	\$ 1,548,657	\$ 11,983,205	\$ 10,660,555	\$ 7,758,033	\$ 12,209,212	\$ 19,741,238

Governmental Activities. Governmental activities decreased the City's net assets by \$700 thousand in fiscal year 2012 before transfers. Key elements of this decrease are as follows:

Total revenues are \$61.6 million, up 1% from the prior year. Revenue increase is attributable to an increase in intergovernmental revenue and business licenses. Fines and forfeits saw a slight increase and permit revenue increased due to the improving housing market. Investment earnings decreased from the previous year, which is attributable to the decrease in the rates. Property taxes saw a small decrease due to a decrease in property values.

Expenses totaled \$62.3 million. The decrease from the previous year was due to the change in the actuarial assumptions related to the City's other post-employment benefits (OPEB). The net change in the OPEB obligation for governmental activities was approximately \$8 million, with a large majority of this increasing the expenses related to the City's public safety employees. With the current year actuarially determined assumptions the net change in the OPEB obligation only required an additional \$1 million of expenses to be allocated amongst the City's governmental activities functions, again with the largest majority going towards the City's public safety functions.

Business-Type Activities. The City's business-type activities, which include the Board of Lights and Water, City Club Golf Course, and the Marietta Conference Center & Resort increased net assets by \$20.4 million in fiscal year 2012 before transfers to the governmental activities.

Table 3
Business-type Net Operating Income (Loss)
Non-operating revenues (expenses)
and Transfers in (out)

	Fiscal Year	
	2011	2012
Operating income (loss):		
Board of Lights & Water	\$ 19,658,574	\$ 20,391,365
City Club Golf Course	204,386	250,857
Marietta Conference Center & Resort	730,461	298,537
Total	<u>20,593,421</u>	<u>20,940,759</u>
Non-operating revenues (expenses)	<u>800,735</u>	<u>581,076</u>
Contributed capital from developers	<u>77,154</u>	<u>0</u>
Income (loss) before operating transfers	<u>21,471,310</u>	<u>21,521,835</u>
Transfers in (out)	(10,870,714)	(13,456,735)
Change in net assets	<u>\$ 10,600,596</u>	<u>\$ 8,065,100</u>

The Board of Lights and Water's operating revenues increased 3.4% from the previous year while operating expenses increased by 3.8% resulting in an operating income increase of 3.7% from 2012.

The City Club golf course operating revenues increased 1.9% from the previous year while operating expenses decreased by 1% resulting in operating income of \$250,857.

The City has entered into a long-term lease for The Marietta Conference Center and Resort with a private party and is no longer involved in the daily operations. The Center is leased for a flat monthly fee sufficient to cover the debt service payments.

The City is now reporting lease income, depreciation, and operating costs related to bond trustee expenses, and similar items.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Marietta uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of fiscal 2012, the combined ending fund balances of the City's governmental funds were \$87.9 million. Approximately \$37.1 million of this consists of restricted fund balance, which is available for spending in accordance with the purposes of the specific funds. The city has \$3.0 million assigned which is for use in the 2013 operating budget, outstanding encumbrances, and for use in capital project construction. The general government also has \$31.0 million that is considered non-spendable which consists of funds that are advances to other funds, pre-paid, and inventories. Total unassigned funds at the end of 2012 amounted to approximately \$16.8 million.

The City has three major governmental funds:

General fund. This is the primary operating fund of the City of Marietta government. It accounts for many of the City's core services such as law enforcement, fire protection, planning, roads and streets, solid waste sanitation, and administration. The general fund balance was \$49.8 million as of June 30, 2012. Of this amount, assigned fund balance totaling \$2.15 million is assigned for encumbrances and culture and recreation. The fiscal year 2012 fund balance is \$8.6 million higher than the previous year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.0% of total fiscal year 2012 expenditures, while total fund balance is 100.9% of the same amount.

Splost Fund. The Special Purpose Local Option Sales Tax fund tracks expenditures related to the 1% sales tax used for transportation and communications. Sidewalks, bridge rehabilitation, multi-use trails, road improvements, general street and drainage rehabilitation, street resurfacing and new roads are all construction projects on the Transportation Projects list approved by the voters in 2005 and 2011. In an effort to accelerate project completion, the city also undertakes County projects that are located within the City limits and receives reimbursement by the county for these projects. A county-wide 800 MHz communications system is also funded under this SPLOST. The fund balance as of June 30, 2012 is \$8.9 million which is a decrease of

\$3.9 million from the last year. Construction was prefunded with a bond issue which created a large fund balance that will decrease as the projects are completed. This decrease was expected and will continue in future years.

City Parks Bond fund. The City Parks Bond fund was established in FY2010 after the approval of a \$25 million bond referendum. Funding is provided for land acquisition; improvements to existing parks, facilities, trails and green space; development of new parks; administration fees and contingencies. The City completed the new Tumlin-Hickory Hills Park and started the Custer and Merritt Park renovations in the 2012 fiscal year. As the City continues to expend the bond proceeds on various park improvements and construction, the remaining fund balance will continue to be expended. The City has \$18.4 million remaining in the fund's equity.

Proprietary funds overview. The City's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

The City operates the Board of Lights and Water (BLW) which provides electric, water, and wastewater utilities for residential and commercial customers. Unrestricted net assets of this fund at the end of the year amounted to \$40.6 million. The unrestricted net assets increased by \$2.1 million during the year. The BLW continues to show strong operating income. Operating income totaled \$20.4 million and continues to contribute strong financial results for the City. The emphasis on controlling cost and restrained capital expenditures continue to contribute to City's investment in the public utility.

The City operates an 18-hole golf course known as the City Club. The total net assets of this fund at the end of the fiscal year amounted to \$3.8 million, an 18.6% increase. Revenue generated by the fund helps pay part of the acquisition cost of the property. The General Fund also contributes funds toward debt service. This \$760 thousand dollar transfer contributes to the increase in net assets.

The Marietta Conference Center & Resort is a conference center facility owned by the City. The total net assets of this fund at the end of the fiscal year were \$(10.2) million. The total net assets increased by \$300 thousand during the year. This facility is under a long term lease to a private operator until 2028. The difference between the lease payment and depreciation of the facility will contribute yearly to increase net assets of the fund.

Other factors concerning the finances of these funds were discussed under business-type activities.

The City maintains two internal service funds. Information on these funds is aggregated in the Proprietary Fund financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Marietta Code. The most significant budgeted fund is the General Fund.

In June 2011, the City Council appropriated \$47.1 million for general fund expenditures. The budget was amended 10 times during the fiscal year.

Table 4
2012 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue and other financing sources	\$51,615,062	\$ 9,395,687	\$61,010,749	\$60,911,346
Expenditures and other financing uses	51,615,062	10,303,426	61,918,488	54,509,526

Mid Year budget amendments include:

	General Fund	Weed & Seed	Grants	Police Asset/Forfeiture	Culture & Recreation	Total
Prior Yr encumbrances	\$ 630,669	\$ 120	\$ 876,823	\$ 23,012	\$ -	\$ 1,530,624
1 Community Development		105,000	93,400			198,400
2 Parks & Culture	36,333				19,067	55,400
3 Public Safety	491,390		109,683			601,073
4 Public Works	135,952		7,139,446			7,275,398
5 General Administration	383,409					383,409
6 Project Rollovers from previous yrs		53,414	62,162		143,546	259,122
	\$1,677,753	\$ 158,534	\$ 8,281,514	\$ 23,012	\$ 162,613	\$10,303,426

- 1 Federal grant and United Way grant for Franklin Road outreach projects in Weed & Seed; State and local Grant for redevelopment study.
- 2 General Fund: Appropriation of surplus funds for vehicle; Appropriations of donations for parks program.
- 3 General Fund: grants for Police HEAT Unit and Fire prevention program; Appropriation of prior year savings for patrol vehicles and police department expenses; Appropriation of insurance reimbursement and condemned funds for prisoner transport van. Grants: police vehicles, homeland security, fire safety equip.
- 4 General Fund: Appropriation of reimbursement revenue for traffic signals. Grants: Federal grants for transportation projects.
- 5 General Fund: Purchase of property.
- 6 Project rollovers are for project budgets adopted in a previous year that are for the life of the project.

The General Fund received several grants during the year that were not in the adopted budget as of July 1st. These are applied for and not awarded until after the budget has been adopted. The City purchased the remainder of a building that was purchased with Cobb Housing, Inc. and appropriated excess funds for the purchase of vehicles.

The large budget variance in expenses is due to grant awards for street improvements that are awarded in the Budget year and will take several years to complete. This happens every year and is expected to continue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 total \$238 million (net of accumulated depreciation). This investment includes land, buildings, machinery and equipment, as well as infrastructure. To comply with GASB 34, the City researched historical records to determine the value of infrastructure and calculated appropriate depreciation. The City has reported all assets acquired during fiscal years 2002 through 2012, and all assets that could be identified from previous periods. The total investment in capital assets (net of accumulated depreciation and debt) for the current fiscal year decreased from the previous year by 6.7% after depreciation. Major capital assets events during the current fiscal year included the following:

Governmental activities:

- Land acquisition for parks and economic development programs \$2 million
- Buildings and machinery and equipment \$5.4 million
- Infrastructure \$9 million

Business-type activities:

- System improvements \$7.2 million
- Buildings and machinery & equipment \$2.9 million

On-going construction commitments include:

The water department is continuing its water line replacement program. Utility relocations have also begun for the Roswell Street improvement project. The City intends to capitalize the infrastructure assets and depreciate them over the estimated useful life.

Additional information on the City's capital assets can be found in Note 6 of this report. Construction commitments currently include \$1.2 million in the fund balance reserved for encumbrances for governmental funds.

Long-term Debt. At June 30, 2012, the City of Marietta had the following outstanding long-term debt (principal amount):

- \$4.8 million 2009B Public Safety Refunding Bonds
- \$19.4 million 2009A School Refunding Bonds
- \$23.1 million 2009D General Obligation Parks Bond
- \$413 thousand note payable for property
- \$6.3 million Series 2005 Tax Allocation District bonds

-
- \$29.4 million notes payable for City Wide Projects
 - \$2.9 million capital lease funded through the City Club for the golf course
 - \$218 thousand capital leases for golf carts
 - The City has received a credit rating of Aa2 from Moody's Investor Services, Inc. and an AA+ rating from Standard & Poor's Corporation along with an AA+ rating from Fitch's Inc. The three agencies upgraded the City's ratings in 2010.

Georgia Revised Statutes provide for a general obligation debt limit of 10% of the assessed valuation. The City has a general obligation debt capacity of \$244 million at the end of fiscal year 2012.

Additional information on the City of Marietta's debt can be found in Note 7.

Other Matters. The following factors are expected to have a significant effect on the City's financial position or results of operations and were taken into account in developing the fiscal year 2013 budget:

- No fee increases were imposed for fiscal year 2013.
- Increasing home ownership will also be a major focus of our redevelopment efforts. Several new mixed-use developments that were slowed or stopped during the economic downturn are now restarting. These large-scale projects along with their surrounding neighborhoods will have a tremendous influence in revitalizing the City.
- The Public Works has budgeted over \$10 million for transportation and road projects. Projects such as new road construction, general street, drainage and intersection improvements, sidewalk and multi-use trail construction, and street resurfacing and repairs are funded by collections from a 1% special purpose local option sales tax (SPLOST) enacted as of January 1, 2006 and January 1, 2011.
- In developing the budget the City was anticipating the budget would slowly recover from the economic slowdown and predicted that revenues would not grow as they have in the past years and therefore cut budgeted operating expenditures to zero growth in fiscal year 2013 for most departments.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Marietta'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 financial information should be addressed to the Finance Director, 205 Lawrence Street, Marietta, GA 30060.

CITY OF MARIETTA, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2012

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 14,355,195	\$ 19,220,141	\$ 33,575,336
Investments	46,087,597	15,877,796	61,965,393
Taxes receivable	613,516	-	613,516
Other receivables	1,004,652	-	1,004,652
Accounts receivable, net of allowances	-	16,126,647	16,126,647
Due from other governments	22,159,753	-	22,159,753
Internal balances	27,548,018	(27,548,018)	-
Inventory	138,197	3,327,978	3,466,175
Prepaid items	2,763,814	250	2,764,064
Other assets	-	2,523,501	2,523,501
Deferred charges, unamortized balance	940,027	48,231	988,258
Restricted assets:			
Cash and cash equivalents	-	59	59
Investments	-	14,618,739	14,618,739
Capital assets:			
Non-depreciable	16,620,270	8,767,813	25,388,083
Depreciable, net of accumulated depreciation	69,480,497	143,147,527	212,628,024
Total assets	201,711,536	196,110,664	397,822,200
LIABILITIES			
Accounts payable	3,292,165	11,608,698	14,900,863
Accrued liabilities	1,396,221	8,998,859	10,395,080
Accrued interest payable	1,635,470	39,254	1,674,724
Unearned revenue	-	2,502,056	2,502,056
Compensated absences, due within one year	1,190,605	304,852	1,495,457
Compensated absences, due in more than one year	1,669,816	540,070	2,209,886
Claims payable, due within one year	1,867,882	-	1,867,882
Claims payable, due in more than one year	466,971	-	466,971
Notes payable, due within one year	1,530,658	690,000	2,220,658
Notes payable, due in more than one year	30,189,533	2,046,490	32,236,023
Net pension obligation due in more than one year	1,146,015	451,372	1,597,387
Net OPEB obligation due in more than one year	23,158,519	7,229,325	30,387,844
Capital leases, due within one year	-	49,512	49,512
Capital leases, due in more than one year	-	169,056	169,056
Bonds payable, due within one year	5,593,267	-	5,593,267
Bonds payable, due in more than one year	50,546,187	-	50,546,187
Total liabilities	123,683,309	34,629,544	158,312,853
NET ASSETS			
Invested in capital assets, net of related debt	71,920,680	148,960,282	191,102,860
Restricted for:			
Debt service	9,218,742	-	9,218,742
Capital projects	9,085,562	-	9,085,562
Public safety	5,208	-	5,208
Public works	199,169	-	199,169
Health and welfare	1,087,011	-	1,087,011
Unrestricted	(13,488,145)	12,520,838	28,810,795
Total net assets	\$ 78,028,227	\$ 161,481,120	\$ 239,509,347

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 4,618,717	\$ 5,775,466	\$ 1,005,719	\$ -
Judicial	1,615,241	3,435,419	-	-
Public safety	28,223,036	986,642	748,802	285,600
Public works	11,474,849	3,516,174	1,028,918	10,949,422
Health and welfare	204,666	79,962	1,110,393	-
Culture and recreation	4,880,741	272,514	-	-
Housing and development	8,274,976	721,534	6,561,741	470,365
Interest on long-term debt	3,044,218	-	-	-
Total governmental activities	<u>62,336,444</u>	<u>14,787,711</u>	<u>10,455,573</u>	<u>11,705,387</u>
Business-type activities:				
Board of Lights and Waterworks	121,730,632	141,044,782	-	-
Conference center	1,948,549	2,247,086	-	-
Golf course	1,497,289	1,660,505	-	-
Total business-type activities	<u>125,176,470</u>	<u>144,952,373</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 187,512,914</u>	<u>\$ 159,740,084</u>	<u>\$ 10,455,573</u>	<u>\$ 11,705,387</u>
General revenues:				
Property taxes				
Franchise taxes				
Insurance premium taxes				
Alcohol taxes				
Hotel / motel taxes				
Auto rental excise taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year, restated				
Net assets, end of year				

The accompanying notes are an integral part of these financial statements.

**Net (Expenses) Revenues and
Changes in Net Assets
Primary Government**

Governmental Activities	Business-type Activities	Total
\$ 2,162,468	\$ -	\$ 2,162,468
1,820,178	-	1,820,178
(26,201,992)	-	(26,201,992)
4,019,665	-	4,019,665
985,689	-	985,689
(4,608,227)	-	(4,608,227)
(521,336)	-	(521,336)
(3,044,218)	-	(3,044,218)
<u>(25,387,773)</u>	<u>-</u>	<u>(25,387,773)</u>
-	19,314,150	19,314,150
-	298,537	298,537
-	163,216	163,216
-	<u>19,775,903</u>	<u>19,775,903</u>
<u>(25,387,773)</u>	<u>19,775,903</u>	<u>(5,611,870)</u>
\$ 12,952,017	\$ -	\$ 12,952,017
5,807,338	-	5,807,338
2,653,793	-	2,653,793
756,815	-	756,815
1,823,699	-	1,823,699
359,340	-	359,340
171,150	420,170	591,320
140,437	66,295	206,732
19,802	182,252	202,054
<u>12,686,587</u>	<u>(12,686,587)</u>	<u>-</u>
<u>37,370,978</u>	<u>(12,017,870)</u>	<u>25,353,108</u>
11,983,205	7,758,033	19,741,238
<u>66,045,022</u>	<u>153,723,087</u>	<u>219,768,109</u>
<u>\$ 78,028,227</u>	<u>\$ 161,481,120</u>	<u>\$ 239,509,347</u>

CITY OF MARIETTA, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

ASSETS	General	SPLOST	City Parks	Other	Total
	Fund	Fund	Bond Fund	Governmental Funds	Governmental Funds
Cash and cash equivalents	\$ 3,932,194	\$ 4,212,590	\$ 658,968	\$ 5,492,327	\$ 14,296,079
Investments	10,409,466	4,006,481	18,237,275	4,690,910	37,344,132
Taxes receivable	210,050	-	-	403,466	613,516
Other receivables	791,042	9,826	31,276	5,749	837,893
Due from other governments	398,862	2,106,980	-	263,911	2,769,753
Due from other funds	6,156,533	-	-	-	6,156,533
Inventory	27,312	-	-	-	27,312
Prepaid expenditures	2,165,476	-	-	598,338	2,763,814
Advances to other funds	28,235,139	-	-	-	28,235,139
Total assets	\$ 52,326,074	\$ 10,335,877	\$ 18,927,519	\$ 11,454,701	\$ 93,044,171
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 774,538	\$ 1,389,724	\$ 546,084	\$ 185,243	\$ 2,895,589
Accrued liabilities	1,372,469	4,751	-	19,001	1,396,221
Deferred revenues	205,005	-	-	177,492	382,497
Due to other funds	-	-	-	358,254	358,254
Advances from other funds	127,968	-	-	-	127,968
Total liabilities	2,479,980	1,394,475	546,084	739,990	5,160,529
FUND BALANCES					
Fund balances:					
Nonspendable:					
Long-term advances	28,235,139	-	-	-	28,235,139
Inventories	27,312	-	-	-	27,312
Prepaid expenditures	2,165,476	-	-	598,338	2,763,814
Restricted for:					
Capital projects	-	8,941,402	18,381,435	-	27,322,837
Debt service	-	-	-	8,447,852	8,447,852
Public safety	-	-	-	5,208	5,208
Public works	-	-	-	194,397	194,397
Housing and development	-	-	-	1,086,843	1,086,843
Assigned for:					
General governmental activities	45,266	-	-	-	45,266
Judicial services	41,788	-	-	-	41,788
Public safety	270,376	-	-	-	270,376
Public works	1,223,811	-	-	-	1,223,811
Culture and recreation	446,407	-	-	-	446,407
Housing and development	131,285	-	-	-	131,285
Use of reserve in next fiscal year's budget	480,640	-	-	-	480,640
Capital projects	-	-	-	383,634	383,634
Unassigned	16,778,594	-	-	(1,561)	16,777,033
Total fund balances	49,846,094	8,941,402	18,381,435	10,714,711	87,883,642
Total liabilities and fund balances	\$ 52,326,074	\$ 10,335,877	\$ 18,927,519	\$ 11,454,701	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					85,196,450
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					382,497
Notes receivable of governmental activities are not current financial resources and, therefore, are not reported in the governmental funds					19,390,000
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.					(91,385,370)
Net pension and OPEB liabilities do not consume current financial resources and, therefore, are not reported in governmental funds.					(24,304,534)
Internal service funds are used by management to charge costs of health insurance and fleet services for City vehicles to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.					865,542
Net assets of governmental activities					\$ 78,028,227

