Marietta
GEORGIA

Comprehensive Annual Financial Report

For Fiscal Year Ended - June 30, 2005

Comprehensive Annual Financial Report
City of Marietta, Georgia

For the Fiscal Year Ended June 30, 2005

DEPARTMENT OF FINANCE
Monte Vavra
Finance Director

MAYOR AND CITY COUNCIL

William B. Dunaway
Mayor

Betty Lou Hunter
Councilmember, Ward 1

M. C. "Pete" Waldrep, Jr.
Councilmember, Ward 2

Johnny Sinclair
Councilmember, Ward 3

George "Andy" Morris, Sr.
Councilmember, 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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

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INTRODUCTORY SECTION

INTRODUCTORY SECTION

Marietta
GEORGIA

Finance Department
205 Lawrence Street
Marietta, GA 30060

December 27, 2005

THE HONORABLE WILLIAM B. DUNAWAY, 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, 2005, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

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.

Moore & Cubbedge, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Marietta's financial statements for the fiscal year ended June 30, 2005. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&S complement 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 C130J Hercules, the sustainment of P353 Orion, modernization upgrade of the C-5, and production of the advanced F22 Raptor.

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 other 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 the department, function, or activity within each fund. 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 62,000 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 and fiber optics through the Marietta Board of Lights and Waterworks (BLW) and Marietta Fibernet. 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 29.98 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 Dow Chemical, Solvay Pharmaceutical, Enplas, Columbian Chemical, Bank South Bank Data Center, and Coloplast Corporation. To assist manufacturing companies in relocating or expanding their facilities, the Marietta Development Authority was created to develop and promote trade, commerce, industry and employment opportunities through issuance of revenue bonds.

Marietta and the Marietta Census Tracts have been and will continue to be a population growth area. Marietta's population estimates by the Atlanta Regional Commission have exceeded their predictions. The City's Planning & Zoning staff estimate the June 30, 2005 population estimate to be 62,399.

Long-term financial planning

Unreserved, undesignated fund balance in the general fund (25.4 percent 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 four 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.

During the past year the City was successful in divesting two of its enterprise funds that were not economically feasible to maintain. The first was its fiber optic operation that was sold to a private company in August 2004. The second function was to enter into a long-term lease of the Marietta Conference Center to a private company effective on July

01, 2005. The City will maintain the ownership of the structure and property along with the associated debt incurred during construction.

Major Initiatives

The City of Marietta worked diligently this past year to improve the quality of life of 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:

Economic development and redevelopment was a major initiative area this past year. The economic development staff in conjunction with the City Council was able to make great progress establishing a strong backbone for future redevelopment. The City's new Redevelopment Corporation is up and running and its members are playing an important role in the redevelopment of our community. The City itself undertook two bold initiatives to revitalize the heart of our City. A total of $3 million was invested in the acquisition of the Johnny Walker site and another $5 million was invested in the Manget Street slum elimination project. The City will receive the $8 million back through the sale of the property and TAD proceeds associated with the redevelopment of both sites. When completed, the appraised value of the properties will increase by over $40 million. The purpose of the projects is to encourage additional private investments and the reestablishment of ownership opportunities in our downtown. We can already see the results as families are purchasing housing that was formerly rented, and developments are being announced on Frasier Circle, Roswell Street, Powder Springs Street and Atlanta Road.

The MINT program is also seeing great success with new attractive single family houses being built and sold to first-time home buyers in the Fort Street and Lawrence Street neighborhoods surrounding our downtown.

The office of economic development worked with business and industry as well and, as a result, several industries are locating significant new investments and expansions in Marietta. West Oak Industrial Park continues to attract quality companies to our City. The Marietta Trade Center is undergoing major reconstruction with large retail anchors paving the way for smaller stores and restaurants.

Marietta's commitment to upgrading and replacing the water and sewer systems has been evident in projects such as Tower Road and the Kennestone Hospital area utility relocation project, Noses Creek Basin sewer and manhole rehabilitation, North Avenue water main project, and the Walnut Drive area sewer rehabilitation. System reliability and infrastructure improvements will continue to be realized due to the ability to achieve and exceed departmental goals. Over 7,750 feet of large water main replacement has been accomplished, over 17,325 feet of water distribution line has been replaced, and more than 12,000 feet of sewer mains underwent rehabilitation.

Last year Marietta's utility company, the Board of Lights and Water (BLW) began a significant undertaking with its Automatic Meter Reading (AMR) project. This project entails changing our older and somewhat poorly functioning electric meters with new meters that also have a special feature which allow the meter to be read using an electronic device. Instead of a meter reader employee manually reading a meter on the customer's property, a computerized device is installed in a vehicle that picks up readings as it drives down the customer's street. This technology reduces the number of staff members needed to perform this work and eliminates the element of human error, thus producing more accurate power bills.