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>City Parks Bond Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 16,486,401	\$ -	\$ -	\$ 8,296,641	\$ 24,783,042
Licenses and permits	5,691,038	-	-	-	5,691,038
Intergovernmental	3,858,418	10,931,162	-	10,045,122	24,834,702
Fines and forfeitures	4,326,335	-	-	-	4,326,335
Charges for services	4,027,807	-	-	-	4,027,807
Contributions	27,998	-	-	-	27,998
Interest income	102,075	29,660	43,742	19,707	195,184
Other revenues	732,673	-	18,260	-	750,933
Total revenues	<u>35,252,745</u>	<u>10,960,822</u>	<u>62,002</u>	<u>18,361,470</u>	<u>64,637,039</u>
EXPENDITURES					
Current:					
General government	4,541,438	-	-	-	4,541,438
Judicial	1,561,763	-	-	-	1,561,763
Public safety	25,575,436	-	-	-	25,575,436
Public works	7,349,286	247,329	-	486,138	8,082,753
Health and welfare	194,847	-	-	-	194,847
Culture and recreation	5,078,157	-	90,500	-	5,168,657
Housing and development	2,259,586	-	-	5,955,786	8,215,372
Capital outlay	-	8,775,995	3,713,610	552,046	13,041,651
Debt service:					
Principal retirements	1,487,706	5,370,000	-	6,824,610	13,682,316
Interest and fiscal charges	1,371,794	197,004	-	2,576,545	4,145,343
Total expenditures	<u>49,420,013</u>	<u>14,590,328</u>	<u>3,804,110</u>	<u>16,395,125</u>	<u>84,209,576</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,167,268)</u>	<u>(3,629,506)</u>	<u>(3,742,108)</u>	<u>1,966,345</u>	<u>(19,572,537)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	140,370	-	-	67	140,437
Transfers in	25,518,231	-	-	-	25,518,231
Transfers out	<u>(2,930,580)</u>	<u>(282,457)</u>	<u>-</u>	<u>(11,057,491)</u>	<u>(14,270,528)</u>
Total other financing sources (uses)	<u>22,728,021</u>	<u>(282,457)</u>	<u>-</u>	<u>(11,057,424)</u>	<u>11,388,140</u>
Net change in fund balances	8,560,753	(3,911,963)	(3,742,108)	(9,091,079)	(8,184,397)
FUND BALANCES, beginning of year, restated	<u>41,285,341</u>	<u>12,853,365</u>	<u>22,123,543</u>	<u>19,805,790</u>	<u>96,068,039</u>
FUND BALANCES, end of year	<u>\$ 49,846,094</u>	<u>\$ 8,941,402</u>	<u>\$ 18,381,435</u>	<u>\$ 10,714,711</u>	<u>\$ 87,883,642</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Net change in fund balances - total governmental funds	\$	(8,184,397)
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 outlay exceeded depreciation in the current period.		10,547,316
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(430,040)
Collections of long-term receivables provide current financial resources to the governmental funds and are reported as revenues in the fund; however the collection is reported as a reduction in long term receivables on the statement of net assets.		(2,720,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		14,375,584
Internal service funds are used by management to charge the costs of health and workers' compensation insurance and fleet services to individual funds. The net expenses of the internal service funds is reported with governmental activities.		(605,769)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(999,489)</u>
Change in net assets - governmental activities	\$	<u>11,983,205</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Board of Lights and Waterworks Fund	Marietta Conference Center and Resort Fund	Nonmajor Enterprise Fund City Golf Course Fund	Totals	
CURRENT ASSETS					
Cash and cash equivalents	\$ 19,138,052	\$ 75,056	\$ 7,033	\$ 19,220,141	\$ 59,116
Investments	15,877,796	-	-	15,877,796	8,743,465
Accounts receivable	16,118,352	-	8,295	16,126,647	-
Other receivables	-	-	-	-	166,759
Due from other funds	-	58,398	-	58,398	-
Inventory	3,327,978	-	-	3,327,978	110,885
Prepays	250	-	-	250	-
Restricted assets:					
Cash and cash equivalents	-	59	-	59	-
Investments	14,618,739	-	-	14,618,739	-
Total current assets	<u>69,081,167</u>	<u>133,513</u>	<u>15,328</u>	<u>69,230,008</u>	<u>9,080,225</u>
NONCURRENT ASSETS					
Capital assets					
Non-depreciable assets	1,398,529	769,284	6,600,000	8,767,813	-
Depreciable assets	260,616,122	35,680,902	5,757,902	302,054,926	1,807,229
	262,014,651	36,450,186	12,357,902	310,822,739	1,807,229
Accumulated depreciation	(134,518,671)	(20,089,939)	(4,298,789)	(158,907,399)	(902,912)
Total capital assets, net	<u>127,495,980</u>	<u>16,360,247</u>	<u>8,059,113</u>	<u>151,915,340</u>	<u>904,317</u>
Other asset	2,523,501	-	-	2,523,501	-
Advance to other funds	575,011	127,968	-	702,979	-
Deferred charges, unamortized balance	-	-	48,231	48,231	-
Total noncurrent assets	<u>130,594,492</u>	<u>16,488,215</u>	<u>8,107,344</u>	<u>155,190,051</u>	<u>904,317</u>
Total assets	<u>199,675,659</u>	<u>16,621,728</u>	<u>8,122,672</u>	<u>224,420,059</u>	<u>9,984,542</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	11,606,391	-	2,307	11,608,698	396,576
Accrued liabilities	568,436	-	54,593	623,029	-
Accrued interest	-	-	39,254	39,254	-
Due to other funds	-	-	-	-	5,856,677
Deposits payable	8,375,830	-	-	8,375,830	-
Compensated absences payable	304,852	-	-	304,852	12,134
Unearned revenue	2,502,056	-	-	2,502,056	-
Claims payable, due within one year	-	-	-	-	1,867,882
Capital lease, due within one year	-	-	49,512	49,512	-
Notes payable, due within one year	-	-	690,000	690,000	-
Total current liabilities	<u>23,357,565</u>	<u>-</u>	<u>835,666</u>	<u>24,193,231</u>	<u>8,133,269</u>
NONCURRENT LIABILITIES					
Capital lease, due in more than one year	-	-	169,056	169,056	-
Advance from other funds	-	26,832,635	1,225,738	28,058,373	751,777
Compensated absences payable, due in more than one year	540,070	-	-	540,070	18,005
Claims payable, due in more than one year	-	-	-	-	466,971
Note payable, due in more than one year	-	-	2,046,490	2,046,490	-
Net pension liability	451,372	-	-	451,372	-
Net OPEB liability	7,229,325	-	-	7,229,325	-
Total noncurrent liabilities	<u>8,220,767</u>	<u>26,832,635</u>	<u>3,441,284</u>	<u>38,494,686</u>	<u>1,236,753</u>
Total liabilities	<u>31,578,332</u>	<u>26,832,635</u>	<u>4,276,950</u>	<u>62,687,917</u>	<u>9,370,022</u>
NET ASSETS					
Invested in capital assets, net of related debt	127,495,980	16,360,247	5,104,055	148,960,282	904,317
Unrestricted	40,601,347	(26,571,154)	(1,258,333)	12,771,860	(289,797)
Total net assets	<u>\$ 168,097,327</u>	<u>\$ (10,210,907)</u>	<u>\$ 3,845,722</u>	<u>161,732,142</u>	<u>\$ 614,520</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				(251,022)	
Net assets of business-type activities				<u>\$ 161,481,120</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>			<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Board of Lights and Waterworks Fund</u>	<u>Marietta Conference Center and Resort Fund</u>	<u>Nonmajor Enterprise Fund City Golf Course Fund</u>		
OPERATING REVENUE					
Charges for sales and services	\$ 139,798,056	\$ 2,247,086	\$ 1,660,505	\$ 143,705,647	\$ 11,694,498
Insurance recoveries	-	-	-	-	405,076
Miscellaneous	1,246,726	-	-	1,246,726	632
Total operating revenues	<u>141,044,782</u>	<u>2,247,086</u>	<u>1,660,505</u>	<u>144,952,373</u>	<u>12,100,206</u>
OPERATING EXPENSES					
Cost of sales and services	73,317,367	-	-	73,317,367	-
Personnel services	15,378,489	-	-	15,378,489	703,281
Other operating expenses	25,857,652	545,396	1,135,390	27,538,438	3,296,878
Benefits and claims	-	-	-	-	11,153,020
Depreciation and amortization	6,099,909	1,403,153	274,258	7,777,320	74,521
Total operating expenses	<u>120,653,417</u>	<u>1,948,549</u>	<u>1,409,648</u>	<u>124,011,614</u>	<u>15,227,700</u>
Operating income (loss)	<u>20,391,365</u>	<u>298,537</u>	<u>250,857</u>	<u>20,940,759</u>	<u>(3,127,494)</u>
NON-OPERATING INCOME (EXPENSES)					
Investment income	420,170	-	-	420,170	5,626
Interest expense	-	-	(87,641)	(87,641)	-
Other revenue	182,252	-	-	182,252	-
Gain on sale of assets	-	-	66,295	66,295	-
Total non-operating income (expenses)	<u>602,422</u>	<u>-</u>	<u>(21,346)</u>	<u>581,076</u>	<u>5,626</u>
Income (loss) before transfers	<u>20,993,787</u>	<u>298,537</u>	<u>229,511</u>	<u>21,521,835</u>	<u>(3,121,868)</u>
Transfers in	1,218,385	551,669	399,042	2,169,096	2,502,159
Transfers out	<u>(15,054,510)</u>	<u>(546,300)</u>	<u>(25,021)</u>	<u>(15,625,831)</u>	<u>(293,127)</u>
	<u>(13,836,125)</u>	<u>5,369</u>	<u>374,021</u>	<u>(13,456,735)</u>	<u>2,209,032</u>
Change in net assets	7,157,662	303,906	603,532	8,065,100	(912,836)
NET ASSETS (DEFICIT), beginning of year, restated	<u>160,939,665</u>	<u>(10,514,813)</u>	<u>3,242,190</u>		<u>1,527,356</u>
NET ASSETS, end of year	<u>\$ 168,097,327</u>	<u>\$ (10,210,907)</u>	<u>\$ 3,845,722</u>		<u>\$ 614,520</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds				<u>(307,067)</u>	
Change in net assets of business-type activities				<u>\$ 7,758,033</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Board of Lights and Waterworks Fund	Marietta Conference Center and Resort Fund	Nonmajor Enterprise Fund City Golf Course Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 143,640,392	\$ 2,247,086	\$ 1,664,716	\$ 147,552,194	\$ 15,967,344
Payments to suppliers	(92,426,597)	(292,912)	(1,112,587)	(93,832,096)	(12,670,707)
Payments to employees	(14,981,560)	-	-	(14,981,560)	(3,210,183)
Net cash provided by (used in) operating activities:	<u>36,232,235</u>	<u>1,954,174</u>	<u>552,129</u>	<u>38,738,538</u>	<u>86,454</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Principal payment on advance from other funds	-	(1,756,519)	-	(1,756,519)	-
Other receipts	182,252	-	-	182,252	-
Transfers in from other funds	1,218,385	551,669	399,042	2,169,096	2,502,159
Transfers out to other funds	(15,054,510)	(546,300)	(25,021)	(15,625,831)	(293,127)
Advances to other funds	-	(127,968)	-	(127,968)	-
Net cash provided by (used in) non-capital financing activities:	<u>(13,653,873)</u>	<u>(1,879,118)</u>	<u>374,021</u>	<u>(15,158,970)</u>	<u>2,209,032</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(9,860,463)	-	(112,646)	(9,973,109)	(289,155)
Principal payments of capital lease	-	-	(43,431)	(43,431)	-
Principal payments on notes payable	-	-	(670,000)	(670,000)	-
Interest paid	-	-	(96,774)	(96,774)	-
Net cash used in capital and related financing activities:	<u>(9,860,463)</u>	<u>-</u>	<u>(922,851)</u>	<u>(10,783,314)</u>	<u>(289,155)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investments	4,745,096	59	-	4,745,155	-
Purchased investments	-	-	-	-	(2,281,715)
Interest received	420,170	-	-	420,170	5,626
Net cash provided by (used in) investing activities:	<u>5,165,266</u>	<u>59</u>	<u>-</u>	<u>5,165,325</u>	<u>(2,276,089)</u>
Net increase (decrease) in cash	17,883,165	75,115	3,299	17,961,579	(269,758)
Cash, beginning of year	1,254,887	-	3,734	1,258,621	328,874
Cash, end of year	<u>\$ 19,138,052</u>	<u>\$ 75,115</u>	<u>\$ 7,033</u>	<u>\$ 19,220,200</u>	<u>\$ 59,116</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 20,391,365	\$ 298,537	\$ 250,857	\$ 20,940,759	\$ (3,127,494)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,099,909	1,403,153	274,258	7,777,320	74,521
Change in assets and liabilities:					
Decrease (increase) in accounts receivable	1,076,620	-	4,211	1,080,831	(42,902)
Decrease in due from other funds	6,843,012	127,696	-	6,970,708	-
Increase in advance to other funds	(575,011)	-	-	(575,011)	-
Decrease in prepaid items	5,901	-	5,322	11,223	-
Decrease (increase) in inventory	(330,521)	124,788	-	(205,733)	(36,838)
Decrease in other assets	74,599	-	-	74,599	-
Increase (decrease) in accounts payable	730,262	-	(51,663)	678,599	(405,573)
Increase (decrease) in accrued liabilities	(221,231)	-	54,593	(166,638)	(11,065)
Increase (decrease) in due to other funds	-	-	(1,211,187)	(1,211,187)	3,236,125
Increase in advance from other funds	-	-	1,225,738	1,225,738	673,915
Increase in customer deposits payable	778,271	-	-	778,271	-
Increase in OPEB liability	581,518	-	-	581,518	-
Increase in pension liability	19,753	-	-	19,753	-
Increase in compensated absences payable	17,069	-	-	17,069	896
Increase in unearned revenue	740,719	-	-	740,719	-
Decrease in claims payable	-	-	-	-	(275,131)
Net cash provided by (used in) operating activities:	<u>\$ 36,232,235</u>	<u>\$ 1,954,174</u>	<u>\$ 552,129</u>	<u>\$ 38,738,538</u>	<u>\$ 86,454</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Forgiveness of capital lease by lessor	\$ -	\$ -	\$ 105,459	\$ 105,459	\$ -
Capital assets acquired through capital lease	-	-	261,996	261,996	-

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS JUNE 30, 2012

ASSETS	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>City Schools Agency Fund</u>
Cash	\$ 1,345,192	\$ 678,223	\$ 448,588
Uncollected taxes	-	-	1,497,988
Receivables:			
Accrued interest	278,866	-	-
Contributions	122,543	25	-
Due from other governments	-	-	254,709
Investments:			
Common stock	33,668,193	-	-
Mutual funds	5,030,962	-	-
Money market funds	5,590,371	-	-
Corporate obligations	22,315,530	-	-
U.S. government and government agency obligations	<u>8,288,544</u>	<u>-</u>	<u>-</u>
Total assets	<u>76,640,201</u>	<u>678,248</u>	<u>2,201,285</u>
LIABILITIES			
Accrued expenses	138,368	417	-
Due to others	<u>-</u>	<u>-</u>	<u>2,201,285</u>
Total liabilities	<u>138,368</u>	<u>417</u>	<u>2,201,285</u>
NET ASSETS			
Net assets held in trust for retirement benefits	<u>\$ 76,501,833</u>	<u>\$ 677,831</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION AND OPEB TRUST FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	OPEB Trust Fund
ADDITIONS		
Contributions		
Plan member contributions	\$ 1,263,636	\$ -
Employer contributions	5,447,350	-
Other	-	181,495
Total contributions	6,710,986	181,495
Investment income		
Net depreciation in fair value of investments	(879,933)	-
Interest and dividends	1,740,128	274
	860,195	274
Less - investment expenses	(441,130)	-
Net investment income	419,065	274
Total additions	7,130,051	181,769
DEDUCTIONS		
Benefit payments	7,918,483	-
Administrative fees	129,640	5,020
Total deductions	8,048,123	5,020
Net increase (decrease) in net assets	(918,072)	176,749
NET ASSETS HELD IN TRUST FOR RETIREMENT BENEFITS:		
Beginning of year	77,419,905	501,082
End of year	\$ 76,501,833	\$ 677,831

The accompanying notes are an integral part of these financial statements.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City was created in 1852 and operates under an elected Mayor/Council form of government. The City's major operations include social services, public safety, fire protection, culture-recreation, regulation and control of the water, light, and sewer systems, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

Related Organization

The Marietta Housing Authority (the "Authority") is a related organization which has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Board consists of five members appointed by the City Council; however, the City does not have the ability to impose its will or have a financial benefit or burden relationship. The Department of Housing and Urban Development subsidizes the Authority's operations and sets rates charged for housing. The debts of the Authority are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City and the Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 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 considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Agency funds, however, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenue which is considered available if collected within 270 days of year end. Expenditures are generally 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.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, 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, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

The City reports the following major governmental funds:

The **General Fund** is the City'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 **SPLOST Fund** accounts for the proceeds received from Cobb County Special Purpose Local Option Sales Tax collections to be used for transportation, sidewalks, and public safety radio system improvements within the City that were approved by voter referendum.

The **City Parks Bond Fund** accounts for the proceeds of the 2009 Park Bond referendum that are restricted for land acquisition; improvements to existing parks, facilities, trails and greenspace; development of new parks; administration fees and contingencies.

The City reports the following major proprietary funds:

The **Board of Lights and Waterworks Fund** accounts for the operations of the electric and water distribution, and sewer collection services.

The **Marietta Conference Center and Resort Fund** accounts for the assets of the City's conference center, for which management of these assets have been outsourced.

The City also reports the following fund types:

The **special revenue funds** are used to account for specific revenue sources, such as hotel/motel tax revenues, auto rental excise taxes and various grants and contributions, which are legally restricted to expenditures for particular purposes by enabling legislation or the external resource providers.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The **capital project funds** are used to account for financial resources that are restricted for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The **debt service fund** is used to account for the accumulation of resources restricted for, and payment of, principal and interest on the City's general long-term debt.

The **agency fund** is used to account for the collection and remittance of property taxes which are billed and collected on behalf of the City of Marietta Board of Education.

The **internal service funds** account for services performed by a central service department for other departments or agencies of the governmental unit. The City has a Self-Insurance internal service fund which is used for the purpose of providing self-funding for casualty, liability, workers' compensation and medical claims. The City also has a Motor Transport internal service fund which is used to provide repair and maintenance services for vehicles owned by various City departments.

The **trust funds** are used to account for the accumulation of resources to be used for retirement annuity payments and employer portion of retiree health insurance, at appropriate amounts and times in the future. Resources are contributed by the government at rates determined by actuarial computations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

An annual operating budget is legally adopted each fiscal year for the general fund, each special revenue fund, the debt service fund, and each capital projects fund with the exception of the SPLOST and City Parks Bond Funds which adopt project length budgets.

The governmental funds budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), except that outstanding encumbrances at year-end are reported as budgetary expenditures. Additionally, the City does not budget investment earnings and certain intergovernmental revenues for the HUD-Housing Assistance payments Program, Local Law Enforcement Block Grant, and Local Option Sales Tax funds. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required. During the fiscal year ended June 30, 2012, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. All highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables (Continued)

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

Inventories are valued at cost, which approximates market, using the average cost method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has reported infrastructure consistent with the retroactive infrastructure reporting requirements of GASB Statement 34.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Machinery and equipment	3-25
Electric utility system	32
Water and sewer utility system	90
Other infrastructure assets (e.g., streets, sidewalks, bridges, etc.)	20-30

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net assets.”

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Council. Only the City Council may modify or rescind the commitment using the same kind of formal vote. The City’s Council would effectively commit fund balance through the approval of an ordinance.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The Council has designated the City Manager and Finance Director the authority to make necessary assignments of the fund balance.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$91,385,370 difference are as follows:

Accrued interest payable	\$ (1,635,470)
Compensated absences	(2,830,282)
Bonds payable	(53,564,180)
Bond issuance costs	940,027
Bond and note premiums	(5,559,084)
Deferred charges on refunding	1,041,721
Notes payable	<u>(29,778,102)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ (91,385,370)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$10,547,316 difference are as follows:

Capital outlay	\$ 16,554,827
Depreciation expense	<u>(6,007,511)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 10,547,316</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$14,375,584 difference are as follows:

Principal retirement of bonds payable	\$ 6,824,610
Amortization of debt issuance costs	(150,014)
Amortization of original issue premium	1,003,547
Amortization of deferred charges from refunding	(160,265)
Principal retirement of notes payable	6,857,706
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 14,375,584

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$999,489 difference are as follows:

Compensated absences	\$ 26,348
Current period increase in net pension obligation	(36,139)
Current period increase in net OPEB obligation	(1,063,926)
Accrued interest	257,843
Lease receivable balance forgiven	(183,615)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (999,489)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

The City of Marietta, Georgia employs the following procedures in establishing its annual budget:

1. Prior to April 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of by which they will be financed.
2. Public hearings are conducted at locations throughout the City to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through the passage of an ordinance by the City Council.

The City Manager is authorized to transfer budgeted amounts among divisions within departments within any fund; however, any revisions that alter the total expenditures of any department must be approved by the City Council.

The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above legally adopted budgets is at the department level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the General, special revenue, and capital projects funds.

For the fiscal year ended June 30, 2012 expenditures exceeded the final budgets in the following funds and General Fund departments:

<u>Fund/Department</u>	<u>Excess</u>
HUD Housing Assistance Payments Program Fund	\$ 136,228
HUD Community Development Block Grant Fund	196,334
Local Law Enforcement Block Grant Fund	36
Local Option Sales Tax (LOST) Fund	27,758
General Fund - Debt Service	79,194

The over expenditures in the HUD Community Development Block Grant Fund were funded through greater than anticipated revenues. The remaining funds excess expenditures were funded through the use of fund balance.

B. Deficit Fund Balance

The HUD Community Development Block Grant Fund had a deficit balance of \$1,561 at June 30, 2012. This deficit will be eliminated through future transfers from the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2012, the City of Marietta had the following investments:

City of Marietta Investments, excluding Pension Fund Investments

Investment	Maturity			Credit Rating	Fair Value
	Less than 1 year	1-5 years	Greater than 5 years		
Georgia Fund 1	\$ 12,918,029	\$ -	\$ -	AAAm	\$ 12,918,029
Municipal Competitive Trust	2,300,131	12,318,608	-	(a)	14,618,739
Municipal Competitive Trust	-	32,332,546	-	(a)	32,332,546
Municipal Competitive Trust	-	5,081,087	-	(a)	5,081,087
U.S. Agencies	-	-	733,653	N/A	733,653
Municipal bonds	-	-	226,854	A1	226,854
Money market	4,428,690	-	-	*	4,428,690
Certificate of deposits	13,394,252	12,117,458	-	(b)	25,511,710
	<u>\$ 33,041,102</u>	<u>\$ 61,849,699</u>	<u>\$ 960,507</u>		<u>\$ 95,851,308</u>

* These are money market accounts which are not rated.

(a) This is a guaranteed investment contract with Municipal Electric Authority of Georgia (MEAG).

N/A - investments are not rated.

(b) The certificates of deposit are not rated.

Interest Rate Risk: The City does not have a formal policy that addresses interest rate risk. At June 30, 2012 the following investments were subject to interest rate risk. Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

City of Marietta's Pension Fund Investment						
	Rating	Investment Maturities (in Years)				Fair Value
		Less than 1	1 - 5	6 - 10	More than 10	
Common Stocks	N/A	\$ -	\$ -	\$ -	\$ -	\$ 33,668,193
Equity Mutual Fund	N/A	5,030,962	-	-	-	5,030,962
Money Market Mutual Fund	AAA	5,590,371	-	-	-	5,590,371
Corporate Bonds	A+	1,115,906	1,465,341	833,407	85,766	3,500,420
	A	271,118	1,808,797	1,175,632	64,837	3,320,384
	AA	-	406,396	-	-	406,396
	AA+	-	214,488	81,906	122,562	418,956
	AAA	127,500	224,452	660,901	564,433	1,577,286
	A-	438,875	1,663,833	1,393,005	801,592	4,297,305
	AA-	-	215,626	113,326	-	328,952
	BBB+	43,662	1,179,257	842,250	578,890	2,644,059
	BBB	107,494	604,345	1,071,141	318,011	2,100,991
	BBB-	124,963	857,699	388,077	514,605	1,885,344
	BB+	-	90,200	-	37,669	127,869
	BB	-	-	-	100,500	100,500
	NR	203,274	773,463	-	630,331	1,607,068
Government Bonds	AA+	1,037,587	635,638	1,558,562	1,010,809	4,242,596
	AA-	-	-	207,280	-	207,280
US Agencies	AAA	-	1,133,899	781,451	1,923,318	3,838,668
Total Pension Investments		\$ 14,091,712	\$ 11,273,434	\$ 9,106,938	\$ 6,753,323	\$ 74,893,600

Credit Risk: The City does not have a formal policy to address credit risk aside from adherence to State statutes for investments. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. State pension statutes authorize the City to invest in similar obligations as well as the option to invest in corporate bonds and corporate equities.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. As of June 30, 2012, the weighted-average maturity of the pool was 48 days. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. As of June 30, 2012, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, the City's deposits were properly insured and collateralized.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

The City bills and collects its own real and personal property taxes. Property taxes are levied on property values assessed as of January 1. Tax bills for the fiscal year ending June 30, 2012 were levied on August 25, 2011 and were due on October 25, 2011. After that date, the bill became delinquent and liens, penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Receivables at June 30, 2012, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Other Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Accounts Receivable</u>
General Fund	\$ 224,870	\$ -	\$ 398,862	\$ 807,067	\$ (30,845)	\$ 1,399,954
SPLOST Fund	-	-	2,106,980	9,826	-	2,116,806
City Parks Bond Fund	-	-	-	31,276	-	31,276
Board of Lights and Water Works	-	16,755,137	-	-	(636,785)	16,118,352
Golf Course Fund	-	-	-	8,295	-	8,295
Internal Service Funds	-	-	-	166,759	-	166,759
Other nonmajor governmental funds	415,594	-	263,911	5,749	(12,128)	673,126
	<u>\$ 640,464</u>	<u>\$ 16,755,137</u>	<u>\$ 2,769,753</u>	<u>\$ 1,028,972</u>	<u>\$ (679,758)</u>	<u>\$ 20,514,568</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,393,968	\$ 2,000,371	\$ -	\$ 15,394,339
Construction in progress	1,225,931	-	-	1,225,931
Total	<u>14,619,899</u>	<u>2,000,371</u>	<u>-</u>	<u>16,620,270</u>
Capital assets, being depreciated:				
Buildings	35,734,028	4,381,384	-	40,115,412
Improvements other than buildings	5,512,530	-	-	5,512,530
Machinery and equipment	35,475,378	1,119,730	(591,585)	36,003,523
Infrastructure	188,553,584	9,342,496	-	197,896,080
Total	<u>265,275,520</u>	<u>14,843,610</u>	<u>(591,585)</u>	<u>279,527,545</u>
Less accumulated depreciation for:				
Buildings	(16,916,315)	(928,384)	-	(17,844,699)
Improvements other than buildings	(3,586,471)	(167,720)	-	(3,754,191)
Machinery and equipment	(32,238,081)	(1,173,586)	591,585	(32,820,082)
Infrastructure	(151,815,735)	(3,812,341)	-	(155,628,076)
Total	<u>(204,556,602)</u>	<u>(6,082,031)</u>	<u>591,585</u>	<u>(210,047,048)</u>
Total capital assets, being depreciated, net	<u>60,718,918</u>	<u>8,761,579</u>	<u>-</u>	<u>69,480,497</u>
Governmental activities capital assets, net	<u>\$ 75,338,817</u>	<u>\$ 10,761,950</u>	<u>\$ -</u>	<u>\$ 86,100,767</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 8,752,260	\$ -	\$ -	\$ 8,752,260
Construction in progress	-	15,553	-	15,553
Total	<u>8,752,260</u>	<u>15,553</u>	<u>-</u>	<u>8,767,813</u>
Capital assets, being depreciated:				
Buildings and improvements	41,273,073	59,685	-	41,332,758
Plant in service and water / sewer system	184,024,248	7,253,555	-	191,277,803
Machinery and equipment	66,806,599	2,906,314	(268,548)	69,444,365
Total	<u>292,103,920</u>	<u>10,219,554</u>	<u>(268,548)</u>	<u>302,054,926</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,045,924)	(347,380)	-	(17,393,304)
Plant in service and water / sewer system	(83,772,474)	(2,898,132)	-	(86,670,606)
Machinery and equipment	(50,605,438)	(4,467,435)	229,384	(54,843,489)
Total	<u>(151,423,836)</u>	<u>(7,712,947)</u>	<u>229,384</u>	<u>(158,907,399)</u>
Total capital assets, being depreciated, net	<u>140,680,084</u>	<u>2,506,607</u>	<u>(39,164)</u>	<u>143,147,527</u>
Business-type activities capital assets, net	<u>\$ 149,432,344</u>	<u>\$ 2,522,160</u>	<u>\$ (39,164)</u>	<u>\$ 151,915,340</u>

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

Governmental activities:	
General government	\$ 210,724
Public safety	1,612,538
Public works	4,253,063
Culture and recreation	5,706
Total depreciation expense - governmental activities	<u>\$ 6,082,031</u>
Business-type activities:	
Board of Lights and Waterworks	\$ 6,099,909
Conference center	1,403,153
Golf course	209,885
Total depreciation expense - business-type activities	<u>\$ 7,712,947</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 53,550,000	\$ -	\$ (6,260,000)	\$ 47,290,000	\$ 5,005,000
Tax allocation district bonds	6,838,790	-	(564,610)	6,274,180	588,267
Plus: Premiums	4,382,535	-	(765,540)	3,616,995	-
Less: Deferred amounts on refundings	(1,201,986)	-	160,265	(1,041,721)	-
Total bonds payable	<u>63,569,339</u>	<u>-</u>	<u>(7,429,885)</u>	<u>56,139,454</u>	<u>5,593,267</u>
Note payable:					
Notes payable	36,635,808	-	(6,857,706)	29,778,102	1,530,658
Plus: Premiums	2,180,096	-	(238,007)	1,942,089	-
Total notes payable	<u>38,815,904</u>	<u>-</u>	<u>(7,095,713)</u>	<u>31,720,191</u>	<u>1,530,658</u>
Compensated absences	2,885,873	920,620	(946,072)	2,860,421	1,190,605
Net pension obligation	1,109,876	3,958,231	(3,922,092)	1,146,015	-
Net OPEB obligation	22,094,593	3,044,097	(1,980,171)	23,158,519	-
Governmental activities long-term liabilities	<u>\$ 128,475,585</u>	<u>\$ 7,922,948</u>	<u>\$ (21,373,933)</u>	<u>\$ 115,024,600</u>	<u>\$ 8,314,530</u>

The beginning balances for unamortized premiums and the beginning balance for the net pension obligation were restated to reflect errors in the opening balances. See Note 18 for further details on the restatements. Additionally, prior year revenue bonds are reported as notes payable as the bonds are not in the City's name but rather are payable through an intergovernmental agreement with the issuer of the revenue bonds.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Notes payable	\$ 3,550,000	\$ -	\$ (670,000)	\$ 2,880,000	\$ 690,000
Less: Deferred amounts on refundings	(191,346)	-	47,836	(143,510)	-
Total notes payable	<u>3,358,654</u>	<u>-</u>	<u>(622,164)</u>	<u>2,736,490</u>	<u>690,000</u>
Capital leases	105,459	261,999	(148,890)	218,568	49,512
Compensated absences	827,853	287,179	(270,110)	844,922	304,852
Net pension obligation	431,619	1,545,011	(1,525,258)	451,372	-
Net OPEB obligation	6,647,807	1,663,836	(1,082,318)	7,229,325	-
Business-type activities long-term liabilities	<u>\$ 11,371,392</u>	<u>\$ 3,758,025</u>	<u>\$ (3,648,740)</u>	<u>\$ 11,480,677</u>	<u>\$ 1,044,364</u>

The beginning balance for the net pension obligation was restated to reflect errors in the opening balances. See Note 18 for further details on the restatement.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

For governmental activities, compensated absences, pension and OPEB obligations are liquidated by the General Fund. For business-type activities, compensated absences, pension and OPEB obligations are liquidated by the Board of Lights and Waterworks Fund.

General Obligation Bonds. The City issued \$25,270,000 of Series 2009A General Obligation School Refunding serial bonds to provide resources to refund the 2008 General Obligation School Refunding bond issue. The Series 2009A bonds bear interest at rates ranging from 2.0 to 5.0 percent and are payable in annual installments on February 1 of each year. The bonds mature on February 1, 2019. A receivable from the Marietta School Board is reflected in the Statement of Net Assets related to this issue as payments will be received from the School Board to offset principal and interest payments on the Series 2009A bonds.

The City issued \$7,115,000 of Series 2009B General Obligation Refunding serial bonds to provide resources to refund the 2007 General Obligation Refunding bond issue. The Series 2009B bonds bear interest at rates ranging from 2.0 to 4.0 percent and are payable in annual installments on February 1 of each year. The bonds mature on July 1, 2016.

The City issued \$5,240,000 of Series 2009C General Obligation School Refunding serial bonds to provide resources to refund the 2002 General Obligation School Refunding bond issue. The Series 2009C bonds bear interest at a rate of 3.0 percent and are payable in annual installments on June 1 of each year. The bond matured on June 1, 2012.

The City issued \$25,000,000 of Series 2009D General Obligation Parks and Recreational Facilities serial bonds to provide resources to acquire, construct, and install parks and recreational facilities. The bonds bear interest at rates ranging from 2.5 to 5.0 percent and are payable in annual installments on July 1 through July 1, 2025. The Series 2009D bonds also include a term bond which bears interest at 5.0 percent and is due January 1, 2030.

General obligation bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2013	\$ 5,005,000	\$ 2,096,300	\$ 7,101,300
2014	5,145,000	1,977,350	7,122,350
2015	5,370,000	1,752,850	7,122,850
2016	5,150,000	1,523,225	6,673,225
2017	4,400,000	1,293,425	5,693,425
2018-2022	10,110,000	4,124,375	14,234,375
2023-2027	7,085,000	2,347,500	9,432,500
2028-2030	5,025,000	510,000	5,535,000
Total	<u>\$ 47,290,000</u>	<u>\$ 15,625,025</u>	<u>\$ 62,915,025</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Tax Allocation District Bonds. During fiscal year 2006, the City issued \$8,400,000 in limited obligation bonds to undertake certain redevelopment projects within a tax allocation district established by the City. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but is secured solely by and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments—the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to redevelopment—from the City, Cobb County, and the Marietta City Schools Board of Education. The property tax increments are pledged until the payment in full of the bonds. The bonds are due in annual installments on December 15 of each year through December 15, 2020. The bonds bear interest at a rate of 4.19 percent.

Tax allocation district bond debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2013	\$ 588,267	\$ 262,888	\$ 851,155
2014	612,915	238,240	851,155
2015	638,596	212,559	851,155
2016	665,353	185,802	851,155
2017	693,232	157,923	851,155
2018-2021	3,075,817	328,801	3,404,618
Total	\$ 6,274,180	\$ 1,386,213	\$ 7,660,393

Notes Payable. During fiscal year 2010, the Downtown Marietta Development Authority issued \$31,660,000 of Series 2009 revenue bonds (City of Marietta Project) for the purpose of financing the cost of certain replacements, additions, extensions, and improvements to the electric and water and sewerage system which are operated by the City of Marietta. The City simultaneously entered into an agreement with the Downtown Marietta Development Authority for the installment purchase of the projects, equal to the required annual debt service of the bonds. The notes bear interest at rates ranging from 3.000 to 5.125% and are due in annual installments on July 1 of each year until the bonds mature on July 1, 2027. The notes debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2013	\$ 1,470,000	\$ 1,299,456	\$ 2,769,456
2014	1,530,000	1,230,850	2,760,850
2015	1,610,000	1,159,444	2,769,444
2016	1,675,000	1,084,322	2,759,322
2017	1,760,000	1,006,200	2,766,200
2018-2022	9,875,000	3,923,075	13,798,075
2023-2027	11,445,000	1,314,875	12,759,875
Total	\$ 29,365,000	\$ 11,018,222	\$ 40,383,222

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

Notes Payable (Continued). The City entered into a note agreement with a third party for \$800,000 during fiscal year 2005 for the purchase of property. The note is payable in equal monthly installments of \$6,661 beginning August 2004 through June 2018. The note bears interest at a rate of 5 percent. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2013	\$ 60,658	\$ 19,278	\$ 79,936
2014	63,765	16,171	79,936
2015	67,025	12,911	79,936
2016	70,455	9,481	79,936
2017	74,055	5,881	79,936
2018	77,144	2,089	79,233
Total	\$ 413,102	\$ 65,811	\$ 478,913

A contract dated July 1, 1990 was supplemented and amended as of September 1, 1995 between the City and the Downtown Marietta Development Authority. This agreement obligates the City to make lease payments directly to the bond sinking fund custodian by December 15 and June 15 of each year for the purpose of paying the principal and interest on the unrefunded outstanding balance of the 1990 Golf Course Redevelopment and Acquisition Bonds and the 1995 Public Golf Course Refunding Revenue Bonds issued by the Authority, and subsequently, as refunded by the Series 2008 Golf Course Refunding Revenue Bonds. This contract enables the City to lease from the Authority the former Marietta Country Club facilities purchased by the Authority with the bond proceeds. The contract will not expire until full payment of the bonds on July 1, 2015, at which time ownership of the facilities will transfer to the City. The City will be responsible for all operations and maintenance cost of the facilities and will be entitled to all revenues generated by the facilities. Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2013	\$ 690,000	\$ 69,104	\$ 759,104
2014	710,000	50,022	760,022
2015	725,000	30,463	755,463
2016	755,000	10,291	765,291
Total	\$ 2,880,000	\$ 159,880	\$ 3,039,880

Capital Leases. In July, 2011, a lease agreement was entered into with Yamaha Motor Corporation for golf carts. The lease agreement is for 36 months and requires a balloon payment at the end of the lease. The lease qualifies as a capital lease and has been recorded in the Golf Course enterprise fund. The amount capitalized for the carts is \$262,000 and accumulated depreciation associated with the golf carts is \$80,056 as of June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (Continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2012:

	City Club Golf Course Carts
Fiscal Year Ending June 30,	
2013	\$ 58,500
2014	58,500
2015	117,664
Total minimum lease payments	234,664
Less amount representing interest	(16,096)
Present value of future minimum lease payments	\$ 218,568

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 299,856
General Fund	Internal service funds	5,856,677
		6,156,533
Marietta Conference Center and Resort Fund	Nonmajor governmental funds	58,398
		\$ 6,214,931

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Board of Lights and Waterworks	\$ 14,084,232
General Fund	Nonmajor governmental funds	10,505,822
General Fund	Marietta Conference Center and Resort Fund	546,300
General Fund	Internal service funds	79,043
General Fund	SPLOST Fund	282,457
General Fund	Nonmajor business-type fund	20,377
		25,518,231
Board of Lights and Waterworks Fund	General Fund	1,013,611
Board of Lights and Waterworks Fund	Internal service funds	200,130
Board of Lights and Waterworks Fund	Nonmajor business-type funds	4,644
		1,218,385
Nonmajor business-type fund	General Fund	399,042
Marietta Conference Center and Resort Fund	Nonmajor governmental funds	551,669
Internal service funds	Board of Lights and Waterworks	970,278
Internal service funds	General Fund	1,517,927
Internal service funds	Internal service funds	13,954
		2,502,159
		\$ 30,189,486

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them; (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (3) move unrestricted revenues in the Board of Lights and Waterworks to the General Fund to generate revenue to forestall the need for property tax increases; (4) reimburse the Board of Lights and Waterworks for bond project costs; and (5) to close out the Citywide Projects fund and to move the relates assets to the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Marietta Conference Center and Resort Fund	\$ 26,832,635
General Fund	Internal service funds	751,777
General Fund	Nonmajor business-type fund	650,727
		28,235,139
Board of Lights and Waterworks Fund	Nonmajor business-type fund	575,011
Marietta Conference Center and Resort Fund	General Fund	127,968
		\$ 28,938,118

The amounts payable to the General Fund from the Marietta Conference Center and Resort Fund relate to an agreement for the repayment of general obligation bonds issued by the General Fund on behalf of the Marietta Conference Center and Resort Fund. The balance is payable through lease proceeds from the lease of the conference center. The advances to the Motor Transport Fund and the nonmajor business-type fund represent unanticipated operational costs. The City will establish future usage charges sufficient to repay this balance over future periods.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Marietta Public Employee Retirement System (PERS) administers a defined benefit pension plan (the Plan).

The City maintains a single-employer defined benefit pension plan covering full-time, part-time, seasonal and temporary employees on the first day of the month coinciding with or following their employment date. Management of the assets of the Pension Trust Fund is handled by the City's Pension Board. Benefit provisions and contribution requirements are established and amended by the authority of the City's governing body.

The plan was amended initially on March 1, 1987. Each employee that was employed with the City of Marietta, Georgia on March 1, 1987 had the right to either retain coverage under the original plan provisions or to participate under the amended provisions of the plan. Each employee hired after March 1, 1987 participates under the amended plan provisions. On November 11, 1998, employees participating under the original plan provisions were given the opportunity to elect to participate under the amended plan provisions. The plan has separately issued financial statements which can be obtained at the City's finance department, 205 Lawrence Street, Marietta, Georgia 30060.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Effective Prior to March 1, 1987

Normal Form of Pension

(The benefit formula provides for a life annuity benefit with a guaranteed death benefit equal to the present value of the remaining benefits. However, each participant married at retirement who does not elect otherwise will receive a joint annuity in a reduced amount for a 50% continuation to a surviving spouse)

Effective March 1, 1987

Single life annuity benefit

As of July 1, 2011, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	402
Terminated vested participants not yet receiving benefits	307
Active participants	722
	1,431
	1,431

The City of Marietta Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and employees are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment income is recognized as earned by the pension plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of plan net assets.

There are no investments in, loans to, or leases with parties related to the pension plan. Administrative costs are financed through investment earnings.

Funding Policy

The City is required to contribute an actuarially determined amount annually to the Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by the trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants under the original plan provisions are not required to contribute to the plan; however, employees who elected the amended plan or employees hired after March 1, 1987 must contribute 4.0% of gross wages, effective January 1, 2009.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Annual Pension Cost

The City's annual pension cost and net pension obligation for the current year were derived as follows:

	<u>June 30, 2012</u>
Annual required contribution	\$ 5,472,053
Interest on net pension obligation	115,612
Adjustment to annual required contribution	<u>(84,423)</u>
Annual pension cost	5,503,242
Contributions made by the City	<u>(5,447,350)</u>
Increase (decrease) in net pension obligation	55,892
Net pension obligation - beginning of year	<u>1,541,495</u>
Net pension obligation - end of year	<u><u>\$ 1,597,387</u></u>

Basis of Valuation

Current Valuation Date	July 1, 2011
Annual Return on Invested Plan Assets	7.5%
Projected Annual Salary Increases	5.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Entry age normal
Amortization Method	Level dollar (closed)
Remaining Amortization Period	30 years

As of the most recent valuation date, July 1, 2011, the funded status of the Plan was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2011	\$ 81,425,774	\$ 147,636,222	55.15 %	\$ 66,210,448	\$ 33,653,835	196.74 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2011.

The required contribution was determined as part of the July 1, 2011 actuarial valuation. The chart below shows the annual pension cost for the current and prior two years, along with the percentage actually contributed by the City.

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 5,503,242	\$ 5,447,350	99.0 %	\$ 1,597,387
2011	5,392,847	5,269,416	97.7	1,541,495
2010	4,788,580	5,243,109	109.5	1,418,064

NOTE 10. DEFINED CONTRIBUTION PENSION PLAN

The City of Marietta, Georgia Supplemental Pension plan was adopted in lieu of Social Security. A professional pension management company was selected as the providers of a money-purchase (defined contribution) pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Monthly contributions to the plan are equivalent to 6.13% of regular full-time employees' pay and are 100% contributed by the City. Total contributions to the plan for the fiscal years ended June 30, 2012 and 2011 were \$2,076,852 and \$2,060,883 respectively.

All regular full-time employees may be eligible for participation upon completing one continuous year of service. Amounts paid in to the plan become 100% vested on each employee's behalf. Funds accumulated in this plan shall be paid to employees only upon retirement, death, disability or termination of employment. Benefit provisions and contribution requirements are established and amended by the authority of the City's governing body.

On July 1, 2000, fiduciary responsibility and custody of Trust assets for the defined contribution pension plan (Supplemental Pension Plan) was transferred to a professional pension management company. An annual certified financial report for this plan will be prepared by the professional pension management company. The Pension Board serves as Plan Administrators of this plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Marietta Other Post-Employment Benefits Trust (the "OPEB Trust") is a single-employer defined benefit healthcare plan administered by the City of Marietta. The City provides medical, dental, and life insurance benefits to retirees and spouses. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. As of July 1, 2011, there were 333 retirees and spouses receiving benefits, and 684 current and active employees. The City has the authority to establish and amend benefit provisions.

The plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan. The plan does have separately issued financial statements.

Investment income is recognized as earned by the plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The net appreciation (depreciation) in the fair value of investments held by the plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of plan net assets.

There are no investments in, loans to, or leases with parties related to the plan. Administrative costs are financed through investment earnings.

Funding Policy

The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. For fiscal year 2012, the City contributed \$3,062,489 to the plan. If hired before August 14, 1991, 100% of the cost of employee health insurance premiums will be paid by the City. Amounts paid by the City for employees hired subsequent to August 14, 1991 are based on years of service and the date of hire and are as follows:

<u>Years of Service</u>	<u>Date of Hire</u>		
	<u>08/14/91 thru 11/14/96</u>	<u>11/15/96 thru 10/31/06</u>	<u>After 11/01/06</u>
20	100% HMO & PPO	100% HMO only	85% HMO only
15-19	80% HMO & PPO	80% HMO only	0%
10-14	50% HMO & PPO	50% HMO only	0%
Less than 10	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost

The City's annual other post-employment benefit (OPEB) cost and net OPEB obligation for the OPEB plan for the year beginning July 1, 2011, are as follows:

Annual required contribution	\$ 5,085,836
Interest on net OPEB obligation	1,149,696
Adjustment to annual required contribution	<u>(1,527,599)</u>
Annual OPEB cost	4,707,933
Contributions made by the City	<u>(3,062,489)</u>
Increase in net OPEB obligation	1,645,444
Net OPEB - beginning of year	<u>28,742,400</u>
Net OPEB - end of year	<u><u>\$ 30,387,844</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2011, actuarial valuation. The actuarial assumptions included:

Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value
Assumed Rate of Return on Investments	4.0%
Annual Inflation	3.5%
Healthcare Cost Trend Rate	5.0%
Ultimate Healthcare Cost Trend Rate	5.0%
Amortization Method	Level dollar, closed
Remaining Amortization Period	28 years

The following is a schedule of funding progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2011	\$ 436,501	\$ 75,113,688	0.58 %	\$ 74,677,187	\$ 33,653,835	221.9 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2011.

Annual OPEB Cost

The required contribution was determined as part of the July 1, 2011 actuarial valuation. The chart below shows the annual OPEB cost for the current and prior two years, along with the percentage actually contributed by the City.

<u>Fiscal Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Actual Annual Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 4,707,933	\$ 3,062,489	65.0 %	\$ 30,387,844
2011	12,764,579	2,261,335	17.7	28,742,400
2010	12,374,000	2,408,844	19.5	18,239,156

It should be noted the City changed actuaries for the July 1, 2011 valuation, whereby the major change in the valuation was to assume a consistent 5.0% trend in the health care costs. This reduction in the actuarially reported liabilities is reflected in the current year information.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Cobb County. 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 in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities 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 ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RISK MANAGEMENT

The City has established a limited risk management program for group health and medical, property and casualty, and workers' compensation coverage for exposure to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Excess coverage policies are maintained by the City to limit the potential liability of the City for extremely large claims. Premiums are paid by other funds into the Self-Insurance Internal Service Fund and are available to pay claims, excess coverage premiums to third party insurers, and administrative expenses. There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are estimated based on reports available subsequent to year end from carriers that provide information regarding estimates of claims incurred but not reported at year end. Non-incremental claims adjustment expenses have not been included as part of the liability for claims and judgments.

Excess workers compensation coverage is insured under a retrospectively rated policy whereby the initial premium is adjusted based on actual calendar year payroll totals.

Changes in the claims liability for the year ended June 30, 2012 and 2011 are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2012	\$ 2,609,984	\$ 11,153,020	\$ 11,428,151	\$ 2,334,853
2011	\$ 2,126,843	\$ 8,712,727	\$ 8,229,586	\$ 2,609,984

NOTE 14. INVESTMENT IN CAPITAL ASSET, NET OF RELATED DEBT

The debt related to the City's intergovernmental agreement with the Downtown Marietta Development Authority for the 2009 Series was to fund the cost of certain replacements, additions, extensions, and improvements to the electric and water and sewerage system which are operated by the City of Marietta. These assets are reported in the statement of net assets for the Board of Lights and Waterworks Fund, but the agreement is reported at the governmental activities of the City. As a result, the debt is not reported as a component of invested in capital assets, net of related debt for governmental activities. However in the total column on the statement of net assets the debt will be reported as a component of invested in capital assets, net of related debt for the total operation of the City of Marietta, where the assets are similarly reported.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit unless any such profits inure to the benefit of the public.

As of June 30, 2012, the City is an electric utility participant in MEAG and obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts amounted to \$73,317,367 for the fiscal year ended June 30, 2012.

At June 30, 2012, the outstanding debt of MEAG was approximately \$5.9 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately \$717 million at June 30, 2012.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances

As of June 30, 2012 the City has the following outstanding encumbrances:

Purpose	General Fund	Nonmajor Governmental Funds
General governmental services	\$ 45,266	\$ -
Judicial services	41,788	-
Police protection services	231,273	-
Fire protection services	39,103	-
Public works	1,223,811	50,508
Culture and recreation	446,407	-
Housing and development	131,285	20,590
	\$ 2,158,933	\$ 71,098

Included in the encumbrances above are outstanding construction commitments of \$1,198,146.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$1,823,699 for the year ended June 30, 2012. Of this amount 100%, or \$1,823,699, was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 17. MOTOR VEHICLE EXCISE TAX

The City has levied an excise tax on the rental of motor vehicles. The Official Code of Georgia Annotated 48-13-93 requires that all motor vehicle excise taxes be expended or obligated contractually, in accordance with the City's ordinance, for the acquisition, construction, renovating, improving, maintenance and equipping of pedestrian walkways, installation of traffic lights, and street lights associated with public safety facilities or public improvements for sports and recreational facilities. During the period ended June 30, 2012, the City received \$359,340 in motor vehicle excise taxes. Of this amount, \$359,340, or 100%, was used for these purposes.

NOTES TO FINANCIAL STATEMENTS

NOTE 18. PRIOR PERIOD RESTATEMENT

The City has determined that a restatement of beginning fund balance of the General fund is necessary to correct: (1) reporting of franchise tax receivables which were no recorded as revenues and related receivables at June 30, 2011 although the revenues were earned and available within the City's revenue recognition policy; (2) reporting of hotel/motel tax and auto excise tax receivables which were earned and available within the City's revenue recognition policy; (3) reporting of miscellaneous receivables for which errors included improper accrual and inaccurate application of the City's revenue recognition policy; and (4) reporting of cash receipts which were incorrectly reported as revenues rather than a reduction of the related receivable. These adjustments resulted in a change to the beginning fund balance of the General Fund as follows:

Fund balance, as previously reported	\$ 40,696,478
Franchise tax revenues previously not accrued	549,776
Hotel/Motel tax revenues previously not accrued	72,058
Auto Excise tax revenues previously not accrued	34,003
Improper application of the City's revenue recognition policy	19,721
Previous cash receipts reported as revenue rather than relieving the accrual	<u>(86,695)</u>
Fund balance, as restated	<u><u>\$ 41,285,341</u></u>

The City has determined that a restatement of beginning fund balance of the Tax Allocation District fund (a nonmajor governmental fund) is necessary to correct tax revenues which were improperly accrued in prior years. This adjustment resulted in a change to the beginning fund balance of the Tax Allocation District Fund as follows:

Fund balance, as previously reported	\$ 2,757,381
Revenues improperly accrued in prior years	<u>(26,316)</u>
Fund balance, as restated	<u><u>\$ 2,731,065</u></u>

The City has determined that a restatement of beginning net assets of the Self-Insurance fund (an internal service fund) is necessary to correct the financial reporting of the City's activity in the paymaster fund, which participates in the City's pooled cash. As of June 30, 2011 the fund had a deficit cash position and deficit equity position; however the activity was not reported in the City's June 30, 2011 financials. This adjustment resulted in a change to the beginning net assets of the Self-Insurance Fund as follows:

Net assets, as previously reported	\$ 1,764,487
Omission of the reporting of all City funds	<u>(358,000)</u>
Net assets, as restated	<u><u>\$ 1,406,487</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 18. PRIOR PERIOD RESTATEMENT (Continued)

The City has determined that a restatement of beginning net assets of the Board of Lights and Waterworks fund is necessary to correct: (1) reporting of prior year amortization of the asset related to use of telecommunication networks; and (2) reporting of the pension obligation as provided by the City's actuary. These adjustments resulted in a change to the beginning net assets of the Board of Lights and Waterworks Fund as follows:

Net assets, as previously reported	\$ 162,198,416
Amortization of intangible asset with MEAG Telecommunications	(1,131,866)
Adjustment to opening liability for net pension obligation	(126,885)
Net assets, as restated	<u>\$ 160,939,665</u>

The City has determined that a restatement of beginning net assets of the Marietta Conference Center and Resort Fund is necessary to correct reporting of hotel motel tax revenue accruals which were omitted. This adjustment resulted in a change to the beginning net assets of the Marietta Conference Center and Resort Fund as follows:

Net assets, as previously reported	\$ (10,572,939)
Hotel/Motel tax revenues previously not accrued	58,126
Net assets, as restated	<u>\$ (10,514,813)</u>

The City has determined that a restatement of beginning net assets of the governmental activities in the Statement of Activities is necessary to correct: (1) adjustments made for the opening fund balance of the General Fund and Tax Allocation District Fund as noted in the first and second tables of this note; (2) reporting of the allocation of internal service funds which changed due to the restatement noted above for the Self-Insurance Fund; (3) reporting of the amortization of bond issuance costs and bond premiums to reflect amortization using the effective interest method rather than straight-line method; and (4) reporting of the pension obligation as provided by the City's actuary. These adjustments resulted in a change to the beginning net assets of the Governmental Activities as follows:

Net assets, as previously reported	\$ 65,994,066
Adjustment for General Fund restatements	588,863
Adjustment for Tax Allocation District Fund restatements	(26,316)
Adjustment for allocation of internal service funds from fund level restatement	(344,864)
Restatement of bond issuance costs to report using effective interest	(33,010)
Restatement of bond premiums to report using effective interest	192,558
Adjustment to net pension obligation	(326,275)
Net assets, as restated	<u>\$ 66,045,022</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 18. PRIOR PERIOD RESTATEMENT (Continued)

The City has determined that a restatement of beginning net assets of the business-type activities in the Statement of Activities is necessary to correct: (1) reporting of prior year amortization of the asset related to use of telecommunication networks; and (2) reporting of the pension obligation as provided by the City's actuary; (3) reporting of the allocation of internal service funds which changed due to the restatement noted above for the Self-Insurance Fund; and (4) to correct reporting of hotel motel tax revenue accruals which were omitted. These adjustments resulted in a change to the beginning net assets of the Governmental Activities as follows:

Net assets, as previously reported	\$ 154,936,848
Amortization of intangible asset with MEAG Telecommunications	(1,131,866)
Adjustment to opening liability for net pension obligation	(126,885)
Adjustment for allocation of internal service funds from fund level restatement	(13,136)
Hotel/Motel tax revenues previously not accrued	58,126
Net assets, as restated	<u>\$ 153,723,087</u>

NOTE 19. CHANGE IN REPORTING ENTITY

The City has determined that an agency fund should be reported to reflect the collection and remittance of property taxes on behalf of the City of Marietta Board of Education. The City has performed in this agency capacity in prior years and maintains the transactions in the general ledger, but has opted not to report the activity in the financial statements until the current year. Assets and related liabilities in the amount of \$2,969,991 were omitted from the June 30, 2011 financial statements, and represent the beginning balances for the year ended June 30, 2012.