The Roswell Street streetscape project is an architectural master plan that was created to redevelop and bring back the charm of a downtown business district. The engineering and right-of-way acquisition phases are underway, with the construction portion quickly approaching. Grant funding from the Atlanta Regional Commission will be utilized toward this multi-year project costing almost $4 million. This significant public investment is already bringing forward private investment in the corridor.

Major technology enhancements and solutions have been deployed during the past year. For instance, utility customers can view their electric, water, sewer and sanitation bills via the Internet and make credit card payments on-line and via the telephone. Taxpayers are now able to review a 10-year tax history of their property. A new server in conjunction with digital in-car cameras for the Police Department will eliminate the need to store videotapes and will provide for easy retrieval of footage.

Traffic safety was another top priority. The Windy Hill US 41 intersection was listed as one of the most dangerous in the country a few years ago and the city has mounted an effort to improve safety for our citizens.

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, 2004. This represented the eighteenth 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 01, 2004 for fiscal year 2005. 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,

Monte L. Vavra
Finance Director
City of Marietta

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marietta, Georgia

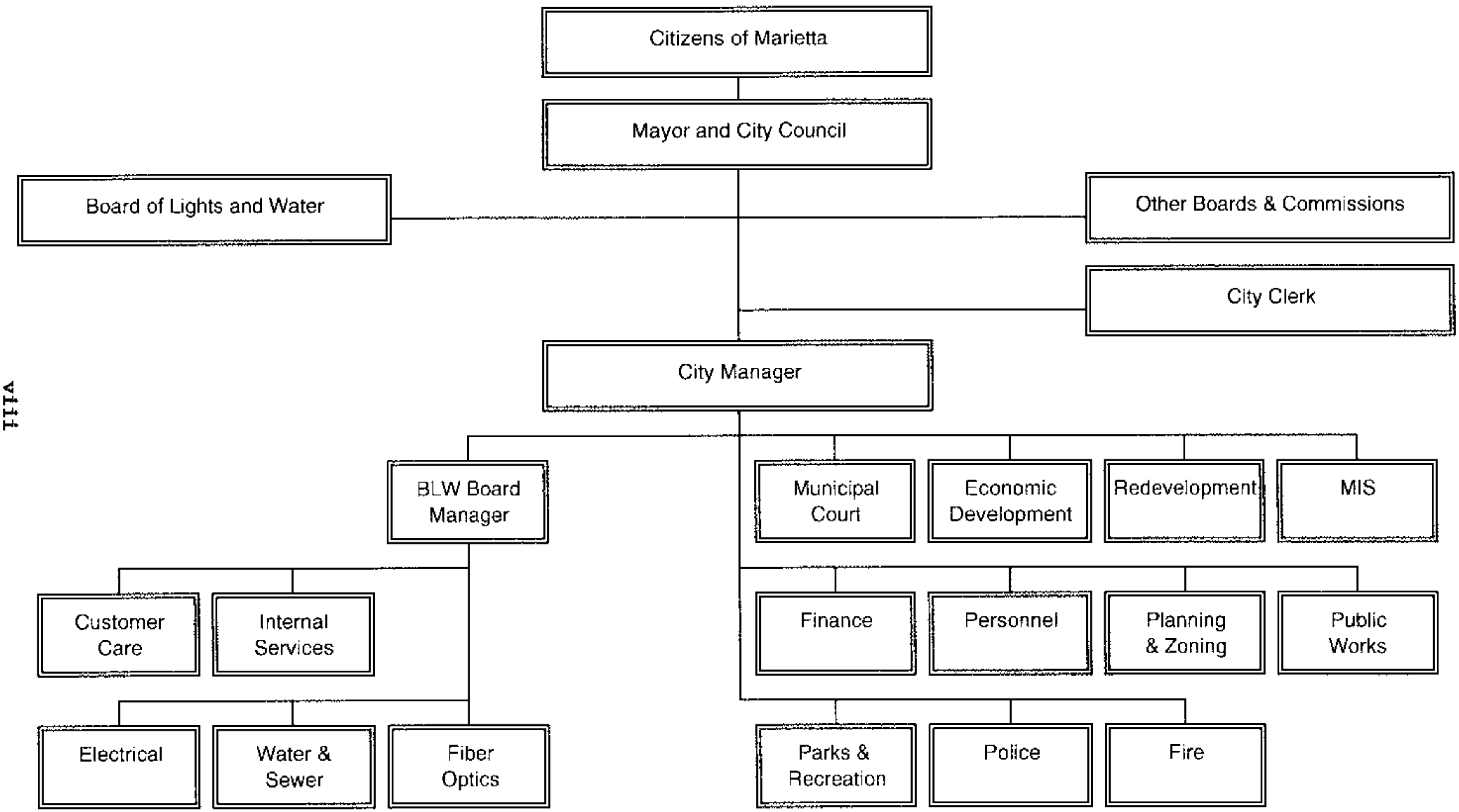
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2004