CITY OF MARIETTA, GEORGIA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,610,700	\$ 16,759,433	\$ 16,486,401	\$ (273,032)
Licenses and permits	5,198,440	5,348,440	5,691,038	342,598
Fines and forfeitures	3,765,000	3,949,041	4,326,335	377,294
Charges for services	4,044,650	4,043,650	4,027,807	(15,843)
Intergovernmental	1,848,932	10,357,374	3,858,418	(6,498,956)
Contributions	25,600	28,600	27,998	(602)
Interest	250,000	250,000	102,075	(147,925)
Miscellaneous	521,302	677,321	732,673	55,352
Total revenues	<u>32,264,624</u>	<u>41,413,859</u>	<u>35,252,745</u>	<u>(6,161,114)</u>
EXPENDITURES				
Current:				
General government:				
General administration	2,589,018	3,111,607	2,096,883	1,014,724
Finance	1,807,772	1,755,447	1,705,177	50,270
Human resources and risk management	755,323	808,630	784,644	23,986
Total general government	<u>5,152,113</u>	<u>5,675,684</u>	<u>4,586,704</u>	<u>1,088,980</u>
Judicial	<u>1,667,838</u>	<u>1,717,040</u>	<u>1,603,551</u>	<u>113,489</u>
Public safety:				
Police	14,238,123	14,813,301	14,457,419	355,882
Fire	11,107,388	11,549,473	11,388,393	161,080
Total public safety	<u>25,345,511</u>	<u>26,362,774</u>	<u>25,845,812</u>	<u>516,962</u>
Public works	<u>7,351,715</u>	<u>13,620,797</u>	<u>8,573,097</u>	<u>5,047,700</u>
Health and welfare	<u>194,045</u>	<u>194,899</u>	<u>194,847</u>	<u>52</u>
Culture and recreation	<u>2,934,893</u>	<u>5,859,878</u>	<u>5,524,564</u>	<u>335,314</u>
Housing and development	<u>1,700,058</u>	<u>2,728,420</u>	<u>2,390,871</u>	<u>337,549</u>
Debt service:				
Principal	1,430,000	1,430,000	1,487,706	(57,706)
Interest	1,350,306	1,350,306	1,371,794	(21,488)
Total debt service	<u>2,780,306</u>	<u>2,780,306</u>	<u>2,859,500</u>	<u>(79,194)</u>
Total expenditures	<u>47,126,479</u>	<u>58,939,798</u>	<u>51,578,946</u>	<u>7,360,852</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,861,855)</u>	<u>(17,525,939)</u>	<u>(16,326,201)</u>	<u>1,199,738</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	55,000	55,000	140,370	85,370
Issuance of long-term debt	-	178,094	-	(178,094)
Transfers in	19,295,438	19,363,796	25,518,231	6,154,435
Transfers out	(4,488,583)	(2,978,690)	(2,930,580)	48,110
Total other financing sources (uses)	<u>14,861,855</u>	<u>16,618,200</u>	<u>22,728,021</u>	<u>6,109,821</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (907,739)</u>	6,401,820	<u>\$ 7,309,559</u>
Reconciliation to GAAP basis:				
Encumbrances outstanding at year end			2,158,933	
Fund balance, beginning of year, restated			<u>41,285,341</u>	
FUND BALANCES, end of year			<u>\$ 49,846,094</u>	

CITY OF MARIETTA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF FUNDING PROGRESS

Defined Benefit Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2011	\$ 81,425,774	\$ 147,636,222	66,210,448	55.15%	\$ 33,653,835	196.74%
7/1/2010	73,973,652	139,660,803	65,687,151	52.97%	33,280,906	197.37%
7/1/2009	73,351,836	138,251,505	64,899,669	53.06%	33,079,296	196.19%

Note: See assumptions used for the above schedule in Note 9 to the financial statements.

Other Post-Employment Benefit Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2011	\$ 436,501	\$ 75,113,688	\$ 74,677,187	0.58%	\$ 33,653,835	221.90%
7/1/2009	52,000	155,919,000	155,867,000	0.03%	31,580,119	493.56%
7/1/2007	-	90,530,000	90,530,000	0.00%	30,170,890	300.06%

Note: See assumptions used for the above schedule in Note 11 to the financial statements.

Note2: The City implemented GASB 45 in the fiscal year ending June 30, 2008, information prior to that year is unavailable.

CITY OF MARIETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Other Post-Employment Benefit Plan			
Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Actual OPEB Contribution	Percentage of ARC Contributed
2012	\$ 5,085,836	\$ 3,062,489	60.2 %
2011	12,713,000	2,261,335	17.8
2010	12,350,000	2,408,844	19.5
2009	6,571,000	2,451,000	37.3
2008	6,399,000	2,272,000	35.5

Note: See assumptions used for the above schedule in Note 11 to the financial statements.

Note2: The City implemented GASB 43 in the year ending June 30, 2008; information prior to that year is unavailable.

CITY OF MARIETTA, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

HUD Housing Assistance Payments Program Fund – This fund is used to account for the receipts and disbursements of all monies received from, and restricted by, the U.S. Department of Housing and Urban Development under the Housing Assistance Payments Program.

HUD Community Development Block Grant Fund – This fund is used to account for the receipts and disbursements of all monies received from, and restricted by, the U.S. Department of Housing and Urban Development under the Community Development Block Grant Program.

Tax Allocation District Fund – This fund is used to account for the receipts and disbursements of incremental real and personal property tax collections in the tax allocation district. These incremental tax revenues are restricted by enabling legislation which originally established the tax allocation district in the City.

Cemetery Maintenance Fund – This fund is used to account for the repair and maintenance of City-owned cemeteries. The property tax revenues which fund these expenditures are restricted by the enabling legislation which established the property tax levy.

Local Law Enforcement Block Grant Fund – This fund is used to account for the receipts and disbursements of all monies received from, and restricted by, the U.S. Department of Justice under the Local Law Enforcement Block Grant Program.

Hotel Motel Tax Fund – This fund is used to account for receipts and disbursements of all monies received from the 8% lodging tax levied on accommodations in the City. These funds are restricted by state law.

Auto Rental Excise Tax Fund – This fund is used to account for receipts and disbursements of all monies received from the 3% auto rental excise tax levied in the City. These funds are restricted by state law.

Debt Service Fund

Debt Service Fund – This fund is used to account for the accumulation of resources for repayment of the General Obligation Bonds.

Capital Projects Funds

Citywide Projects Fund – This fund is used to account for the expenditures of revenue bond proceeds that are restricted for the construction of major projects and purchase of equipment and vehicles within the City.

Local Option Sales Tax Fund – This fund is used to account for the proceeds received from Cobb County local option sales tax collections to be used for transportation and sidewalk improvements within the City.

CITY OF MARIETTA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue Funds							Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	HUD Housing Assistance Payments Program Fund	HUD Community Development Block Grant Fund	Tax Allocation District Fund	Cemetery Maintenance Fund	Local Law Enforcement Block Grant Fund	Hotel Motel Tax Fund	Auto Rental Excise Tax Fund	Debt Service Fund	Citywide Projects Fund	Local Option Sales Tax Fund	
ASSETS											
Cash and cash equivalents	\$ 1,021,459	\$ -	\$ 2,590,373	\$ -	\$ 5,208	\$ -	\$ -	\$ 1,336,791	\$ -	\$ 538,496	\$ 5,492,327
Investments	-	-	-	242,282	-	-	-	4,448,628	-	-	4,690,910
Taxes receivable	-	-	6,332	5,946	-	193,050	33,930	164,208	-	-	403,466
Other receivables	-	-	-	372	-	-	-	5,369	-	8	5,749
Due from other governments	153,267	41,017	41,038	924	-	-	-	27,665	-	-	263,911
Prepaid expenditures	-	-	-	-	-	-	-	598,338	-	-	598,338
Total assets	<u>\$ 1,174,726</u>	<u>\$ 41,017</u>	<u>\$ 2,637,743</u>	<u>\$ 249,524</u>	<u>\$ 5,208</u>	<u>\$ 193,050</u>	<u>\$ 33,930</u>	<u>\$ 6,580,999</u>	<u>\$ -</u>	<u>\$ 538,504</u>	<u>\$ 11,454,701</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 25,432	\$ -	\$ -	\$ 4,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,870	\$ 185,243
Accrued liabilities	14,084	3,441	-	1,476	-	-	-	-	-	-	19,001
Due to other funds	48,199	39,137	-	43,938	-	193,050	33,930	-	-	-	358,254
Deferred revenues	168	-	42,380	4,772	-	-	-	130,172	-	-	177,492
Total liabilities	<u>87,883</u>	<u>42,578</u>	<u>42,380</u>	<u>55,127</u>	<u>-</u>	<u>193,050</u>	<u>33,930</u>	<u>130,172</u>	<u>-</u>	<u>154,870</u>	<u>739,990</u>
FUND BALANCES											
Nonspendable:											
Prepaid expenditures	-	-	-	-	-	-	-	598,338	-	-	598,338
Restricted:											
Debt service	-	-	2,595,363	-	-	-	-	5,852,489	-	-	8,447,852
Public safety	-	-	-	-	5,208	-	-	-	-	-	5,208
Public works	-	-	-	194,397	-	-	-	-	-	-	194,397
Housing and development	1,086,843	-	-	-	-	-	-	-	-	-	1,086,843
Assigned:											
Capital projects	-	-	-	-	-	-	-	-	-	383,634	383,634
Unassigned	-	(1,561)	-	-	-	-	-	-	-	-	(1,561)
Total fund balances	<u>1,086,843</u>	<u>(1,561)</u>	<u>2,595,363</u>	<u>194,397</u>	<u>5,208</u>	<u>-</u>	<u>-</u>	<u>6,450,827</u>	<u>-</u>	<u>383,634</u>	<u>10,714,711</u>
Total liabilities and fund balances	<u>\$ 1,174,726</u>	<u>\$ 41,017</u>	<u>\$ 2,637,743</u>	<u>\$ 249,524</u>	<u>\$ 5,208</u>	<u>\$ 193,050</u>	<u>\$ 33,930</u>	<u>\$ 6,580,999</u>	<u>\$ -</u>	<u>\$ 538,504</u>	<u>\$ 11,454,701</u>

CITY OF MARIETTA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds						Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds	
	HUD Housing Assistance Payments Program Fund	HUD Community Development Block Grant Fund	Tax Allocation District Fund	Cemetery Maintenance Fund	Local Law Enforcement Block Grant Fund	Hotel Motel Tax Fund	Auto Rental Excise Tax Fund	Debt Service Fund	Citywide Projects Fund		Local Option Sales Tax Fund
REVENUES											
Taxes	\$ -	\$ -	\$ 89,127	\$ 201,534	\$ -	\$ 1,823,699	\$ 359,340	\$ 5,822,941	\$ -	\$ -	\$ 8,296,641
Intergovernmental	5,306,111	395,224	649,325	-	37	-	-	3,694,425	-	-	10,045,122
Interest	-	-	1,875	1,214	-	-	-	16,456	-	162	19,707
Total revenues	<u>5,306,111</u>	<u>395,224</u>	<u>740,327</u>	<u>202,748</u>	<u>37</u>	<u>1,823,699</u>	<u>359,340</u>	<u>9,533,822</u>	<u>-</u>	<u>162</u>	<u>18,361,470</u>
EXPENDITURES											
Current											
Public works	-	-	-	486,138	-	-	-	-	-	-	486,138
Housing and development	5,555,078	400,708	-	-	-	-	-	-	-	-	5,955,786
Capital outlay	210,552	-	24,874	-	36	-	-	-	-	316,584	552,046
Debt service											
Principal retirements	-	-	564,610	-	-	-	-	6,260,000	-	-	6,824,610
Interest and fiscal charges	-	-	286,545	-	-	-	-	2,290,000	-	-	2,576,545
Total expenditures	<u>5,765,630</u>	<u>400,708</u>	<u>876,029</u>	<u>486,138</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>8,550,000</u>	<u>-</u>	<u>316,584</u>	<u>16,395,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(459,519)</u>	<u>(5,484)</u>	<u>(135,702)</u>	<u>(283,390)</u>	<u>1</u>	<u>1,823,699</u>	<u>359,340</u>	<u>983,822</u>	<u>-</u>	<u>(316,422)</u>	<u>1,966,345</u>
OTHER FINANCING SOURCES (USES)											
Proceeds from sale of assets	67	-	-	-	-	-	-	-	-	-	67
Transfers out	(169,219)	(501)	-	-	-	(1,823,699)	(359,340)	(25,236)	(8,679,496)	-	(11,057,491)
Total other financing sources (uses)	<u>(169,152)</u>	<u>(501)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,823,699)</u>	<u>(359,340)</u>	<u>(25,236)</u>	<u>(8,679,496)</u>	<u>-</u>	<u>(11,057,424)</u>
Net change in fund balances	(628,671)	(5,985)	(135,702)	(283,390)	1	-	-	958,586	(8,679,496)	(316,422)	(9,091,079)
FUND BALANCES, beginning of year, restated	<u>1,715,514</u>	<u>4,424</u>	<u>2,731,065</u>	<u>477,787</u>	<u>5,207</u>	<u>-</u>	<u>-</u>	<u>5,492,241</u>	<u>8,679,496</u>	<u>700,056</u>	<u>19,805,790</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 1,086,843</u>	<u>\$ (1,561)</u>	<u>\$ 2,595,363</u>	<u>\$ 194,397</u>	<u>\$ 5,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,450,827</u>	<u>\$ -</u>	<u>\$ 383,634</u>	<u>\$ 10,714,711</u>

CITY OF MARIETTA, GEORGIA
HUD HOUSING ASSISTANCE PAYMENTS PROGRAM FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,437,949	\$ 5,819,211	\$ 5,306,111	\$ (513,100)
Total revenues	<u>5,437,949</u>	<u>5,819,211</u>	<u>5,306,111</u>	<u>(513,100)</u>
EXPENDITURES				
Current:				
Housing and development	5,391,580	5,392,165	5,575,668	(183,503)
Capital outlay	-	257,827	210,552	47,275
Total expenditures	<u>5,391,580</u>	<u>5,649,992</u>	<u>5,786,220</u>	<u>(136,228)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,369</u>	<u>169,219</u>	<u>(480,109)</u>	<u>(649,328)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	67	67
Transfers out	<u>(46,369)</u>	<u>(169,219)</u>	<u>(169,219)</u>	<u>-</u>
Total other financing sources (uses)	<u>(46,369)</u>	<u>(169,219)</u>	<u>(169,152)</u>	<u>67</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	(649,261)	<u>\$ (649,261)</u>
Reconciliation to GAAP basis:				
Encumbrances outstanding at year end			20,590	
Fund balance, beginning of year			<u>1,715,514</u>	
FUND BALANCE, end of year			<u>\$ 1,086,843</u>	

CITY OF MARIETTA, GEORGIA
HUD - COMMUNITY DEVELOPMENT BLOCK GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 202,483	\$ 202,483	\$ 395,224	\$ 192,741
Total revenues	<u>202,483</u>	<u>202,483</u>	<u>395,224</u>	<u>192,741</u>
EXPENDITURES				
Housing and development	201,982	204,374	400,708	(196,334)
Total expenditures	<u>201,982</u>	<u>204,374</u>	<u>400,708</u>	<u>(196,334)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>501</u>	<u>(1,891)</u>	<u>(5,484)</u>	<u>(3,593)</u>
OTHER FINANCING USES				
Transfers out	<u>(501)</u>	<u>(501)</u>	<u>(501)</u>	<u>-</u>
Total other financing uses	<u>(501)</u>	<u>(501)</u>	<u>(501)</u>	<u>-</u>
Net change in fund balances	-	(2,392)	(5,985)	(3,593)
FUND BALANCES, beginning of year	<u>4,424</u>	<u>4,424</u>	<u>4,424</u>	<u>-</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 4,424</u>	<u>\$ 2,032</u>	<u>\$ (1,561)</u>	<u>\$ (3,593)</u>

**CITY OF MARIETTA, GEORGIA
TAX ALLOCATION DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 553,600	\$ 553,600	\$ 89,127	\$ (464,473)
Intergovernmental	249,155	249,155	649,325	400,170
Interest income	2,000	2,000	1,875	(125)
Total revenues	<u>804,755</u>	<u>804,755</u>	<u>740,327</u>	<u>(64,428)</u>
EXPENDITURES				
Current:				
Housing and development	60,600	60,600	-	60,600
Capital outlay	-	300,728	24,874	275,854
Debt service				
Principal retirement	564,610	564,610	564,610	-
Interest and fiscal charges	286,545	286,545	286,545	-
Total expenditures	<u>911,755</u>	<u>1,212,483</u>	<u>876,029</u>	<u>336,454</u>
Net change in fund balances	(107,000)	(407,728)	(135,702)	272,026
FUND BALANCES, beginning of year, restated	<u>2,731,065</u>	<u>2,731,065</u>	<u>2,731,065</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 2,624,065</u>	<u>\$ 2,323,337</u>	<u>\$ 2,595,363</u>	<u>\$ 272,026</u>

**CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 204,000	\$ 204,000	\$ 201,534	\$ (2,466)
Interest income	3,000	3,000	1,214	(1,786)
Total revenues	<u>207,000</u>	<u>207,000</u>	<u>202,748</u>	<u>(4,252)</u>
EXPENDITURES				
Public works	385,264	544,410	536,646	7,764
Total expenditures	<u>385,264</u>	<u>544,410</u>	<u>536,646</u>	<u>7,764</u>
Net change in fund balances	<u>\$ (178,264)</u>	<u>\$ (337,410)</u>	(333,898)	<u>\$ 3,512</u>
Reconciliation to GAAP basis:				
Encumbrances outstanding at year end			50,508	
Fund balance, beginning of year			<u>477,787</u>	
FUND BALANCE, end of year			<u>\$ 194,397</u>	

**CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ 36	\$ (36)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(36)	<u>\$ (36)</u>
RECONCILIATION TO GAAP BASIS				
Unbudgeted intergovernmental revenues			37	
FUND BALANCE, beginning of year			<u>5,207</u>	
FUND BALANCE, end of year			<u>\$ 5,208</u>	

**CITY OF MARIETTA, GEORGIA
HOTEL MOTEL TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,845,000	\$ 1,845,000	\$ 1,823,699	\$ (21,301)
OTHER FINANCING USES				
Transfers out	(1,845,000)	(1,845,000)	(1,823,699)	21,301
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MARIETTA, GEORGIA
AUTO RENTAL EXCISE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 355,000	\$ 355,000	\$ 359,340	\$ 4,340
OTHER FINANCING USES				
Transfers out	(355,000)	(355,000)	(359,340)	(4,340)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	\$ -	\$ -	\$ -	\$ -

**CITY OF MARIETTA, GEORGIA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,920,000	\$ 5,920,000	\$ 5,822,941	\$ (97,059)
Intergovernmental	3,694,425	3,694,425	3,694,425	-
Interest income	40,000	40,000	16,456	(23,544)
Total revenues	<u>9,654,425</u>	<u>9,654,425</u>	<u>9,533,822</u>	<u>(120,603)</u>
Expenditures:				
Current:				
General government	1,077,189	1,077,189	-	1,077,189
Debt service:				
Principal retirement	6,260,000	6,260,000	6,260,000	-
Interest and fiscal charges	2,292,000	2,292,000	2,290,000	2,000
Total expenditures	<u>9,629,189</u>	<u>9,629,189</u>	<u>8,550,000</u>	<u>1,079,189</u>
Excess of revenues over expenditures	<u>25,236</u>	<u>25,236</u>	<u>983,822</u>	<u>958,586</u>
Other financing uses				
Transfers out	<u>(25,236)</u>	<u>(25,236)</u>	<u>(25,236)</u>	<u>-</u>
Total other financing uses	<u>(25,236)</u>	<u>(25,236)</u>	<u>(25,236)</u>	<u>-</u>
Net change in fund balances	-	-	958,586	958,586
Fund balances, beginning of year	<u>5,492,241</u>	<u>5,492,241</u>	<u>5,492,241</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,492,241</u>	<u>\$ 5,492,241</u>	<u>\$ 6,450,827</u>	<u>\$ 958,586</u>

**CITY OF MARIETTA, GEORGIA
LOCAL OPTION SALES TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Capital outlay	\$ 288,826	\$ 288,826	\$ 316,584	\$ (27,758)
Net change in fund balances	<u>\$ (288,826)</u>	<u>\$ (288,826)</u>	(316,584)	<u>\$ (27,758)</u>
RECONCILIATION TO GAAP BASIS				
Unbudgeted investment earnings			162	
FUND BALANCE, beginning of year			<u>700,056</u>	
FUND BALANCE, end of year			<u>\$ 383,634</u>	

**CITY OF MARIETTA, GEORGIA
CITYWIDE CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budget</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING USES				
Transfers out	\$ (8,679,496)	\$ (8,679,496)	\$ (8,679,496)	\$ -
Net change in fund balances	(8,679,496)	(8,679,496)	(8,679,496)	-
FUND BALANCES, beginning of year	<u>8,679,496</u>	<u>8,679,496</u>	<u>8,679,496</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARIETTA, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL
PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2012

	ESTIMATED COST		EXPENDITURES			PERCENTAGE OF COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
1994 SPLOST:						
Road Improvement Program	\$ 24,239,000	\$ 23,311,166	\$ 23,257,720	\$ -	\$ 23,257,720	99.77 %
2005 SPLOST:						
800 MHz Radios	2,519,952	1,409,151	1,204,957	35,195	1,240,152	88.01
Road Improvement Program	62,201,305	62,201,305	46,920,758	13,367,414	60,288,172	96.92
TOTALS	\$ 64,721,257	\$ 63,610,456	\$ 48,125,715	\$ 13,402,609	\$ 61,528,324	
2011 SPLOST:						
Road Improvement Program	\$ 68,444,593	\$ 68,444,593	\$ -	\$ 1,470,176	\$ 1,470,176	2.15

CITY OF MARIETTA, GEORGIA

INTERNAL SERVICE FUNDS

Self-Insurance Fund – This fund is used to account for the City’s self-funding for casualty, liability, workers’ compensation and medical claims.

Motor Transport Fund – This fund is used to account for the costs to provide repair and maintenance services for vehicles owned by various City departments.

CITY OF MARIETTA, GEORGIA

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

JUNE 30, 2012

	<u>Self- Insurance Fund</u>	<u>Motor Transport Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 59,116	\$ -	\$ 59,116
Investments	8,743,465	-	8,743,465
Receivables (net of allowance for uncollectibles)	161,223	5,536	166,759
Inventories	-	110,885	110,885
Total current assets	<u>8,963,804</u>	<u>116,421</u>	<u>9,080,225</u>
Noncurrent assets:			
Capital assets:			
Capital assets, being depreciated	-	1,807,229	1,807,229
Less accumulated depreciation	-	(902,912)	(902,912)
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>904,317</u>	<u>904,317</u>
Total assets	<u>8,963,804</u>	<u>1,020,738</u>	<u>9,984,542</u>
LIABILITIES			
Current liabilities:			
Accounts payable	316,734	79,842	396,576
Compensated absences due within one year	-	12,134	12,134
Due to other funds	5,856,677	-	5,856,677
Claims payable, due within one year	1,867,882	-	1,867,882
Total current liabilities	<u>8,041,293</u>	<u>91,976</u>	<u>8,133,269</u>
Long-term liabilities:			
Advance from other funds	-	751,777	751,777
Compensated absences due in more than one year	-	18,005	18,005
Claims payable	466,971	-	466,971
Total long-term liabilities	<u>466,971</u>	<u>769,782</u>	<u>1,236,753</u>
Total liabilities	<u>8,508,264</u>	<u>861,758</u>	<u>9,370,022</u>
NET ASSETS			
Invested in capital assets	-	904,317	904,317
Unrestricted	455,540	(745,337)	(289,797)
Total net assets	<u>\$ 455,540</u>	<u>\$ 158,980</u>	<u>\$ 614,520</u>

CITY OF MARIETTA, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Self- Insurance Fund	Motor Transport Fund	Total
OPERATING REVENUES			
Charges for services	\$ 8,297,699	\$ 3,396,799	\$ 11,694,498
Insurance recoveries	405,076	-	405,076
Other operating income	-	632	632
Total operating revenues	<u>8,702,775</u>	<u>3,397,431</u>	<u>12,100,206</u>
OPERATING EXPENSES			
Salaries and benefits	-	703,281	703,281
Claims paid	11,153,020	-	11,153,020
General and administrative	576,209	2,720,669	3,296,878
Depreciation expense	-	74,521	74,521
Total operating expenses	<u>11,729,229</u>	<u>3,498,471</u>	<u>15,227,700</u>
Operating loss	(3,026,454)	(101,040)	(3,127,494)
NONOPERATING REVENUES			
Investment earnings	5,626	-	5,626
Total nonoperating revenues	<u>5,626</u>	<u>-</u>	<u>5,626</u>
Loss before transfers	(3,020,828)	(101,040)	(3,121,868)
Transfers in	2,338,205	163,954	2,502,159
Transfers out	(268,324)	(24,803)	(293,127)
	<u>2,069,881</u>	<u>139,151</u>	<u>2,209,032</u>
Change in net assets	(950,947)	38,111	(912,836)
NET ASSETS, beginning of year, restated	<u>1,406,487</u>	<u>120,869</u>	<u>1,527,356</u>
NET ASSETS, end of year	<u><u>\$ 455,540</u></u>	<u><u>\$ 158,980</u></u>	<u><u>\$ 614,520</u></u>

CITY OF MARIETTA, GEORGIA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Self- Insurance Fund</u>	<u>Motor Transport Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 11,893,707	\$ 4,073,637	\$ 15,967,344
Payments to suppliers and service providers	(11,957,257)	(713,450)	(12,670,707)
Payments to employees	-	(3,210,183)	(3,210,183)
Net cash used in operating activities	<u>(63,550)</u>	<u>150,004</u>	<u>86,454</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchased investments	(2,281,715)	-	(2,281,715)
Interest received	5,626	-	5,626
Net cash used in investing activities	<u>(2,276,089)</u>	<u>-</u>	<u>(2,276,089)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(289,155)	(289,155)
Net cash used in capital and related financing activities	<u>-</u>	<u>(289,155)</u>	<u>(289,155)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	2,338,205	163,954	2,502,159
Transfers out	(268,324)	(24,803)	(293,127)
Net cash provided by noncapital financing activities	<u>2,069,881</u>	<u>139,151</u>	<u>2,209,032</u>
Net decrease in cash and cash equivalents	(269,758)	-	(269,758)
Cash and cash equivalents:			
Beginning of year, restated	<u>328,874</u>	<u>-</u>	<u>328,874</u>
End of year	<u>\$ 59,116</u>	<u>\$ -</u>	<u>\$ 59,116</u>

(continued)

CITY OF MARIETTA, GEORGIA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Self- Insurance Fund	Motor Transport Fund	Total
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (3,026,454)	\$ (101,040)	\$ (3,127,494)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	-	74,521	74,521
Decrease (increase) in accounts receivable	(45,193)	2,291	(42,902)
Increase in inventory	-	(36,838)	(36,838)
Increase (decrease) in accounts payable	47,103	(452,676)	(405,573)
Decrease in accrued expenses	-	(11,065)	(11,065)
Increase in due to other funds	3,236,125	-	3,236,125
Increase in advance from other funds	-	673,915	673,915
Increase in compensated absences	-	896	896
Decrease in claims payable	(275,131)	-	(275,131)
	\$ (63,550)	\$ 150,004	\$ 86,454
Net cash used in operating activities	\$ (63,550)	\$ 150,004	\$ 86,454

CITY OF MARIETTA, GEORGIA

AGENCY FUND

City School Agency Fund – This fund is used to account for the collection and remittance of property taxes which are billed and collected on behalf of the City of Marietta Board of Education.

CITY OF MARIETTA, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CITY SCHOOLS AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Assets:				
Cash	\$ 345,821	\$ 45,635,485	\$ (45,532,718)	\$ 448,588
Receivable from other governments	278,576	3,614,953	(3,638,820)	254,709
Uncollected taxes	<u>2,345,594</u>	<u>34,132,367</u>	<u>(34,979,973)</u>	<u>1,497,988</u>
Total assets	<u>\$ 2,969,991</u>	<u>\$ 83,382,805</u>	<u>\$ (84,151,511)</u>	<u>\$ 2,201,285</u>
Liabilities - due to others	<u>\$ 2,969,991</u>	<u>\$ 83,382,805</u>	<u>\$ (84,151,511)</u>	<u>\$ 2,201,285</u>

COMPARATIVE SECTION

CITY OF MARIETTA, GEORGIA

**COMPARATIVE BALANCE SHEET
GENERAL FUND**

JUNE 30, 2012 AND 2011

ASSETS	2012	(As Restated) 2011
Cash and cash equivalents	\$ 3,932,194	\$ 8,703,556
Investments	10,409,466	8,356,995
Taxes receivable	210,050	358,917
Other receivables	791,042	869,523
Due from other governments	398,862	529,495
Due from other funds	6,156,533	4,710,643
Inventory	27,312	28,248
Prepaid expenditures	2,165,476	39,159
Advances to other funds	28,235,139	20,379,779
Total assets	<u>\$ 52,326,074</u>	<u>\$ 43,976,315</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 774,538	\$ 1,627,037
Accrued liabilities	1,372,469	521,354
Deferred revenue	205,005	382,665
Due to other funds	-	159,918
Advances from other funds	127,968	-
Total liabilities	<u>2,479,980</u>	<u>2,690,974</u>
FUND BALANCES		
Nonspendable:		
Inventories	27,312	28,248
Prepaid expenditures	2,165,476	39,159
Advances to other funds	28,235,139	20,379,779
Restricted for:		
Culture and recreation	-	590,143
Housing and development	-	187,694
Public safety	-	1,883,884
Committed for:		
Culture and recreation	-	9,388
Assigned for:		
General government	45,266	382,717
Judicial services	41,788	-
Public works	1,223,811	461,670
Culture and recreation	446,407	304,839
Public safety	270,376	430,598
Housing and development	131,285	-
Use of reserves in next fiscal year's budget	480,640	-
Unassigned	16,778,594	16,587,222
Total fund balances	<u>49,846,094</u>	<u>41,285,341</u>
Total liabilities and fund balances	<u>\$ 52,326,074</u>	<u>\$ 43,976,315</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	(As Restated) 2011
REVENUES		
Taxes	\$ 16,486,401	\$ 17,759,453
Licenses and permits	5,691,038	5,410,991
Intergovernmental	3,858,418	3,923,591
Fines and forfeitures	4,326,335	3,257,284
Charges for services	4,027,807	4,096,531
Contributions	27,998	-
Interest income	102,075	119,414
Other revenues	732,673	700,801
Total revenues	35,252,745	35,268,065
EXPENDITURES		
Current:		
General government	4,541,438	7,416,234
Judicial	1,561,763	-
Public safety	25,575,436	26,078,985
Public works	7,349,286	6,850,806
Health and welfare	194,847	-
Culture and recreation	5,078,157	3,976,597
Housing and development	2,259,586	-
Debt service:		
Principal retirements	1,487,706	919,897
Interest and fiscal charges	1,371,794	1,409,769
Total expenditures	49,420,013	46,652,288
Deficiency of revenues over expenditures	(14,167,268)	(11,384,223)
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	140,370	64,599
Transfers in	25,518,231	28,990,961
Transfers out	(2,930,580)	(5,916,368)
Total other financing sources (uses)	22,728,021	23,139,192
Net change in fund balances	8,560,753	11,754,969
FUND BALANCES, beginning of year	41,285,341	29,530,372
FUND BALANCES, end of year	\$ 49,846,094	\$ 41,285,341

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET SPLOST FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 4,212,590	\$ 4,499,872
Investments	4,006,481	7,233,335
Other receivables	9,826	-
Due from other governments	2,106,980	2,121,935
Total assets	<u>\$ 10,335,877</u>	<u>\$ 13,855,142</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,389,724	\$ 810,166
Accrued liabilities	4,751	191,611
Total liabilities	<u>1,394,475</u>	<u>1,001,777</u>
 FUND BALANCES		
Restricted for:		
Capital projects	<u>8,941,402</u>	<u>12,853,365</u>
Total fund balances	<u>8,941,402</u>	<u>12,853,365</u>
Total liabilities and fund balances	<u>\$ 10,335,877</u>	<u>\$ 13,855,142</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

SPLOST FUND

FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
REVENUES		
Intergovernmental	\$ 10,931,162	\$ 9,884,492
Interest income	29,660	8,350
Total revenues	10,960,822	9,892,842
EXPENDITURES		
Current:		
Public works	247,329	-
Capital outlay	8,775,995	7,308,067
Debt service:		
Principal retirements	5,370,000	3,775,000
Interest and fiscal charges	197,004	339,280
Total expenditures	14,590,328	11,422,347
Deficiency of revenues over expenditures	(3,629,506)	(1,529,505)
OTHER FINANCING USES		
Transfers out	(282,457)	-
Total other financing uses	(282,457)	-
Net change in fund balances	(3,911,963)	(1,529,505)
FUND BALANCES, beginning of year	12,853,365	14,382,870
FUND BALANCES, end of year	\$ 8,941,402	\$ 12,853,365

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET CITY PARKS BOND FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 658,968	\$ 9,433,225
Investments	18,237,275	12,884,713
Other receivables	31,276	-
Total assets	<u>\$ 18,927,519</u>	<u>\$ 22,317,938</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 546,084	\$ 130,780
Accrued liabilities	-	63,615
Total liabilities	<u>546,084</u>	<u>194,395</u>
FUND BALANCES		
Restricted for:		
Capital projects	<u>18,381,435</u>	<u>22,123,543</u>
Total fund balances	<u>18,381,435</u>	<u>22,123,543</u>
Total liabilities and fund balances	<u>\$ 18,927,519</u>	<u>\$ 22,317,938</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CITY PARKS BOND FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Interest income	\$ 43,742	\$ 3,628
Other revenues	18,260	9,600
Total revenues	<u>62,002</u>	<u>13,228</u>
EXPENDITURES		
Current:		
Culture and recreation	90,500	-
Capital outlay	3,713,610	1,887,740
Total expenditures	<u>3,804,110</u>	<u>1,887,740</u>
Net change in fund balances	(3,742,108)	(1,874,512)
FUND BALANCES, beginning of year	<u>22,123,543</u>	<u>23,998,055</u>
FUND BALANCES, end of year	<u>\$ 18,381,435</u>	<u>\$ 22,123,543</u>

CITY OF MARIETTA, GEORGIA
COMPARATIVE BALANCE SHEET
HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM FUND

JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,021,459	\$ 1,658,044
Due from other governments	153,267	105,976
Total assets	<u><u>\$ 1,174,726</u></u>	<u><u>\$ 1,764,020</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 25,432	\$ 38,693
Accrued liabilities	14,084	9,813
Due to other funds	48,199	-
Deferred revenue	168	-
Total liabilities	<u>87,883</u>	<u>48,506</u>
FUND BALANCES		
Restricted for:		
Housing and development	<u>1,086,843</u>	<u>1,715,514</u>
Total fund balances	<u>1,086,843</u>	<u>1,715,514</u>
Total liabilities and fund balances	<u><u>\$ 1,174,726</u></u>	<u><u>\$ 1,764,020</u></u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
REVENUES		
Intergovernmental	\$ 5,306,111	\$ 5,471,243
Interest income	-	1,378
Total revenues	5,306,111	5,472,621
EXPENDITURES		
Current:		
Housing and development	5,555,078	5,463,633
Capital outlay	210,552	60,415
Total expenditures	5,765,630	5,524,048
Deficiency of revenues over expenditures	(459,519)	(51,427)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	67	-
Transfers out	(169,219)	(46,369)
Total other financing sources (uses)	(169,152)	(46,369)
Net change in fund balances	(628,671)	(97,796)
FUND BALANCES, beginning of year	1,715,514	1,813,310
FUND BALANCES, end of year	\$ 1,086,843	\$ 1,715,514

CITY OF MARIETTA, GEORGIA
COMPARATIVE BALANCE SHEET
HUD - COMMUNITY DEVELOPMENT BLOCK GRANT FUND

JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Other receivables	\$ -	\$ 642
Due from other governments	41,017	52,974
Total assets	<u>\$ 41,017</u>	<u>\$ 53,616</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ -	\$ 16,832
Accrued liabilities	3,441	2,753
Due to other funds	39,137	29,607
Total liabilities	<u>42,578</u>	<u>49,192</u>
FUND BALANCES		
Restricted for:		
Housing and development	-	4,424
Unassigned	(1,561)	-
Total fund balances	<u>(1,561)</u>	<u>4,424</u>
Total liabilities and fund balances	<u>\$ 41,017</u>	<u>\$ 53,616</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

HUD - COMMUNITY DEVELOPMENT BLOCK GRANT FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Intergovernmental	\$ 395,224	\$ 198,181
Total revenues	<u>395,224</u>	<u>198,181</u>
EXPENDITURES		
Current:		
Housing and development	400,708	197,645
Total expenditures	<u>400,708</u>	<u>197,645</u>
Excess (deficiency) of revenues over expenditures	(5,484)	536
OTHER FINANCING USES		
Transfers out	(501)	(501)
Total other financing uses	<u>(501)</u>	<u>(501)</u>
Net change in fund balances	(5,985)	35
FUND BALANCES, beginning of year	<u>4,424</u>	<u>4,389</u>
FUND BALANCES, end of year	<u>\$ (1,561)</u>	<u>\$ 4,424</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET TAX ALLOCATION DISTRICT FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	(As Restated) 2011
	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 2,590,373	\$ 2,712,282
Taxes receivable	6,332	76,914
Due from other governments	41,038	40,367
Total assets	<u>\$ 2,637,743</u>	<u>\$ 2,829,563</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Deferred revenue	\$ 42,380	\$ 98,498
Total liabilities	<u>42,380</u>	<u>98,498</u>
FUND BALANCES		
Restricted for:		
Debt service	<u>2,595,363</u>	<u>2,731,065</u>
Total fund balances	<u>2,595,363</u>	<u>2,731,065</u>
Total liabilities and fund balances	<u>\$ 2,637,743</u>	<u>\$ 2,829,563</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TAX ALLOCATION DISTRICT FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>(As Restated) 2011</u>
REVENUES		
Taxes	\$ 89,127	\$ 141,842
Intergovernmental	649,325	849,448
Interest income	1,875	2,155
Total revenues	<u>740,327</u>	<u>993,445</u>
EXPENDITURES		
Capital outlay	24,874	157,864
Debt service:		
Principal retirements	564,610	541,904
Interest and fiscal charges	286,545	309,251
Total expenditures	<u>876,029</u>	<u>1,009,019</u>
Net change in fund balances	(135,702)	(15,574)
FUND BALANCES, beginning of year	<u>2,731,065</u>	<u>2,746,639</u>
FUND BALANCES, end of year	<u>\$ 2,595,363</u>	<u>\$ 2,731,065</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET CEMETERY MAINTENANCE FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ -	\$ 60,426
Investments	242,282	420,551
Taxes receivable	5,946	9,706
Other receivables	372	848
Due from other governments	924	994
Total assets	<u>\$ 249,524</u>	<u>\$ 492,525</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 4,941	\$ 4,941
Accrued liabilities	1,476	1,238
Due to other funds	43,938	-
Deferred revenue	4,772	8,559
Total liabilities	<u>55,127</u>	<u>14,738</u>
FUND BALANCES		
Restricted for:		
Public works	194,397	477,787
Total fund balances	<u>194,397</u>	<u>477,787</u>
Total liabilities and fund balances	<u>\$ 249,524</u>	<u>\$ 492,525</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CEMETERY MAINTENANCE FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Taxes	\$ 201,534	\$ 207,883
Interest income	1,214	3,784
Total revenues	<u>202,748</u>	<u>211,667</u>
EXPENDITURES		
Current:		
Public works	486,138	390,226
Total expenditures	<u>486,138</u>	<u>390,226</u>
Net change in fund balances	(283,390)	(178,559)
FUND BALANCES, beginning of year	<u>477,787</u>	<u>656,346</u>
FUND BALANCES, end of year	<u>\$ 194,397</u>	<u>\$ 477,787</u>

CITY OF MARIETTA, GEORGIA
COMPARATIVE BALANCE SHEET
LOCAL LAW ENFORCEMENT BLOCK GRANT FUND

JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 5,208	\$ 5,207
Total assets	<u>\$ 5,208</u>	<u>\$ 5,207</u>
FUND BALANCES		
FUND BALANCES		
Restricted for:		
Public safety	5,208	5,207
Total fund balances	<u>\$ 5,208</u>	<u>\$ 5,207</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES LOCAL LAW ENFORCEMENT BLOCK GRANT FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Intergovernmental	\$ 37	\$ 464
Interest income	-	14
Total revenues	<u>37</u>	<u>478</u>
EXPENDITURES		
Current:		
Public safety	-	3
Capital outlay	<u>36</u>	<u>464</u>
Total expenditures	<u>36</u>	<u>467</u>
Net change in fund balances	1	11
FUND BALANCES, beginning of year	<u>5,207</u>	<u>5,196</u>
FUND BALANCES, end of year	<u>\$ 5,208</u>	<u>\$ 5,207</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET HOTEL MOTEL TAX FUND

JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Taxes receivable	\$ 193,050	\$ 194,591
Total assets	<u>\$ 193,050</u>	<u>\$ 194,591</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other funds	\$ 193,050	\$ 194,591
Total liabilities	<u>193,050</u>	<u>194,591</u>
FUND BALANCES		
Restricted for:		
Culture and recreation	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 193,050</u>	<u>\$ 194,591</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES HOTEL MOTEL TAX FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Taxes	\$ 1,823,699	\$ 1,891,999
Total revenues	<u>1,823,699</u>	<u>1,891,999</u>
Excess of revenues over expenditures	1,823,699	1,891,999
OTHER FINANCING USES		
Transfers out	<u>(1,823,699)</u>	<u>(1,891,999)</u>
Total other financing uses	<u>(1,823,699)</u>	<u>(1,891,999)</u>
Net change in fund balances	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET AUTO RENTAL EXCISE TAX FUND

JUNE 30, 2012 AND 2011

	ASSETS	<u>2012</u>	<u>2011</u>
Taxes receivable		\$ 33,930	\$ 34,003
Total assets		<u>\$ 33,930</u>	<u>\$ 34,003</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds		\$ 33,930	\$ 34,003
Total liabilities		<u>33,930</u>	<u>34,003</u>
FUND BALANCES			
Restricted for:			
Culture and recreation		-	-
Total fund balances		-	-
Total liabilities and fund balances		<u>\$ 33,930</u>	<u>\$ 34,003</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AUTO RENTAL EXCISE TAX FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Taxes	\$ 359,340	\$ 374,871
Total revenues	<u>359,340</u>	<u>374,871</u>
Excess of revenues over expenditures	359,340	374,871
OTHER FINANCING USES		
Transfers out	(359,340)	(374,871)
Total other financing uses	<u>(359,340)</u>	<u>(374,871)</u>
Net change in fund balances	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET DEBT SERVICE FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 1,336,791	\$ 401,477
Investments	4,448,628	4,459,405
Taxes receivable	164,208	257,385
Other receivables	5,369	6,974
Due from other governments	27,665	29,775
Due from other funds	-	561,896
Prepaid expenditures	598,338	-
Total assets	<u>\$ 6,580,999</u>	<u>\$ 5,716,912</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Deferred revenue	\$ 130,172	224,671
Total liabilities	<u>130,172</u>	<u>224,671</u>
FUND BALANCES		
Nonspendable:		
Prepaid expenditures	598,338	-
Restricted for:		
Debt service	5,852,489	5,492,241
Total fund balances	<u>6,450,827</u>	<u>5,492,241</u>
Total liabilities and fund balances	<u>\$ 6,580,999</u>	<u>\$ 5,716,912</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DEBT SERVICE FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Taxes	\$ 5,822,941	\$ 5,976,288
Intergovernmental	3,694,425	3,693,625
Interest income	16,456	20,204
Total revenues	<u>9,533,822</u>	<u>9,690,117</u>
EXPENDITURES		
Debt service:		
Principal retirements	6,260,000	7,285,000
Interest and fiscal charges	2,290,000	2,515,966
Total expenditures	<u>8,550,000</u>	<u>9,800,966</u>
Excess (deficiency) of revenues over expenditures	983,822	(110,849)
OTHER FINANCING USES		
Transfers out	<u>(25,236)</u>	<u>(25,236)</u>
Total other financing uses	<u>(25,236)</u>	<u>(25,236)</u>
Net change in fund balances	958,586	(136,085)
FUND BALANCES, beginning of year	<u>5,492,241</u>	<u>5,628,326</u>
FUND BALANCES, end of year	<u>\$ 6,450,827</u>	<u>\$ 5,492,241</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE BALANCE SHEET LOCAL OPTION SALES TAX FUND

JUNE 30, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 538,496	\$ 366,501
Other receivables	8	12
Due from other governments	-	494,783
Total assets	<u>\$ 538,504</u>	<u>\$ 861,296</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 154,870	\$ -
Deferred revenue	-	161,240
Total liabilities	<u>154,870</u>	<u>161,240</u>
FUND BALANCES		
Restricted for:		
Capital projects	-	700,056
Assigned for:		
Capital projects	383,634	-
Total fund balances	<u>383,634</u>	<u>700,056</u>
Total liabilities and fund balances	<u>\$ 538,504</u>	<u>\$ 861,296</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES LOCAL OPTION SALES TAX FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES		
Intergovernmental	\$ -	\$ 333,543
Interest income	162	905
Total revenues	<u>162</u>	<u>334,448</u>
EXPENDITURES		
Capital outlay	316,584	30,146
Total expenditures	<u>316,584</u>	<u>30,146</u>
Net change in fund balances	(316,422)	304,302
FUND BALANCES, beginning of year	<u>700,056</u>	<u>395,754</u>
FUND BALANCES, end of year	<u><u>\$ 383,634</u></u>	<u><u>\$ 700,056</u></u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF NET ASSETS
BOARD OF LIGHTS AND WATERWORKS FUND**