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

President

Executive Director

CITY OF MARIETTA ORGANIZATION CHART



OFFICIALS

As of June 30, 2005

Mayor and City Council

William B. Dunaway
Mayor

Betty L. Hunter	Ward 1
M. C. "Pete" Waldrep, Jr.	Ward 2
Johnny Sinclair	Ward 3
George "Andy" Morris, Sr.	Ward 4
Rev. Anthony C. Coleman	Ward 5
James W. King	Ward 6
Philip M. Goldstein	Ward 7

Board of Lights and Water

William B. Dunaway, Mayor
Chairperson

Bruce E. Coyle	Board Member
Harlon D. Crimm	Board Member
Charles L. George	Board Member
James W. King, Councilmember	Board Member
Alice Summerour	Board Member
Arthur D. Vaughn	Board Member

City / BLW Administration

William F. Bruton, Jr.
City Manager

Rich Buss	Parks and Recreation Director
Daniel Conn	Acting Public Works Director
Herb Edwards	Internal Services Director
Gene Estensen	MIS Director
Jackie Gibbs	Fire Chief
Douglas Haynie	City Attorney
Shelia Hill	City Clerk
Robert W. Lewis	BLW Board Manager
Shannon Long	Assistant to the City Manager
Nancy Martin	Personnel Director
Gary Mongeon	Marietta Redevelopment Corp Executive Director
Bobby Moody	Police Chief
J. Kevin Moore	BLW Attorney
Ronald Mull	Customer Care & Utility Marketing Director
Robert Snelson	Water and Sewer Director
Monte Vavra	Finance Director
Pamela Wallace	Municipal Court Administrator
Chuck Ward	Electrical Director

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FINANCIAL SECTION

FINANCIAL SECTION

Moore & Cubbedge, LLP

Certified Public Accountants
&
Advisors

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

INDEPENDENT AUDITOR'S REPORT

The Honorable William B. Dunaway, Mayor
Members of the City Council
City of Marietta
Marietta, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marietta, Georgia, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental, internal service and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005 as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marietta, Georgia, as of June 30, 2005, and the respective changes of financial position and the cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the nonmajor governmental, internal service and fiduciary funds of the City of Marietta, Georgia at June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

• 366 Powder Springs Street • Marietta, Georgia 30064-3453 • Phone 770.422.0500 • Fax 770.421.6440
• E-mail: m&c@moore-cubb.com • Website: www.moore-cubb.com

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2005 on our consideration of the City of Marietta, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, the Schedule of Funding Progress - General Pension, and the budgetary comparison for the General Fund on pages 3 through 15, page 53 and page 54 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marietta's basic financial statements. The accompanying supplementary information listed as the Introductory Section and the Statistical Section in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the City of Marietta, Georgia. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

December 27, 2005

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, 2005. 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 $125.3 million at the end of fiscal year 2005. This is a decrease of $1.4 million from the previous year. Of this amount, $123.5 million is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are $(2.9) million, a decrease of $3.9 million from last year. Unrestricted net assets from governmental activities are $(39.0) million, a decrease of $3.5 million from last year. This negative amount is due mainly to general obligation bonds issued by the City of Marietta of which the proceeds were transferred to the Marietta City Schools for construction and other capital asset purchases. These assets are carried on the Marietta City School's records while the liability remains with the City. Business-type activities unrestricted net assets are $36.1 million.

- The City's total net assets decreased $1.4 million from the previous year with a $7.1 million increase generated from governmental activities and an $8.5 million decrease resulting in the business-type activities.

- The City's General Fund's fund balance was $11.7 million as of June 30, 2005. Of this amount, $1.1 million is reserved for encumbrances. $1.8 million is reserved or designated for park improvements (that were funded through a donation and a bond issue) and for tourism purposes. The remaining $8.8 million is unreserved and undesignated 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 $1.2 million from June 30, 2004.

- The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2005 are $72.7 million and $49.1 million respectively. $94.2 million of this total represents liabilities that are due in more than one year, such as long-term debt, leases payable, and compensated absences. This is a decrease of $4.1 million for the governmental-type funds and a decrease of $.9 million for the business-type funds.