JUNE 30, 2012 AND 2011

ASSETS	2012	(As Restated) 2011
CURRENT ASSETS		
Cash	\$ 19,138,052	\$ 1,254,887
Investments	15,877,796	15,953,232
Accounts receivable	16,118,352	17,007,055
Other receivables	-	187,917
Due from other funds	-	6,843,012
Inventory	3,327,978	2,997,457
Prepays	250	6,151
Restricted assets:		
Investments	14,618,739	11,690,840
Total current assets	<u>69,081,167</u>	<u>55,940,551</u>
NONCURRENT ASSETS		
Capital assets		
Non-depreciable assets	1,398,529	1,382,976
Depreciable assets	260,616,122	250,771,210
	<u>262,014,651</u>	<u>252,154,186</u>
Accumulated depreciation	(134,518,671)	(128,418,760)
Total capital assets, net	<u>127,495,980</u>	<u>123,735,426</u>
Advance to other funds	575,011	-
Restricted investments	-	7,597,559
Investment in project	2,523,501	2,598,100
Total noncurrent assets	<u>130,594,492</u>	<u>133,931,085</u>
Total assets	<u>199,675,659</u>	<u>189,871,636</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	11,606,391	10,876,129
Accrued liabilities	568,436	789,667
Deposits payable	8,375,830	7,597,559
Compensated absences payable	304,852	310,585
Unearned revenue	2,502,056	1,761,337
Total current liabilities	<u>23,357,565</u>	<u>21,335,277</u>
NONCURRENT LIABILITIES		
Compensated absences payable	540,070	517,268
Net pension obligation	451,372	431,619
Net OPEB liability	7,229,325	6,647,807
Total noncurrent liabilities	<u>8,220,767</u>	<u>7,596,694</u>
Total liabilities	<u>31,578,332</u>	<u>28,931,971</u>
NET ASSETS		
Invested in capital assets, net of related debt	127,495,980	123,735,426
Unrestricted	40,601,347	37,204,239
Total net assets	<u>\$ 168,097,327</u>	<u>\$ 160,939,665</u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
BOARD OF LIGHTS AND WATERWORKS FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>(As Restated) 2011</u>
OPERATING REVENUE		
Charges for sales and services	\$ 139,798,056	\$ 134,613,838
Miscellaneous	1,246,726	1,285,282
Total operating revenues	<u>141,044,782</u>	<u>135,899,120</u>
OPERATING EXPENSES		
Cost of sales and services	73,317,367	92,221,746
Personnel services	15,378,489	17,161,252
Other operating expenses	25,857,652	902,900
Depreciation	6,099,909	6,156,132
Total operating expenses	<u>120,653,417</u>	<u>116,442,030</u>
Operating income	<u>20,391,365</u>	<u>19,457,090</u>
NON-OPERATING INCOME		
Investment income	420,170	539,566
Other non-operating income	182,252	10,604
Gain on sale of assets	-	444,084
Total non-operating income	<u>602,422</u>	<u>994,254</u>
Income before transfers and contributions	<u>20,993,787</u>	<u>20,451,344</u>
Capital contributions	-	77,154
Transfers in	1,218,385	15,323,646
Transfers out	(15,054,510)	(27,132,335)
	<u>(13,836,125)</u>	<u>(11,731,535)</u>
Change in net assets	7,157,662	8,719,809
Total net assets, beginning of year	<u>160,939,665</u>	<u>152,219,856</u>
Total net assets, end of year	<u>\$ 168,097,327</u>	<u>\$ 160,939,665</u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF CASH FLOWS
BOARD OF LIGHTS AND WATERWORKS FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	(As Restated) 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 143,640,392	\$ 139,996,260
Payments to suppliers	(92,426,597)	(93,213,339)
Payments to employees	(14,981,560)	(14,604,988)
Net cash provided by operating activities	<u>36,232,235</u>	<u>32,177,933</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Other receipts	182,252	-
Transfers in from other funds	1,218,385	15,323,646
Transfers out to other funds	(15,054,510)	(27,132,335)
Net cash used in non-capital financing activities	<u>(13,653,873)</u>	<u>(11,808,689)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(9,860,463)	(10,478,920)
Sale of capital assets	-	444,084
Advances from (to) other funds	-	6,522,926
Net cash used in capital and related financing activities	<u>(9,860,463)</u>	<u>(3,511,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	4,745,096	-
Rental income received	-	10,604
Investment (purchases) sales	-	(18,139,456)
Interest received	420,170	478,291
Net cash provided by (used in) investing activities	<u>5,165,266</u>	<u>(17,650,561)</u>
Net increase (decrease) in cash	17,883,165	(793,227)
Cash, beginning of year	<u>1,254,887</u>	<u>2,048,114</u>
Cash, end of year	<u>\$ 19,138,052</u>	<u>\$ 1,254,887</u>

(Continued)

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF CASH FLOWS
BOARD OF LIGHTS AND WATERWORKS FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>(As Restated) 2011</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 20,391,365	\$ 19,457,090
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,099,909	6,156,132
Advances reclassified as due from other funds	-	2,364,628
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	1,076,620	(331,556)
Decrease in due from other funds	6,843,012	468,757
Increase in advance to other funds	(575,011)	-
Decrease (increase) in prepaid items	5,901	(6,151)
Increase in inventory	(330,521)	(151,459)
Decrease in other assets	74,599	74,599
Increase in accounts payable	730,262	49,527
Decrease in accrued liabilities	(221,231)	(265,249)
Increase in customer deposits payable	778,271	350,314
Increase in pension obligation	19,753	235,833
Increase in OPEB liability	581,518	2,497,411
Increase in compensated absences payable	17,069	33,060
Increase in unearned revenue	740,719	1,244,997
Net cash provided by operating activities	<u>\$ 36,232,235</u>	<u>\$ 32,177,933</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	<u>\$ -</u>	<u>\$ 77,154</u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF NET ASSETS
MARIETTA CONFERENCE CENTER AND RESORT FUND**

JUNE 30, 2012 AND 2011

ASSETS	2012	(As Restated) 2011
CURRENT ASSETS		
Cash	\$ 75,056	\$ -
Investments	-	59
Due from other funds	58,398	186,094
Inventory	-	124,788
Restricted cash and cash equivalents	59	-
Total current assets	133,513	310,941
NONCURRENT ASSETS		
Capital assets		
Non-depreciable assets	769,284	769,284
Depreciable assets	35,680,902	35,680,902
	36,450,186	36,450,186
Accumulated depreciation	(20,089,939)	(18,686,786)
Total capital assets, net	16,360,247	17,763,400
Advances to other funds	127,968	-
Total noncurrent assets	16,488,215	17,763,400
Total assets	16,621,728	18,074,341
LIABILITIES		
CURRENT LIABILITIES		
Due to other funds	-	8,209,375
Total current liabilities	-	8,209,375
NONCURRENT LIABILITIES		
Advances from other funds	26,832,635	20,379,779
Total noncurrent liabilities	26,832,635	20,379,779
Total liabilities	26,832,635	28,589,154
NET ASSETS		
Invested in capital assets	16,360,247	17,763,400
Unrestricted	(26,571,154)	(28,278,213)
Total net assets	\$ (10,210,907)	\$ (10,514,813)

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS MARIETTA CONFERENCE CENTER AND RESORT FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	(As Restated) 2011
OPERATING REVENUE		
Charges for sales and services	\$ 2,247,086	\$ 2,240,303
Total operating revenues	<u>2,247,086</u>	<u>2,240,303</u>
OPERATING EXPENSES		
Cost of sales and services	-	951
Other operating expenses	545,396	-
Depreciation	1,403,153	1,508,891
Total operating expenses	<u>1,948,549</u>	<u>1,509,842</u>
Operating income	<u>298,537</u>	<u>730,461</u>
NON-OPERATING INCOME (EXPENSES)		
Interest income	-	1
Interest expense	-	(41,976)
Total non-operating income (expenses)	<u>-</u>	<u>(41,975)</u>
Income before transfers	<u>298,537</u>	<u>688,486</u>
Transfers in	551,669	622,451
Transfers out	(546,300)	-
	<u>5,369</u>	<u>622,451</u>
Change in net assets	303,906	1,310,937
Total net assets, beginning of year	<u>(10,514,813)</u>	<u>(11,825,750)</u>
Total net assets, end of year	<u>\$ (10,210,907)</u>	<u>\$ (10,514,813)</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF CASH FLOWS MARIETTA CONFERENCE CENTER AND RESORT FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	(As Restated) 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 2,247,086	\$ 2,240,303
Payments to suppliers	(292,912)	(6,741)
Net cash provided by operating activities	1,954,174	2,233,562
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payment on advance from other funds	(1,884,487)	(2,804,627)
Transfers in from other funds	551,669	564,325
Transfers out to other funds	(546,300)	-
Net cash used in non-capital financing activities	(1,879,118)	(2,240,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from other funds	-	183,416
Interest paid	-	(186,658)
Net cash used in capital and related financing activities	-	(3,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	59	-
Interest received	-	1
Net cash provided by investing activities	59	1
Net increase (decrease) in cash	75,115	(9,981)
Cash, beginning of year	-	9,981
Cash, end of year	\$ 75,115	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 298,537	\$ 730,461
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,403,153	1,508,891
Change in assets and liabilities:		
Decrease (increase) in inventory	124,788	(5,790)
Decrease in due from other funds	127,696	-
Net cash provided by (used in) operating activities	\$ 1,954,174	\$ 2,233,562

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF NET ASSETS CITY GOLF COURSE FUND

JUNE 30, 2012 AND 2011

ASSETS	2012	2011
CURRENT ASSETS		
Cash	\$ 7,033	\$ 3,734
Accounts receivable	8,295	12,506
Prepays	-	5,322
Total current assets	15,328	21,562
NONCURRENT ASSETS		
Capital assets		
Non-depreciable assets	6,600,000	6,600,000
Depreciable assets	5,757,902	5,651,808
	12,357,902	12,251,808
Accumulated depreciation	(4,298,789)	(4,318,290)
Total capital assets, net	8,059,113	7,933,518
Debt issuance costs	48,231	64,767
Total noncurrent assets	8,107,344	7,998,285
Total assets	8,122,672	8,019,847
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,307	53,970
Accrued liabilities	54,593	48,387
Accrued interest payable	39,254	-
Due to other funds	-	1,211,187
Capital lease, due within one year	49,512	775,459
Notes payable, due within one year	690,000	-
Total current liabilities	835,666	2,089,003
NONCURRENT LIABILITIES		
Advance from other funds	1,225,738	-
Capital lease, due in more than one year	169,056	2,688,654
Note payable, due in more than one year	2,046,490	-
Total noncurrent liabilities	3,441,284	2,688,654
Total liabilities	4,276,950	4,777,657
NET ASSETS		
Invested in capital assets, net of related debt	5,104,055	4,469,405
Unrestricted	(1,258,333)	(1,227,215)
Total net assets	\$ 3,845,722	\$ 3,242,190

CITY OF MARIETTA, GEORGIA
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
CITY GOLF COURSE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUE		
Charges for sales and services	\$ 1,660,505	\$ 1,629,928
Total operating revenues	<u>1,660,505</u>	<u>1,629,928</u>
OPERATING EXPENSES		
Other operating expenses	1,135,390	1,230,589
Depreciation	<u>274,258</u>	<u>194,953</u>
Total operating expenses	<u>1,409,648</u>	<u>1,425,542</u>
Operating income	<u>250,857</u>	<u>204,386</u>
NON-OPERATING INCOME (EXPENSES)		
Interest expense	(87,641)	(151,544)
Gain on sale of assets	<u>66,295</u>	<u>-</u>
Total non-operating income (expenses)	<u>(21,346)</u>	<u>(151,544)</u>
Income before transfers	<u>229,511</u>	<u>52,842</u>
Transfers in	399,042	398,670
Transfers out	<u>(25,021)</u>	<u>(25,020)</u>
	<u>374,021</u>	<u>373,650</u>
Change in net assets	603,532	426,492
Total net assets, beginning of year	<u>3,242,190</u>	<u>2,815,698</u>
Total net assets, end of year	<u>\$ 3,845,722</u>	<u>\$ 3,242,190</u>

CITY OF MARIETTA, GEORGIA

COMPARATIVE SCHEDULE OF CASH FLOWS CITY GOLF COURSE FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,664,716	\$ 1,627,555
Payments to suppliers	(1,112,587)	(1,196,507)
Net cash provided by operating activities	552,129	431,048
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in from other funds	399,042	398,670
Transfers out to other funds	(25,021)	(25,020)
Net cash provided by non-capital financing activities	374,021	373,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(112,646)	(5,000)
Principal payments on capital lease	(43,431)	-
Principal payments on notes payable	(670,000)	(659,009)
Interest paid	(96,774)	(143,935)
Net cash used in capital and related financing activities	(922,851)	(807,944)
Net increase (decrease) in cash	3,299	(3,246)
Cash, beginning of year	3,734	6,980
Cash, end of year	\$ 7,033	\$ 3,734
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 250,857	\$ 204,386
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	274,258	194,953
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	4,211	(2,373)
Decrease (increase) in prepaid items	5,322	(5,133)
Decrease in accounts payable	(51,663)	(19,462)
Increase in accrued liabilities	54,593	-
Increase (decrease) in due to other funds	(1,211,187)	58,677
Increase in advance from other funds	1,225,738	-
Net cash provided by operating activities	\$ 552,129	\$ 431,048

CITY OF MARIETTA, GEORGIA
COMPARATIVE SCHEDULE OF NET ASSETS
SELF-INSURANCE FUND

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>(As Restated)</u> <u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 59,116	\$ 328,874
Investments	8,743,465	6,461,750
Receivables (net of allowance for uncollectibles)	161,223	116,030
Total current assets	8,963,804	6,906,654
LIABILITIES		
Current liabilities:		
Accounts payable	316,734	269,631
Due to other funds	5,856,677	2,620,552
Claims payable	1,867,882	2,609,984
Total current liabilities	8,041,293	5,500,167
Long-term liabilities:		
Claims payable	466,971	-
Total long-term liabilities	466,971	-
Total liabilities	8,508,264	5,500,167
NET ASSETS		
Unrestricted	455,540	1,406,487
Total net assets	\$ 455,540	\$ 1,406,487

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
SELF-INSURANCE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>(As Restated) 2011</u>
OPERATING REVENUES		
Charges for services	\$ 8,297,699	\$ 8,677,255
Insurance recoveries	405,076	-
Other operating income	-	159,858
Total operating revenues	<u>8,702,775</u>	<u>8,837,113</u>
OPERATING EXPENSES		
Operating services	-	1,973,228
Claims paid	11,153,020	8,712,727
General and administrative	576,209	-
Total operating expenses	<u>11,729,229</u>	<u>10,685,955</u>
Operating loss	(3,026,454)	(1,848,842)
NONOPERATING REVENUES		
Investment earnings	5,626	54,404
Total nonoperating revenues	<u>5,626</u>	<u>54,404</u>
Loss before transfers	(3,020,828)	(1,794,438)
Transfers in	2,338,205	1,643,826
Transfers out	<u>(268,324)</u>	<u>(47,891)</u>
	2,069,881	1,595,935
Change in net assets	(950,947)	(198,503)
NET ASSETS, beginning of year	<u>1,406,487</u>	<u>1,604,990</u>
NET ASSETS, end of year	<u>\$ 455,540</u>	<u>\$ 1,406,487</u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF CASH FLOWS
SELF-INSURANCE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>(As Restated) 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 11,893,707	\$ 5,758,965
Payments to suppliers and service providers	<u>(11,957,257)</u>	<u>(10,125,972)</u>
Net cash used in operating activities	<u>(63,550)</u>	<u>(4,367,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased investments	(2,281,715)	(2,198,658)
Interest received	<u>5,626</u>	<u>50,078</u>
Net cash used in investing activities	<u>(2,276,089)</u>	<u>(2,148,580)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	2,338,205	1,643,826
Transfers out	<u>(268,324)</u>	<u>(47,891)</u>
Net cash provided by noncapital financing activities	<u>2,069,881</u>	<u>1,595,935</u>
Net decrease in cash and cash equivalents	(269,758)	(4,919,652)
Cash and cash equivalents:		
Beginning of year	<u>328,874</u>	<u>5,248,526</u>
End of year	<u>\$ 59,116</u>	<u>\$ 328,874</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (3,026,454)	\$ (1,848,842)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Decrease (increase) in accounts receivable	(45,193)	42,601
Increase in accounts payable	47,103	112,842
Decrease in due to other funds	3,236,125	(3,120,749)
Increase (decrease) in claims payable	<u>(275,131)</u>	<u>447,141</u>
Net cash used in operating activities	<u>\$ (63,550)</u>	<u>\$ (4,367,007)</u>

CITY OF MARIETTA, GEORGIA
COMPARATIVE SCHEDULE OF NET ASSETS
MOTOR TRANSPORT FUND

JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Receivables (net of allowance for uncollectibles)	\$ 5,536	\$ -
Due from other governments	-	7,827
Inventories	110,885	74,047
Total current assets	116,421	81,874
Noncurrent assets:		
Capital assets:		
Capital assets, being depreciated	1,807,229	1,518,075
Less accumulated depreciation	(902,912)	(828,392)
Total capital assets, net of accumulated depreciation	904,317	689,683
Total assets	1,020,738	771,557
LIABILITIES		
Current liabilities:		
Accounts payable	79,842	532,518
Accrued liabilities	-	11,065
Due to other funds	-	77,862
Compensated absences due within one year	12,134	13,384
Total current liabilities	91,976	634,829
Long-term liabilities:		
Advance from other funds	751,777	-
Compensated absences due in more than one year	18,005	15,859
Total long-term liabilities	769,782	15,859
Total liabilities	861,758	650,688
NET ASSETS		
Invested in capital assets	904,317	689,683
Unrestricted	(745,337)	(568,814)
Total net assets	\$ 158,980	\$ 120,869

CITY OF MARIETTA, GEORGIA
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
MOTOR TRANSPORT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for services	\$ 3,396,799	\$ 3,189,132
Other operating income	632	13,615
Total operating revenues	<u>3,397,431</u>	<u>3,202,747</u>
OPERATING EXPENSES		
Salaries and benefits	703,281	731,265
General and administrative	2,720,669	2,612,106
Depreciation expense	74,521	43,364
Total operating expenses	<u>3,498,471</u>	<u>3,386,735</u>
Operating loss	(101,040)	(183,988)
NONOPERATING EXPENSES		
Other nonoperating expenses	-	(1,221,939)
Total nonoperating expenses	<u>-</u>	<u>(1,221,939)</u>
Loss before transfers	(101,040)	(1,405,927)
Transfers in	163,954	1,726,372
Transfers out	(24,803)	(19,803)
	<u>139,151</u>	<u>1,706,569</u>
Change in net assets	38,111	300,642
NET ASSETS, beginning of year	<u>120,869</u>	<u>(179,773)</u>
NET ASSETS, end of year	<u>\$ 158,980</u>	<u>\$ 120,869</u>

CITY OF MARIETTA, GEORGIA

**COMPARATIVE SCHEDULE OF CASH FLOWS
MOTOR TRANSPORT FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,073,637	\$ 2,463,454
Payments to suppliers and service providers	(713,450)	(2,943,979)
Payments to employees other funds	(3,210,183)	-
Net cash used in operating activities	<u>150,004</u>	<u>(480,525)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(289,155)	(1,226,044)
Net cash used in capital and related financing activities	<u>(289,155)</u>	<u>(1,226,044)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	163,954	1,726,372
Transfers out	(24,803)	(19,803)
Net cash provided by noncapital financing activities	<u>139,151</u>	<u>1,706,569</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents:		
Beginning of year	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (101,040)	\$ (183,988)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	74,521	43,364
Decrease in accounts receivable	2,291	-
Increase in due from other governments	-	(2,668)
Decrease (increase) in inventory	(36,838)	27,918
Increase (decrease) in accounts payable	(452,676)	376,883
Decrease in accrued expenses	(11,065)	(10,888)
Increase in advance from other funds	673,915	-
Decrease in due to other funds	-	(736,674)
Increase in compensated absences	896	5,528
Net cash provided by (used in) operating activities	<u>\$ 150,004</u>	<u>\$ (480,525)</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Marietta’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

	<u>Page</u>
Financial Trends	125
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	130
These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.	
Debt Capacity	138
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	143
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	146
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF MARIETTA, GEORGIA

NET ASSET BY COMPONENT LAST TEN YEARS

(accrual basis of accounting)

	2012	2011	2010 (1)	2009	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 71,920,680	\$ 58,835,173	\$ 50,033,057	\$ 40,647,949	\$ 40,361,421
Restricted	19,595,692	26,661,694	22,973,206	22,613,208	25,355,346
Unrestricted	(13,488,145)	(19,502,801)	(8,560,854)	1,702,675	(37,973,169)
Total governmental activities net asset	\$ 78,028,227	\$ 65,994,066	\$ 64,445,409	\$ 64,963,832	\$ 27,743,598
Business-type activities					
Invested in capital assets, net of related debt	\$ 148,960,282	\$ 145,968,231	\$ 134,507,898	\$ 105,531,822	\$ 97,486,153
Restricted	-	-	-	2,287,694	2,377,157
Unrestricted	12,520,838	8,968,617	1,668,171	27,216,106	34,111,843
Total business-type activities net asset	\$ 161,481,120	\$ 154,936,848	\$ 136,176,069	\$ 135,035,622	\$ 133,975,153
Primary government					
Invested in capital assets, net of related debt	\$ 191,102,860	\$ 204,803,404	\$ 184,540,955	\$ 146,179,771	\$ 137,847,574
Restricted	19,595,692	26,661,694	22,973,206	24,900,902	27,732,503
Unrestricted	28,810,795	(10,534,184)	(6,892,683)	28,918,781	(3,861,326)
Total primary government net position, before restatements	239,509,347	220,930,914	200,621,478	199,999,454	161,718,751
Restatement for capital assets and related accumulated depreciation	-	-	8,100,224	-	415,317
Total primary government net asset	\$ 239,509,347	\$ 220,930,914	\$ 208,721,702	\$ 199,999,454	\$ 162,134,068

(1) Balances were revised to correctly classify net asset categories.

2007	2006	2005	2004	2003
\$ 38,400,310	\$ 41,105,789	\$ 52,779,866	\$ 40,080,663	\$ 37,994,135
12,993,338	7,429,356	3,723,545	5,798,631	4,747,065
(26,135,944)	(30,637,360)	(39,010,992)	(35,495,110)	(38,495,527)
<u>\$ 25,257,704</u>	<u>\$ 17,897,785</u>	<u>\$ 17,492,419</u>	<u>\$ 10,384,184</u>	<u>\$ 4,245,673</u>
\$ 90,727,135	\$ 77,610,606	\$ 73,676,327	\$ 78,986,306	\$ 58,350,375
1,349,186	777,996	977,957	840,530	988,076
35,394,422	41,251,724	33,144,321	36,489,959	56,268,396
<u>\$ 127,470,743</u>	<u>\$ 119,640,326</u>	<u>\$ 107,798,605</u>	<u>\$ 116,316,795</u>	<u>\$ 115,606,847</u>
\$ 129,127,445	\$ 118,716,395	\$ 126,456,193	\$ 119,066,969	\$ 96,344,510
14,342,524	8,207,352	4,701,502	6,639,161	5,735,141
9,258,478	10,614,364	(5,866,671)	994,849	17,772,869
<u>152,728,447</u>	<u>137,538,111</u>	<u>125,291,024</u>	<u>126,700,979</u>	<u>119,852,520</u>
1,391,888	-	585,611	-	-
<u>\$ 154,120,335</u>	<u>\$ 137,538,111</u>	<u>\$ 125,876,635</u>	<u>\$ 126,700,979</u>	<u>\$ 119,852,520</u>

CITY OF MARIETTA, GEORGIA

CHANGES IN NET ASSET LAST TEN YEARS (accrual basis of accounting)

	2012	2011	2010	2009
Expenses				
Governmental activities:				
General government	\$ 4,618,717 (2)	\$ 8,679,032	\$ 8,652,513	\$ 5,918,941
Judicial	1,615,241 (2)	-	-	-
Public safety	28,223,036	33,226,781	31,887,909	30,378,175
Public works	11,474,849	14,222,761	14,065,683	13,760,889
Health and welfare	204,666	-	-	-
Culture and recreation	4,880,741	2,934,820	2,083,996	5,124,263
Housing and development	8,274,976	5,879,557	6,353,078	6,046,710
Interest on long-term debt	3,044,218	4,857,635	3,341,989	2,526,939
Total governmental activities expenses	62,336,444	69,800,586	66,385,168	63,755,917
Business-type activities:				
Water & sewer	26,522,197	25,841,087	25,731,472	24,501,021
Electric	95,208,435	90,902,721	85,525,058	84,808,669
Golf	1,497,289	1,577,086	1,599,511	1,725,593
Fiber optic	-	-	-	-
Conference center	1,948,549	1,551,818	7,689,002	3,496,708
Total business-type activities expenses	125,176,470	119,872,712	120,545,043	114,531,991
Total primary government expenses	\$ 187,512,914	\$ 189,673,298	\$ 186,930,211	\$ 178,287,908
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 5,775,466 (2)	\$ 8,801,103	\$ 8,619,196	\$ 9,346,589
Judicial	3,435,419 (2)	-	-	-
Public safety	986,642 (3)	176,931	102,531	348,310
Public works	3,516,174	3,486,058	3,505,071	3,518,257
Health and welfare	79,962	-	-	-
Culture and recreation	272,514	280,347	319,375	264,132
Housing and development	721,534	632,081	575,640	692,429
Operating grants and contributions (2)	10,455,573	9,344,286	5,216,433	39,392,897
Capital grants and contributions (2)	11,705,387	10,204,436	10,752,277	10,016,452
Total governmental activities program revenues	36,948,671	32,925,242	29,090,523	63,579,066
Business-type activities:				
Charges for services:				
Water & sewer	36,214,650	33,710,588	31,488,553	29,694,453
Electric	104,830,132	102,199,136	95,689,883	90,377,637
Golf	2,247,086	1,629,928	1,516,966	1,705,843
Fiber optic	-	-	-	-
Conference center	1,660,505	2,240,303	1,942,774	1,726,505
Operating grants and contributions (2)	-	-	-	-
Capital grants and contributions (2)	-	77,154	237,175	661,994
Total business-type activities program revenues	144,952,373	139,857,109	130,875,351	124,166,432
Total primary government program revenues	\$ 181,901,044	\$ 172,782,351	\$ 159,965,874	\$ 187,745,498

	2008	2007	2006	2005	2004	2003
\$	6,759,380	\$ 7,490,659	\$ 7,270,290	\$ 4,894,998	\$ 6,795,976	\$ 6,892,923
	-	-	-	-	-	-
	29,165,513	24,791,734	25,171,969	22,871,162	23,162,365	22,689,033
	20,427,013	14,888,258	10,845,886	9,130,758	8,120,071	7,248,042
	-	-	-	-	-	-
	6,443,698	5,346,638	5,279,105	4,859,976	4,238,849	5,489,588
	5,862,864	8,261,612	11,234,909	7,301,650	6,991,371	6,256,477
	3,449,537	3,125,438	3,018,190	3,109,268	3,357,519	4,583,900
	<u>72,108,005</u>	<u>63,904,339</u>	<u>62,820,349</u>	<u>52,167,812</u>	<u>52,666,151</u>	<u>53,159,963</u>
	21,209,559	22,294,414	21,738,497	21,073,686	19,992,150	22,978,757
	85,707,753	85,240,996	78,307,081	74,257,492	77,025,533	75,976,256
	1,890,486	1,912,942	2,302,256	2,066,878	2,100,474	2,008,413
	-	-	-	1,460,454 (1)	9,464,158	8,753,884
	2,368,951	2,267,261	2,759,624	11,317,032	11,414,588	13,834,535
	<u>111,176,749</u>	<u>111,715,613</u>	<u>105,107,458</u>	<u>110,175,542</u>	<u>119,996,903</u>	<u>123,551,845</u>
\$	<u>183,284,754</u>	<u>175,619,952</u>	<u>167,927,807</u>	<u>162,343,354</u>	<u>172,663,054</u>	<u>176,711,808</u>
\$	9,906,438	\$ 10,606,915	\$ 9,907,005	\$ 9,354,010	\$ 7,506,910	\$ 7,246,693
	-	-	-	-	-	-
	110,651	42,390	121,250	96,975	276,890	89,512
	3,533,668	3,338,944	3,284,627	3,275,190	3,137,059	3,035,540
	-	-	-	-	-	-
	250,876	260,442	248,506	258,192	313,245	438,032
	703,452	965,210	1,070,269	1,090,320	568,440	466,146
	8,478,562	9,597,840	7,555,223	8,795,814	7,550,859	6,902,214
	13,865,101	9,735,992	7,281,401	5,833,603	11,933,376	1,985,281
	<u>36,848,748</u>	<u>34,547,733</u>	<u>29,468,281</u>	<u>28,704,104</u>	<u>31,286,779</u>	<u>20,163,418</u>
	28,207,449	28,115,388	26,766,387	25,090,551	24,125,227	23,561,197
	92,093,318	90,011,504	89,317,524	86,896,085	82,709,681	84,509,940
	1,801,341	1,973,016	1,857,203	1,799,114	1,711,458	1,548,715
	-	-	-	1,135,129 (1)	6,745,390	6,203,317
	1,644,720	1,681,074	1,677,432	9,343,330	8,976,919	9,535,056
	-	-	-	-	-	-
	777,567	4,536,972	3,282,679	709,276	1,764,631	1,023,388
	<u>124,524,395</u>	<u>126,317,954</u>	<u>122,901,225</u>	<u>124,973,485</u>	<u>126,033,306</u>	<u>126,381,613</u>
\$	<u>161,373,143</u>	<u>160,865,687</u>	<u>152,369,506</u>	<u>153,677,589</u>	<u>157,320,085</u>	<u>146,545,031</u>

(Continued)

CITY OF MARIETTA, GEORGIA

CHANGES IN NET ASSET LAST TEN YEARS (accrual basis of accounting)

	2012	2011	2010	2009
Net (expense)/revenue				
Governmental activities	\$ (25,387,773)	\$ (36,875,344)	\$ (37,294,645)	\$ (176,851)
Business-type activities	19,775,903	19,984,397	10,330,308	9,634,441
Total primary government net expense	\$ (5,611,870)	\$ (16,890,947)	\$ (26,964,337)	\$ 9,457,590
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 12,952,017	\$ 13,806,851	\$ 13,356,484	\$ 13,492,266
Franchise taxes	5,807,338	5,813,654	5,455,136	5,290,662
Insurance premium taxes	2,653,793	3,162,511	3,257,172	3,288,021
Alcohol taxes	756,815	743,152	790,828	803,261
Hotel / Motel taxes	1,823,699	1,906,431	1,738,399	1,893,459
Auto rental excise tax	359,340	374,996	355,788	412,431
Unrestricted investment earnings	171,150	205,966	356,084	536,713
Gain on sale of capital assets	140,437	64,599	70,215	143,752
Miscellaneous	19,802	-	-	-
Operating grants not restricted	-	2,038,348	1,701,947	1,669,199
Contributions not restricted	-	-	-	-
Transfers	12,686,587	10,307,493	9,694,169	9,185,750
Total governmental activities	37,370,978	38,424,001	36,776,222	36,715,514
Business-type activities:				
Unrestricted investment earnings	420,170	539,567	223,404	712,646
Gain on extinguishment of debt	-	-	168,042	-
Gain on sale of capital assets	66,295	444,084	112,862	165,386
Miscellaneous	182,252	-	-	-
Transfers	(12,686,587)	(10,307,493)	(9,694,169)	(9,185,750)
Total business-type activities	(12,017,870)	(9,323,842)	(9,189,861)	(8,307,718)
Total primary government	\$ 25,353,108	\$ 29,100,159	\$ 27,586,361	\$ 28,407,796
Change in Net Assets				
Governmental activities	\$ 11,983,205	\$ 1,548,657	\$ (518,423)	\$ 36,538,663
Business-type activities	7,758,033	10,660,555	1,140,447	1,326,723
Total primary government	\$ 19,741,238	\$ 12,209,212	\$ 622,024	\$ 37,865,386

- NOTES:** (1) The City sold the fiber optic operations on August 31, 2004. Fiscal year 2005 only includes two months of operations.
(2) Judicial operations have been previously reported as a function of general government. In accordance with the state chart of accounts the activity is being separately reported for FY 2012.
(3) Forfeitures and seizure revenues were previously reported as operating grants. In accordance with the state chart of accounts the revenues are being reported as charges for services in FY 2012.

	2008	2007	2006	2005	2004	2003
\$	(35,259,257)	\$ (29,356,606)	\$ (33,352,068)	\$ (23,463,708)	\$ (21,379,372)	\$ (32,996,545)
	13,347,646	14,602,341	17,793,767	14,797,943	6,036,403	2,829,768
\$	<u>(21,911,611)</u>	<u>\$ (14,754,265)</u>	<u>\$ (15,558,301)</u>	<u>\$ (8,665,765)</u>	<u>\$ (15,342,969)</u>	<u>\$ (30,166,777)</u>
\$	11,965,381	\$ 12,293,579	\$ 11,398,799	\$ 10,559,446	\$ 10,958,814	\$ 9,418,677
	5,159,179	5,176,430	5,182,993	5,069,809	4,857,710	5,020,828
	3,211,100	3,078,387	2,942,305	2,734,817	2,523,528	2,341,448
	812,476	884,674	861,353	842,738	847,700	846,831
	2,224,497	2,182,657	2,150,995	2,067,734	2,009,839	2,105,653
	457,952	494,156	551,863	579,170	519,884	539,024
	1,590,204	1,881,843	1,010,915	436,137	183,944	634,407
	420,929	134,434	-	47,179	46,140	46,046
	-	-	-	-	-	-
	1,555,432	1,275,916	1,176,819	-	-	-
	-	-	152,314	-	-	-
	8,956,113	9,314,449	7,743,458	8,234,913	5,570,324	8,689,939
	<u>36,353,263</u>	<u>36,716,525</u>	<u>33,171,814</u>	<u>30,571,943</u>	<u>27,517,883</u>	<u>29,642,853</u>
	1,973,077	2,509,636	1,736,225	756,524	151,013	272,044
	-	-	-	-	-	-
	139,800	32,889	55,187	(15,842,246)	92,856	13,540.00
	-	-	-	-	-	-
	(8,956,113)	(9,314,449)	(7,743,458)	(8,230,411)	(5,570,324)	(8,689,939)
	<u>(6,843,236)</u>	<u>(6,771,924)</u>	<u>(5,952,046)</u>	<u>(23,316,133)</u>	<u>(5,326,455)</u>	<u>(8,404,355)</u>
\$	<u>29,510,027</u>	<u>\$ 29,944,601</u>	<u>\$ 27,219,768</u>	<u>\$ 7,255,810</u>	<u>\$ 22,191,428</u>	<u>\$ 21,238,498</u>
\$	1,094,006	\$ 7,359,919	\$ (180,254)	\$ 7,108,235	\$ 6,138,511	\$ (3,353,692)
	6,504,410	7,830,417	11,841,721	(8,518,190)	709,948	(5,574,587)
\$	<u>7,598,416</u>	<u>\$ 15,190,336</u>	<u>\$ 11,661,467</u>	<u>\$ (1,409,955)</u>	<u>\$ 6,848,459</u>	<u>\$ (8,928,279)</u>

CITY OF MARIETTA, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General fund				
Reserved	\$ -	\$ -	\$ 18,104,875	\$ 1,645,272
Unreserved	-	-	12,168,488	14,810,512
Nonspendable	30,427,927	20,447,186	-	-
Restricted	-	2,661,721	-	-
Committed	-	9,388	-	-
Assigned	2,639,573	1,579,824	-	-
Unassigned	16,778,594	15,998,359	-	-
Total general fund	<u>\$ 49,846,094</u>	<u>\$ 40,696,478</u>	<u>\$ 30,273,363</u>	<u>\$ 16,455,784</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ 10,966,247	\$ 11,650,875
Unreserved, reported in:				
Special revenue funds	-	-	4,976,070	6,728,922
Capital projects funds	-	-	54,792,285	10,249,776
Nonspendable	598,338	-	-	-
Restricted:				
Public safety	5,208	5,207	-	-
Public works	194,397	-	-	-
Housing and development	1,086,843	4,955,106	-	-
Capital projects	27,322,837	44,356,460	-	-
Debt service	8,447,852	5,492,241	-	-
Assigned	383,634	-	-	-
Unassigned	(1,561)	-	-	-
Total all other governmental funds	<u>\$ 38,037,548</u>	<u>\$ 54,809,014</u>	<u>\$ 70,734,602</u>	<u>\$ 28,629,573</u>

(1) The decrease in unrestricted fund balance was due to transfers to the Marietta Conference Center and Resort and property purchases for redevelopment.

(2) The unrestricted fund balance increased due to the sale of property the City had purchased for redevelopment projects.

(3) Includes the 2005 tax allocation bond proceeds.

(4) Includes the 2005 SPLOST tax revenues.

(5) The City implemented GASB Statement No. 54 in 2011.

2008	2007	2006	2005	2004	2003
\$ 2,335,327	\$ 1,951,995	\$ 1,418,139	\$ 2,926,287	\$ 3,541,471	\$ 2,618,300
14,374,838	14,570,802	14,240,675 (2)	8,824,684	7,052,523 (1)	11,067,315
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 16,710,165</u>	<u>\$ 16,522,797</u>	<u>\$ 15,658,814</u>	<u>\$ 11,750,971</u>	<u>\$ 10,593,994</u>	<u>\$ 13,685,615</u>
\$ 7,725,291	\$ 5,493,472	\$ 2,880,403	\$ 2,782,569	\$ 3,794,278	\$ 4,827,189
6,708,071	7,444,398	6,592,067 (3)	2,084,380	1,980,587	1,848,752
16,867,435	6,026,841	3,732,152 (4)	(2,906)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 31,300,797</u>	<u>\$ 18,964,711</u>	<u>\$ 13,204,622</u>	<u>\$ 4,864,043</u>	<u>\$ 5,774,865</u>	<u>\$ 6,675,941</u>

CITY OF MARIETTA, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2012	2011	2010	2009
Revenues				
Taxes	\$ 24,783,042	\$ 25,789,789	\$ 24,825,094	\$ 25,097,088
Licenses and permits	5,691,038	5,410,991	5,297,444	5,799,547
Intergovernmental	24,834,702	24,354,587	22,487,098	22,251,684
Fines and forfeitures	4,326,335	3,257,284	3,255,124	3,538,722
Charges for services	4,027,807	4,096,531	4,192,418	4,164,491
Contributions	27,998	-	-	-
Interest income	195,184	160,027	263,223	697,609
Other revenues	750,933	710,401	482,496	800,914
Total revenues	64,637,039	63,779,610	60,802,897	62,350,055
Expenditures				
General government	4,541,438	7,416,234	7,450,955	7,633,637
Judicial	1,561,763 (1)	-	-	-
Public safety	25,575,436	26,079,452	24,645,422	25,439,147
Public works	8,082,753	7,241,032	7,363,184	8,153,184
Health and welfare	194,847	-	-	-
Culture and recreation	5,168,657	3,976,597	4,298,902	4,707,715
Housing and development	8,215,372	5,879,557	6,353,078	6,046,710
Capital outlay	13,041,651	9,225,953	14,363,860	12,863,322
Debt service				
Principal retirements	13,682,316	12,521,801	7,547,336	6,189,683
Interest	4,145,343	4,574,266	3,316,004	2,824,304
Fiscal agent fees and issuance costs	-	-	-	-
Total expenditures	84,209,576	76,914,892	75,338,741	73,857,702
Excess of revenues over (under) expenditures	(19,572,537)	(13,135,282)	(14,535,844)	(11,507,647)
Other financing sources (uses)				
Issuance of long-term debt	-	-	102,108,385	-
Payment to escrow agent	-	-	(40,701,056)	-
Proceeds from sale of capital assets	140,437	64,599	70,215	143,752
Transfers in	25,518,231	28,990,961	28,461,017	15,845,087
Transfers out	(14,270,528)	(21,422,751)	(19,480,109)	(7,406,797)
Total other financing sources (uses)	11,388,140	7,632,809	70,458,452	8,582,042
Net change in fund balances	\$ (8,184,397)	\$ (5,502,473)	\$ 55,922,608	\$ (2,925,605)
Debt service as a percentage of noncapital expenditures	26.35%	27.82%	17.89%	13.12%

(1) Judicial operations have been previously reported as a function of general government. In accordance with the state chart of accounts the activity is being separately reported for FY 2012.

	2008	2007	2006	2005	2004	2003
\$	24,680,800	\$ 24,054,243	\$ 23,052,547	\$ 24,891,288	\$ 16,129,207	\$ 14,160,753
	6,227,731	6,621,273	6,306,258	6,314,395	12,814,047	12,546,419
	25,074,095	21,850,301	17,845,244	12,993,072	15,251,038	12,794,367
	3,797,209	4,353,147	4,127,362	3,789,735	2,151,560	2,119,515
	4,053,167	3,932,451	3,914,149	3,918,537	3,687,691	3,669,682
	-	-	-	-	-	-
	2,018,377	1,802,151	964,352	375,582	155,504	556,459
	616,345	453,539	551,064	1,340,973	428,813	309,749
	<u>66,467,724</u>	<u>63,067,105</u>	<u>56,760,976</u>	<u>53,623,582</u>	<u>50,617,860</u>	<u>46,156,944</u>
	7,435,676	7,370,697	11,715,968	5,418,240	2,476,031	5,209,312
	-	-	-	-	-	-
	25,901,142	23,537,979	23,916,347	20,858,758	24,413,923	20,433,348
	8,027,775	7,594,840	7,284,494	6,712,946	7,576,562	6,032,895
	-	-	-	-	-	-
	4,931,066	5,566,985	5,150,388	4,807,994	3,326,108	5,132,803
	6,665,677	8,261,612	7,071,247	7,181,872	6,996,078	6,246,521
	10,558,597	4,243,722	2,358,450	9,516,023	5,120,264	5,061,572
	5,287,265	5,059,965	4,852,776	4,657,380	7,640,000	5,585,000
	4,789,241	3,101,300	2,935,530	3,107,466	3,353,311	4,581,910
	186,933	-	119,830	1,802	4,208	177,928
	<u>73,783,372</u>	<u>64,737,100</u>	<u>65,405,030</u>	<u>62,262,481</u>	<u>60,906,485</u>	<u>58,461,289</u>
	(7,315,648)	(1,669,995)	(8,644,054)	(8,638,899)	(10,288,625)	(12,304,345)
	49,985,000	-	8,400,000	-	-	21,231,956
	(38,550,000)	-	-	-	-	(20,360,000)
	425,157	139,123	5,034,982	239,437	46,140	46,015
	15,729,197	15,515,433	15,793,259	12,815,707	10,046,820	11,480,033
	<u>(7,750,252)</u>	<u>(6,940,497)</u>	<u>(8,335,765)</u>	<u>(4,170,090)</u>	<u>(3,797,032)</u>	<u>(2,790,094)</u>
	<u>19,839,102</u>	<u>8,714,059</u>	<u>20,892,476</u>	<u>8,885,054</u>	<u>6,295,928</u>	<u>9,607,910</u>
\$	<u>12,523,454</u>	<u>\$ 7,044,064</u>	<u>\$ 12,248,422</u>	<u>\$ 246,155</u>	<u>\$ (3,992,697)</u>	<u>\$ (2,696,435)</u>
	15.16%	14.52%	14.07%	13.51%	19.54%	19.65%

CITY OF MARIETTA, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Intangible Tax	Alcoholic Beverage Excise Tax	Hotel Motel Tax	Real Estate Transfer Tax	Other Taxes	Total
2003	\$ 8,995,155	\$ 285,519	\$ 846,831	\$ 2,093,875	\$ 80,592	\$ 539,024	\$ 12,840,996
2004	10,507,706	284,215	847,700	2,009,839	99,110	519,884	14,268,454
2005 (1)	15,306,659	230,896	842,738	2,067,734	136,880	3,313,987	21,898,894
2006	16,546,032	257,488	861,353	2,150,995	149,332	3,087,347	23,052,547
2007	17,416,798	285,132	884,674	2,180,519	110,783	3,176,337	24,054,243
2008	17,590,571	224,801	812,476	2,217,011	106,428	3,729,513	24,680,800
2009	18,417,461	141,422	803,261	1,891,608	37,937	3,805,399	25,097,088
2010	18,412,382	116,367	790,828	1,720,725	22,427	3,762,365	24,825,094
2011	19,350,867	116,922	743,122	1,891,999	35,454	3,651,425	25,789,789
2012	19,008,206	137,004	756,815	1,823,699	42,185	3,015,133	24,783,042

- (1) 2003-2005: Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitor's Bureau, Inc.
2006-2012: Includes all governmental funds.
- (2) Beginning in fiscal year 2005, franchise taxes are included in Property Tax revenue and insurance premium taxes are included in Other revenue, which was previously reported in License & Permits revenue in prior year.

CITY OF MARIETTA, GEORGIA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property (1)	Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Motor Vehicles/Homes	Personal Property	Public Utilities					
2003	\$ 1,745,314,574	\$ 168,311,224	\$ 297,553,461	\$ 36,728,896	\$ 74,975,895	\$ 2,172,932,260	4.686	\$ 5,432,330,650	40.00%
2004	1,788,218,138	156,996,283	308,502,425	34,685,490	92,338,297	2,196,064,039	4.686	5,490,160,098	40.00%
2005	1,860,715,202	151,204,522	289,628,328	33,045,200	117,344,645	2,217,248,607	4.686	5,543,121,518	40.00%
2006	2,024,460,648	163,927,353	294,707,607	32,891,832	130,666,229	2,385,321,211	4.686	5,963,303,028	40.00%
2007	2,185,623,440	172,340,767	293,856,544	35,121,972	161,562,650	2,525,380,073	4.686	6,313,450,183	40.00%
2008	2,328,581,761	170,498,321	316,625,189	30,026,547	192,084,113	2,653,647,705	4.686	6,634,119,263	40.00%
2009	2,493,024,336	185,424,419	306,446,750	34,126,529	181,334,175	2,837,687,859	4.686	7,094,219,648	40.00%
2010	2,481,302,362	177,214,999	294,658,364	33,478,129	172,043,250	2,814,610,604	4.686	7,036,526,510	40.00%
2011	2,514,106,019	177,150,379	266,358,668	32,647,169	110,462,282	2,879,799,953	5.240	7,199,499,883	40.00%
2012	2,382,880,079	174,072,376	266,374,603	30,006,662	95,033,562	2,758,300,158	5.240	6,895,750,395	40.00%

Source: City of Marietta tax department

Note: Tax rates are per \$1,000 of assessed value.

(1) City tax system combines all real property, residential, commercial and industrial parcels.

CITY OF MARIETTA, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (Per \$1000 of Assessed Value) LAST TEN YEARS

Calendar Year	City of Marietta				Overlapping Rates					Total Direct & Overlapping Rates	Downtown Marietta Development Authority (1) Operating Millage
	Operating Millage	Debt Service Millage	Cemetery Maintenance Millage	Total City Millage	Cobb County			Marietta City Schools			
					Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	State		
2003	2.79	1.816	0.08	4.686	6.85	0.22	7.07	17.97	0.25	29.98	2.60
2004	2.79	1.816	0.08	4.686	6.85	0.22	7.07	17.97	0.25	29.98	2.38
2005	2.79	1.816	0.08	4.686	6.85	0.22	7.07	17.97	0.25	29.98	2.38
2006	2.79	1.816	0.08	4.686	6.82	0.22	7.04	17.97	0.25	29.95	2.38
2007	2.79	1.816	0.08	4.686	6.82	0.22	7.04	17.97	0.25	29.95	2.38
2008	2.79	1.816	0.08	4.686	6.82	0.22	7.04	17.97	0.25	29.95	2.38
2009	2.79	1.816	0.08	4.686	6.82	0.22	7.04	17.97	0.25	29.95	2.38
2010	2.79	1.816	0.08	4.686	6.82	0.22	7.04	17.97	0.25	29.95	2.09
2011	2.79	2.37	0.08	5.240	6.82	0.22	7.04	17.97	0.25	30.50	2.09
2012	2.79	2.37	0.08	5.240	7.72	0.33	8.05	17.97	0.25	31.51	2.09

Source: City of Marietta tax department

(1) The Downtown Marietta Development Authority is a special purpose district in the downtown business area that assesses an additional tax levy

CITY OF MARIETTA, GEORGIA

PRINCIPAL TAXPAYERS CURRENT AND NINE YEARS AGO

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
C W Matthews Contracting Co.	\$ 13,632,752	1	0.494 %	\$ 22,067,589	1	1.02 %
Laurel Hills Apartment LLC	13,040,000	2	0.473			
Sterling Town Center Apartments	10,600,000	3	0.384			
Bellsouth Telecom./ AT&T	9,041,704	4	0.328			
Atlanta Parkway Investment Group I	7,980,000	5	0.289	12,697,330	4	0.58
Atlanta Parkway Investment Group II	7,980,000	6	0.289	12,646,551	5	0.58
Rauls Frank P & Tyler J Rauls	7,924,254	7	0.287			
Kennestone Physicians Center I	7,852,800	8	0.285			
Marietta II E & A LLC	6,512,760	9	0.236			
Atlanta Gas Light	6,718,979	10	0.244			
Tyco International US Inc.				15,224,754	2	0.70
Bells Ferry Corp.				13,253,603	3	0.61
Caswyck Town Center LLC				10,018,310	6	0.46
Bel EQR IV LP				8,816,382	7	0.41
FPL/Flagstone Apartments LP				7,377,058	8	0.34
Cooper of Northwest Georgia, Inc.				7,154,486	9	0.33
Crow Wood Glen Association				7,037,700	10	0.32
	<u>\$ 91,283,249</u>		<u>3.31 %</u>	<u>\$ 84,710,641</u>		<u>5.35 %</u>

Source: City of Marietta tax department

CITY OF MARIETTA, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy by Fiscal Year	Subsequent Adjustments	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 8,126,201	\$ 32,771	\$ 8,158,972	\$ 7,997,857	98.0%	\$ 160,704	\$ 8,158,561	99.99%
2004	9,277,950	(76,177)	9,201,773	9,120,751	99.1%	79,906	9,200,657	99.99%
2005	9,430,498	(25,716)	9,404,782	9,348,551	99.4%	54,303	9,402,854	99.98%
2006	10,136,294	31,569	10,167,863	10,036,324	98.7%	122,964	10,159,288	99.92%
2007	10,761,609	(49,602)	10,712,007	10,615,645	99.1%	81,968	10,697,613	99.87%
2008	11,407,894	8,813	11,416,707	11,273,654	98.7%	127,025	11,400,679	99.86%
2009	12,147,888	(171)	12,147,717	11,853,331	97.6%	267,512	12,120,843	99.78%
2010	11,987,687	(69,686)	11,918,001	11,660,045	97.8%	213,812	11,873,857	99.63%
2011	12,416,512	(43,074)	12,373,438	12,111,605	97.9%	191,103	12,302,708	99.43%
2012	11,708,773	-	11,708,773	11,512,240	98.3%	-	11,512,240	98.32%

Source: City of Marietta Tax Department.

CITY OF MARIETTA, GEORGIA

WATER AND WASTEWATER RATE HISTORY LAST TEN FISCAL YEARS

Fiscal Year	Gallons of Water Consumed (millions)	Total Direct Rate							
		Water					Wastewater		
		Base Rate (1)	Tier 1 (2)	Tier 2 (2)	Tier 3 (2)	Tier 4 (2)	Base Rate (1)	Tier 1 (3)	Tier 2 (3)
2003	3,415	\$ 9.16	\$ 2.17	\$ 1.94	\$ 1.73	\$ *	\$ 8.97	\$ 4.78	\$ 4.44
2004	3,160	9.22	2.20	1.97	1.76	*	9.21	4.90	4.44
2005	3,158	9.45	2.25	2.02	1.80	*	9.58	5.09	4.61
2006	3,357	9.92	2.36	*	*	*	10.77	5.38	*
2007	3,353	10.61	2.53	2.91	3.29	*	11.52	5.76	*
2008	3,001	12.10	2.88	3.60	5.76	*	12.21	6.11	*
2009	2,627	15.00	3.57	4.46	7.14	*	13.06	6.54	*
2010	2,613	16.20	3.86	4.83	7.72	*	14.10	7.06	*
2011	2,644	17.50	4.17	5.22	8.34	*	14.95	7.48	*
2012	2,658	13.00	2.65	4.40	5.50	8.80	15.10	7.55	*

Source: City of Marietta utility department

* No rate for that Tier during that time

(1) 0 - 2,000 gallons

(3) Wastewater Tier Definition
(in thousand gallons)

Fiscal Year	(2) Water Tier Definition (in thousand gallons)			
	Tier 1	Tier 2	Tier 3	Tier 4
2003 - 2005	>2-20	>20-1000	>1000	*
2006 - 2008	>2	*	*	*
2009 - 2011	>2-7	>7 -12	>12	*
2012	0-2	>2-7	>7 -12	>12

(3) Wastewater Tier Definition (in thousand gallons)	
Tier 1	Tier 2
>2 - 1,000	>1,000
>2	*
>2	*
>2	*

CITY OF MARIETTA, GEORGIA
ELECTRIC RATE HISTORY PER SEASON
LAST TEN FISCAL YEARS

		Total Direct Rate									
Fiscal Year	Kilowatt Hours Sold (millions)	Summer (June through September)				Winter (October through May)					
		Base Rate	Tier 1 (1)	Tier 2 (2)	Tier 3 (3)	Base Rate	Tier 1 (1)	Tier 2 (2)	Tier 3 (3)		
2003	1,082	\$ 8.00	\$ 0.070	\$ 0.087	\$ 0.102	\$ 8.00	\$ 0.070	\$ 0.054	\$ 0.054		
2004	1,074	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2005	1,036	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2006	1,075	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2007	1,073	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2008	1,094	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2009	1,031	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2010	1,046	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2011	1,083	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		
2012	1,027	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054		

Source: City of Marietta utility department

(1) Cost per first 650 kilowatt hours

(2) Cost per 651 - 1,000 kilowatt hours

(3) Cost per each addition kilowatt hours over 1,000 hours

CITY OF MARIETTA, GEORGIA

**PRINCIPAL ELECTRIC REVENUE CUSTOMERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2012			2003		
	Kilowatt Hours Billed	Rank	Percentage of Total Kilowatt Hours Billed	Kilowatt Hours Billed	Rank	Percentage of Total Kilowatt Hours Billed
Wellstar Hospital	58,280,756	1	5.674 %	36,266,400	1	3.33 %
Cobb County Government	51,399,493	2	5.004	24,764,000	3	2.28
Southern Polytechnic	35,754,493	3	3.481	11,993,579	7	1.10
Tip Top Poultry	33,720,726	4	3.283	8,540,783	9	0.79
Lockheed Martin	17,734,978	5	1.727	24,019,333	4	2.21
Coca Cola Enterprises	17,143,200	6	1.669	12,189,819	6	1.12
Life College	16,610,134	7	1.617	9,395,000	8	0.86
Southern Ice Cream	11,935,917	8	1.162	14,853,600	5	1.37
Cobb County Board of Education	10,707,137	9	1.042			
Marietta City Schools	10,227,518	10	0.996	7,380,415	10	0.68
Tyco-Kendall				26,686,800	2	2.45
	<u>\$ 263,514,352</u>		<u>25.65 %</u>	<u>\$ 84,710,641</u>		<u>16.19 %</u>

CITY OF MARIETTA, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	SPLOST Revenue Bonds	Tax Allocation Bonds	Citywide Project Bonds	Notes Payable	Revenue Bonds	Notes Payable	Capital Leases			
2003	\$ 76,965,000	\$ -	\$ -	\$ -	\$ -	\$ 22,955,000	\$ -	\$ 5,362,464	\$ 105,282,464	7.20%	\$ 1,749
2004	69,325,000	-	-	-	-	26,670,000	-	4,839,839	100,834,839	6.86%	1,675
2005	64,705,000	-	-	-	762,620	26,255,000	-	4,261,588	95,984,208	6.48%	1,595
2006	59,895,000	-	8,400,000	-	719,844	25,815,000	-	3,712,854	98,542,698	6.48%	1,637
2007	54,880,000	-	8,400,000	-	674,879	25,350,000	-	3,192,696	92,497,575	5.90%	1,522
2008	51,255,000	9,820,000	8,400,000	-	627,614	31,410,000	-	5,088,450	106,601,064	6.80%	1,724
2009	45,115,000	9,820,000	7,900,805	-	577,930	30,420,000	-	5,041,592	98,875,327	6.24%	1,591
2010	60,835,000	9,145,000	7,380,694	31,660,000	525,706	- (3)	-	4,362,303	113,908,703	6.85%	1,753
2011	53,550,000	5,370,000	6,838,790	30,795,000 (2)	470,808	-	-	3,655,459	100,680,057	6.76%	1,779
2012	47,290,000	-	6,274,180	-	29,778,102 (2)	-	2,880,000	218,568	86,440,850	5.65%	1,484

(1) See the Demographic and Economic Statistics for personal income and population data.

(2) The Citywide bonds were issued by the Downtown Marietta Development Authority and are payable by the City through a note payable to DMDA, and have been reclassified to report as note payable for the 2012 fiscal year.

(3) The bonds were cancelled in FY 2010

CITY OF MARIETTA, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2003	\$ 76,965,000	\$ 2,000,172	\$ 74,964,828	1.38%	\$ 1,245
2004	69,325,000	1,958,270	67,366,730	1.23%	1,119
2005	64,705,000	1,898,186	62,806,814	1.13%	1,043
2006	59,895,000	2,206,406	57,688,594	0.97%	958
2007	54,880,000	2,836,778	52,043,222	0.82%	857
2008	51,255,000	3,658,389	47,596,611	0.72%	770
2009	45,115,000	4,701,507	40,413,493	0.57%	650
2010	60,835,000	3,366,151	57,468,849	0.82%	884
2011	53,550,000	5,492,241	48,057,759	0.67%	849
2012	47,290,000	6,450,827	40,839,173	0.59%	701

(1) See the Assessed Value and Estimated Actual Value of Taxable Property for property tax data.

(2) See the Demographic and Economic Statistics for population data.

CITY OF MARIETTA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2012

Governmental Unit	Net Governmental Debt Outstanding	Percentage Applicable to City of Marietta (1)	Amount Applicable to City of Marietta
Debt repaid with property taxes:			
Cobb County General Obligation Debt	\$ 40,370,000	12.29%	\$ 4,961,473
Cobb County TANs	98,000,000	12.29%	12,044,200
Total overlapping debt	138,370,000		17,005,673
Overlapping guaranteed revenue debt:			
Cobb County Pakring Deck Certificates	10,260,000	12.29%	1,260,954
Cobb-Marietta Coliseum and Exhibit Hall Authority	48,260,000	12.29%	5,931,154
Cobby County Solid Waste Management	6,150,000	12.29%	755,835
Total overlapping guaranteed revenue debt:	64,670,000		7,947,943
City direct debt	83,342,282	100.00%	83,342,282
Total direct and overlapping debt	\$ 221,712,282		\$ 108,295,898
Debt Per Capita:			
Direct City Debt			\$ 1,431
Overlapping General Obligation Debt			292
Overlapping Guaranteed Revenue Debt			136
Total Deb Per Capita			\$ 1,860

Source: Assessed value data used to estimate applicable percentages provided by the Cobb County Board of Equalization and Assessment. Debt outstanding data provided by Cobb County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Marietta, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF MARIETTA, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 224,790,816	\$ 228,840,234	\$ 233,459,325	\$ 251,598,744	\$ 268,694,272
Total net debt applicable to limit	76,965,000	69,325,000	64,705,000	59,895,000	54,880,000
Legal debt margin	\$ 147,825,816	\$ 159,515,234	\$ 168,754,325	\$ 191,703,744	\$ 213,814,272
Total net debt applicable to the limit as a percentage of debt limit	34.24%	30.29%	27.72%	23.81%	20.42%
	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 284,573,182	\$ 301,902,203	\$ 298,565,385	\$ 299,026,224	\$ 285,333,372
Total net debt applicable to limit	51,255,000	45,115,000	60,835,000	53,550,000	40,839,173
Legal debt margin	\$ 233,318,182	\$ 256,787,203	\$ 237,730,385	\$ 245,476,224	\$ 244,494,199
Total net debt applicable to the limit as a percentage of debt limit	18.01%	14.94%	20.38%	17.91%	14.31%
Assessed Value					\$2,758,300,158
Add back: exempt real property					95,033,562
Total assessed value					2,853,333,720
Debt limit (10% of total assessed value)					285,333,372
Debt applicable to limit:					47,290,000
General obligation bonds					47,290,000
Less: Amount set aside for repayment of general obligation debt					(6,450,827)
Legal debt margin					\$ 244,494,199

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

CITY OF MARIETTA, GEORGIA

**PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Marietta Conference Center Bonds, Series 1996 A, 1996 B, and 2003 (1)				Tax Allocation District Series 2005 (2)				Note payable for Downtown Marietta Development Authority, Series 2009 Revenue Bonds (4)			
	Operating Revenues	Principal	Interest	Coverage	TAD Revenues	Principal	Interest	Coverage	Operating Revenues	Principal	Interest	Coverage
2003	\$ 9,535,056	\$ 560,000	\$ 1,838,201	3.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2004	8,976,919	600,000	1,841,483	3.68	-	-	-	-	-	-	-	-
2005	9,343,330	415,000	1,841,606	4.14	-	-	-	-	-	-	-	-
2006	1,677,432	440,000	1,798,563	0.75	172,486	-	-	-	-	-	-	-
2007	1,681,074	465,000	1,328,549	0.94	472,140	*	353,997	1.33	-	-	-	-
2008	1,644,720	940,000	1,355,580	0.72	725,895	*	351,960	2.06	-	-	-	-
2009	1,726,505	990,000	1,921,319	0.59	857,583	499,195	351,960	1.01	-	-	-	-
2010	-	-	-	- (3)	907,858	520,111	331,044	1.07	1,942,774	-	-	-
2011	-	-	-	-	1,019,761	541,904	309,251	1.20	2,240,303	865,000	1,384,731	1.00
2012	-	-	-	-	738,452	564,610	286,545	0.87	2,247,086	1,430,000	1,350,306	0.81

(1) Conference Center bonds coverage is calculated upon gross revenues.

(2) Tax allocation bond coverage is calculated upon gross TAD revenues.

(3) Bonds cancelled in Fiscal year 2010

(4) The note payable coverage is calculated upon gross revenues from Conference Center.

* First Tax allocation bond principal payment was due in FY2009

CITY OF MARIETTA, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Median Age (1)	School Enrollment (3)	Unemployment Rate (4)
2003	60,208	\$ 1,463,115	\$ 24,301	30.4	7,552	5.80%
2004	60,204	1,470,964	24,433	30.6	7,316	5.60%
2005	60,197	1,481,328	24,608	31.0	7,558	4.60%
2006	60,189	1,520,795	25,267	32.3	7,818	3.90%
2007	60,758	1,566,949	25,790	32.8	7,517	3.90%
2008	61,829	1,567,303	25,349	33.7	7,638	5.20%
2009	62,150	1,585,265	25,507	32.2	7,869	9.50%
2010	64,988	1,663,692	25,600	34.6	7,504	9.70%
2011	56,579	1,489,329	26,323	32.6	7,908	9.90%
2012	58,238	1,529,272	26,259	32.8	8,279	9.70%

(1) Population and age demographic sources: ESRI for 2012; U.S. Census Bureau Decennial counts for 2011; U.S. Census Bureau American Community Survey estimates for year 2008, City of Marietta estimates for years 2003 - 2005; Claritas estimates for years 2006 2007 and 2009 - 2010.

(2) Income sources: U.S. Census Bureau American Community Survey estimates for years 2008 and 2011, City of Marietta estimates for years 2003 - 2005; Claritas estimates for years 2006 - 2007 and 2009 - 2010 & ESRI for 2012.

(3) Student enrollment provided by the Marietta City Schools.

(4) Unemployment rate source: Georgia Department of Labor, Workforce Statistics and Economic Research

CITY OF MARIETTA, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND TEN YEARS AGO

Employer	2012			2003		
	Employees (1)	Rank	Percentage of Total City Employment	Employees (1)	Rank	Percentage of Total City Employment
Lockheed Martin Aeronautical Systems	7,000	1	22.11 %	7,000	1	20.73 %
Wellstar Kennestone Hospital	4,664	2	14.73	2,950	2	8.73
YKK Corp of America	2,400	3	7.58	1,500	3	4.44
Alere	1,981	4	6.26			
Columbian Chemical Company	1,300	5	4.11	1,400	4	4.15
Marietta City Schools	1,157	6	3.65	1,160	6	3.43
Cobb County Board of Education	1,060	7	3.35			
C.W. Matthews Contracting, Inc.	961	8	3.04			
Cobb County Government	900	9	2.84	1,100	7	3.26
Dobbins Air Reserve Base	880	10	2.78			
Solvay Pharmaceuticals				1,500	5	4.44
Matria Healthcare				1,074	8	3.18
Power Industry Consultants				1,060	9	3.14
Tip Top Poultry, Inc.				1,000	10	2.96
	22,303		70.44 %	19,744		58.46 %

Source: City of Marietta Business License Department

CITY OF MARIETTA, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government:					
Elected officials	7	8	8	8	8
City clerk	3	3	3	3	3
Municipal court	14	16	14	14	16
City manager	6	6	6	7	7
Mayor staff	1	1	1	1	1
Finance	26	26	26	26	23
Human Resources	9	9	9	8	8
Develop. servs and Sect 8	30	31	30	32	31
Public works:					
Admin. & Engineering	10	10	9	8	7
Building Inspection	7	7	7	8	8
Environmental Services	36	38	38	39	42
Streets & Traffic	37	37	38	38	39
Public safety:					
Police:					
Officers	127	134	129	124	132
Civilians	34	31	31	30	33
Fire:					
Firefighters & officers	127	129	132	132	131
Civilians	3	3	3	3	4
Parks, Recreation & Facilities:					
Recreation	9	11	11	11	11
Property maintenance	14	14	16	16	17
Cemetery maintenance	2	2	1	1	1
BLW Board:					
Electric	129	129	126	131	127
Information Technology (2)	19	20	20	20	20
Water/sewer	40	42	42	41	41
FiberNet (1)	-	-	-	-	-
Fleet maintenance	14	14	14	14	13
Total	<u>709</u>	<u>727</u>	<u>720</u>	<u>721</u>	<u>729</u>

(1) Fibernet division was sold to a private company in August 2004.

(2) Formerly MIS/GIS

Source: City of Marietta

2007	2006	2005	2004	2003
8	8	8	8	8
3	3	3	3	3
16	16	15	12	12
7	6	5	6	5
1	1	1	1	1
24	25	21	24	23
9	9	8	8	6
29	30	24	25	23
7	7	7	7	8
8	8	6	7	7
42	41	42	42	37
41	41	39	41	35
133	134	136	136	136
31	31	17	26	28
128	134	122	127	119
4	4	3	3	4
11	9	10	12	12
17	16	19	20	38
2	3	3	3	3
6	6	6	6	6
137	130	127	137	134
21	21	19	20	19
37	38	38	39	36
-	-	-	24	26
13	14	14	14	12
<u>735</u>	<u>735</u>	<u>693</u>	<u>751</u>	<u>741</u>

CITY OF MARIETTA, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009
Police:				
Murder	3	4	4	3
Robbery	125	147	192	231
Aggravated assault	150	156	172	120
Motor vehicle theft	194	193	210	254
Burglary	622	715	690	604
Larceny	1,934	1,961	1,922	1,802
Fire:				
Calls for service	10,006	10,362	10,880	10,076
Fires	285	236	301	220
Structure fires	60	70	77	77
EMS calls	5,415	5,217	4,605	4,135
Fire investigations	67	77	67	76
Plan reviews of commercial property	431	418	414	482
Public Works/Engineering/Inspections:				
Highways and streets:				
Street resurfacing (miles)	7	3	6	14
Pedestrian signals installed	6	13	16	1
Signalized intersections installed/upgraded	57	7	8	27
Engineering/building inspections:				
Site plans reviewed	52	65	68	95
Grading permits issued	150	148	119	84
Permits issued (building and trade)	4,315	4,776	3,811	4,814
Inspections	10,803	12,418	10,347	11,913
Sanitation:				
Tons of residential waste landfilled	15,967	16,061	15,579	17,124
Tons of residential waste recycled	7,852	8,060	7,440	7,445
Parks, recreation, and facilities:				
Parks and recreation:				
Senior games participants	- (1)	254	300	250
Summer day camp participants	80	702	640	814
Youth basketball participants	299	335	360	340
Youth track participants	-	-	-	-
Adult basketball teams	4	8	12	12
Concerts on the Square	18	19	16	19
Festivals on the Square	9	6	8	7
Facilities:				
Inspections	400	427	400	400
Work orders	1,510	1,520	1,450	1,580
Vandalism incidents	10	7	32	39

2008	2007	2006	2005	2004	2003
4	4	6	1	6	5
268	276	197	201	206	212
189	189	131	141	186	177
393	467	405	439	427	397
636	614	419	483	609	635
1,858	1,820	1,929	1,803	2,207	2,158
10,496	12,514	12,633	12,266	11,736	11,736
297	296	220	227	381	388
75	79	75	80	75	176
3,803	3,715	3,500	3,487	4,945	4,617
77	86	42	45	48	30
416	984	640	624	624	508
12	3	3	3	3	4
10	19	9	9	10	6
6	13	10	7	10	10
118	130	52	47	47	50
173	317	318	312	278	250
4,767	6,536	4,725	4,456	4,194	4,300
12,039	17,180	11,525	11,295	10,500	12,000
18,955	19,785	15,300	14,983	14,700	12,500
6,391	5,786	6,825	6,527	6,030	4,500
222	275	320	309	320	300
1,018	356	790	517	580	544
380	321	490	480	590	620
100	92	108	112	100	100
11	10	11	14	6	18
17	17	17	17	16	16
4	4	4	4	4	4
3,659	3,613	3,571	3,470	3,470	3,470
3,121	2,971	2,870	2,598	2,598	2,198
210	264	189	173	173	183

(Continued)

CITY OF MARIETTA, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2012	2011	2010	2009
Development Services:				
Code enforcement cases	5,800	6,007	6,409	6,431
Citations issued	28	42	62	47
Sign permits issued	383	383	451	393
Rezoning applications processed	12	13	14	20
Variance applications processed	42	37	31	37
Plats reviewed	33	29	20	45
Building permits reviewed	1,271	1,271	1,168	1,118
Personnel:				
Number of open positions	66	61	73	74
Number of applications received	3,885	3,581	4,649	3,342
Pension applications received and approved	28	20	20	32
Finance:				
Tax payments processed	20,579	20,642	20,703	20,775
Value of tax payments (millions)	\$ 54	\$ 58	\$ 62	\$ 63
Property tax exemption forms	8,340	8,502	8,631	8,455
Purchase orders processed	1,961	1,964	1,974	2,113
Active vendors	7,400	7,400	6,996	6,687
Business licenses issued	8,340	8,399	8,379	7,276
Municipal Court:				
Traffic citations issued	15,617	18,524	15,698	14,146
Red light citations issued	14,746	17,364	20,197	21,641
Parking citations issued	4,743	4,317	4,687	4,255
Cases filed	12,691	14,237	12,594	11,755
Non-jury trials	1,022	1,256	990	1,011
New probationers	829	712	722	673
Electric:				
New customer work orders	20	121	144	150
Lighting repair work orders	1,538	1,517	1,733	1,800
Line clearance (miles)	135	94	98	110
Trees removed on system	587	594	298	315
Meter site audits	513	460	463	400
Transformer infrared scanning	503	503	407	250
Electric customers	46,437	46,309	46,525	46,477
Kilowatt hours sold (millions)	1,027	1,083	1,046	1,038

2008	2007	2006	2005	2004	2003
5,167	4,925	3,600	3,564	3,344	3,515
36	53	40	22	35	62
282	350	330	250	300	264
19	29	30	36	50	30
32	54	80	68	100	71
51	78	140	119	127	122
1,511	1,677	800	768	700	693
121	204	210	235	217	195
5,733	5,584	4,500	5,043	3,553	2,525
25	37	40	39	25	23
20,460	19,802	19,225	20,000	19,899	19,880
\$ 59	\$ 55	\$ 52	\$ 47	\$ 47	\$ 46
8,418	8,204	8,000	7,799	8,874	8,874
2,107	2,351	2,375	2,500	2,500	2,700
6,439	6,425	6,375	6,300	6,300	6,300
8,098	9,020	8,558	8,854	8,898	8,815
17,114	20,655	16,922	14,056	18,684	19,403
26,882	35,873	37,001	35,010	4,510	*
4,160	3,927	4,768	4,628	4,171	3,855
13,321	16,051	14,228	13,297	15,053	15,490
957	906	997	923	924	853
631	489	528	578	631	673
551	677	415	429	300	300
1,847	1,771	1,769	1,970	1,970	1,970
100	104	75	68	84	55
225	209	250	208	240	217
350	527	384	335	335	425
220	289	218	130	130	125
46,032	45,593	44,338	45,543	46,073	44,843
1,094	1,073	1,075	1,036	1,074	1,082

(Continued)

CITY OF MARIETTA, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Water & sewer:				
New meter installs	104	42	38	33
Large water main replacements (feet)	3,918	6,694	9,515	6,660
Water line replacements (feet)	4,753	3,563	6,082	6,257
Sewer main rehabilitation (feet)	*	5,102	6,589	12,774
Major sanitary sewer overflows	1	-	-	-
Backflow device inspections	809	616	760	457
Utility locates	2,748	2,252	3,662	3,536
Gallons of grease removed from traps	716,167	703,394	597,253	658,174
Valves exercised	279	253	284	-
Plan reviews	30	18	95	64
Work orders completed	4,883	4,707	5,361	5,613
Water accounts	17,718	17,684	17,710	18,441
Water gallons sold (million)	2,658	2,644	2,533	2,626
Sewer accounts	15,039	16,381	16,437	16,569
Sewer gallons (millions)	2,177	2,381	2,567	2,430

Source: Various City of Marietta departments as compiled by City's Budget Division

* Information not readily available

(1) The senior games program was cancelled as of July 1, 2011.

2008	2007	2006	2005	2004	2003
78	204	150	146	144	116
5,000	3,150	3,150	3,250	16,050	2,050
6,100	4,600	17,455	11,920	14,330	5,802
2,800	4,500	15,100	3,087	9,191	2,420
-	1	-	2	3	*
469	454	274	186	180	*
3,625	3,495	4,000	3,510	3,617	*
715,234	762,226	500,000	640,951	411,728	*
-	189	600	140	110	900
35	46	70	62	73	66
5,812	3,142	12,000	11,857	11,679	10,200
18,073	18,661	18,249	18,276	18,218	18,325
3,001	3,353	3,357	3,158	3,160	3,415
16,782	16,710	16,654	16,728	16,768	16,741
2,708	2,998	3,044	2,962	2,960	3,093

CITY OF MARIETTA, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009	2008
Public safety					
Police					
Stations	1	1	1	1	1
Patrol Units	131	116	104	108	99
Fire Stations	6	6	6	6	6
Sanitation					
Collection trucks	15	15	15	15	15
Highways and streets					
Streets(miles)	220	217	217	222	224
Streetlights	7,741	7,660	7,665	7,748	7,824
Traffic signals	104	104	104	105	104
Culture and recreation					
Parks acreage	373	310	310	310	310
Parks	32	22	22	22	20
Swimming pools ***	1	1	1	1	1
Tennis courts	21	19	19	19	23
Community centers	2	2	2	2	2
Water					
Water mains (miles) *	334	332	328	327	319
Fire hydrants *	2,660	2,626	2,619	2,594	2,385
Water pump stations	3	3	3	3	3
Wastewater					
Sanitary sewer mains (miles)*	303	301	298	294	285
Storm sewers(miles)	232	232	232	232	230
Wastewater pump stations	1	1	1	1	1
Electric					
Number of distribution stations	21	21	20	21	21
Miles of service lines	590	590	590	588	585
Conference Center	1	1	1	1	1
Golf Course	1	1	1	1	1

Sources: City departments

Note: * Fiscal Years 2003 - 2005 estimates

** not readily available

*** swimming pool closed FY09

2007	2006	2005	2004	2003
1	1	1	1	1
103	98	87	80	82
6	6	6	6	6
15	15	15	15	15
223	220	220	218	217
6,817	6,787	**	**	**
108	108	106	104	102
299	288	288	288	288
20	19	19	19	19
1	1	1	1	1
27	27	27	27	27
2	2	2	2	2
314	314	305	300	290
2,322	2,315	2,250	2,200	2,150
3	3	3	3	3
278	276	265	255	240
226	226	225	223	222
1	1	1	1	1
20	20	20	20	20
579	572	569	562	561
1	1	1	1	1
1	1	1	1	1