Total general bonded debt decreased $4.6 million in fiscal year 2005. This decrease is due to the repayment of outstanding bond issues. No new general obligation debt was issued during the fiscal year.

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 four business type activities, the Board of Lights & Water which provides electric, water and wastewater services, Marietta FiberNet which provides fiber optic services, City Club golf course, and the Marietta Conference Center and Resort which is a hotel and conference facility. The City/BLW has sold the FiberNet operation to a private company on August 31, 2004 and therefore the financial reports reflect only two months of operations and the final disposition of assets and liabilities to close out the fund.

The government-wide financial statements include not only the City of Marietta itself (known as the primary government), but also two legally separate entities that have a significant operational or financial relationship with the City. These entities, known as discretely presented component units, are the Marietta Welcome Center and the Marietta Redevelopment Corporation. More information on the functions of these entities can be found in note 1 to the financial statements.

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 12 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 which is considered to be a major fund. Data from the other 11 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 18 through 20 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 four enterprise funds, the Board of Lights and Water, the City Club Golf Course, Marietta FiberNet, and the Marietta Conference Center & Resort. The fiber optic operations were sold to a private company on August 31, 2004 and therefore the financial statements only reflect two months activities and the closing out of the funds assets and liabilities. 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 Golf Course, Marietta FiberNet, and the Marietta Conference Center and Resort, which 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 each of these funds is provided in the form of individual fund statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21 through 25 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 26 through 27 of this report.

Budgetary comparisons. The City of Marietta adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the General Fund on page 54 of this report. Budget to actual comparisons for each of the non-major 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 28 through 52 of this report.

Other information. The combining and individual 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 55 through 126 of this report.

CITY-WIDE FINANCIAL ANALYSIS

A government-wide financial report represents the new approach mandated by the Governmental Accounting Standards Board (GASB). GASB set the uniform standards for presenting government financial reports. This report represents the fourth year that the City of Marietta applied this standard and has provided comparative financial information to the previous years 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, 2005, assets exceeded liabilities by $125.3 million.

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

Table 1

Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Assets						
Current and other assets	$ 34,709,579	$ 31,648,080	$ 47,809,828	$ 58,011,075	$ 82,519,407	$ 89,659,155
Capital assets	52,808,928	58,533,217	118,367,383	98,933,222	171,176,311	157,466,439
Total assets	87,518,507	90,181,297	166,177,211	156,944,297	253,695,718	247,125,594
Liabilities						
Current and other liabilities	5,107,923	4,532,423	14,939,735	15,141,528	20,047,658	19,673,951
Non-current liabilities	72,026,400	68,156,455	34,920,681	34,004,164	106,947,081	102,160,619
Total liabilities	77,134,323	72,688,878	49,860,416	49,145,692	126,994,739	121,834,570
Net Assets						
Invested in capital assets, net of related debt	40,080,663	52,779,866	78,986,306	70,746,945	119,066,969	123,526,811
Restricted	5,798,631	3,723,545	840,530	977,957	6,639,161	4,701,502
Unrestricted	(35,495,110)	(39,010,992)	36,489,959	36,073,703	994,849	(2,937,289)
Total net assets	$ 10,384,184	$17,492,419	$ 116,316,795	$ 107,798,605	$ 126,700,979	$125,291,024

The largest portion of the City's net assets, $123.5 million, represents investments in capital assets. As stated earlier, the governmental activities unrestricted net assets are a negative balance resulting from bonds issued for the Marietta City School for capital construction and other assets. These assets are reported by the school and the debt is reflected in the City's financial statements.

The investment in capital assets included land, buildings, machinery, and equipment, as well as infrastructure acquired during the past four years plus the acquisition values of infrastructure that has been 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 $4.7 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 reserves for debt service, public safety grants, culture and recreation donations and uncommitted bond funds.

Changes in Net Assets. Governmental and business-type activities decreased the City's net assets by $1.4 million in fiscal year 2005. The following table indicates the changes in net assets for governmental and business-type activities in fiscal year 2004 and 2005.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Revenues						
Program revenues:						
Charges for services	$11,802,544	$14,074,687	$124,268,675	$124,264,209	$136,071,219	$138,338,896
Operating grants and contributions	7,550,859	8,795,814	0	0	7,550,859	8,795,814
Capital grants and contributions	11,933,376	5,833,603	1,764,631	709,276	13,698,007	6,542,879
General Revenues:						
Property taxes	10,958,814	10,559,446	0	0	10,958,814	10,559,446
Other taxes	10,758,661	11,294,268	0	0	10,758,661	11,294,268
Investment earnings	183,944	436,137	151,013	756,524	334,957	1,192,661
Other revenues	46,140	47,179	92,856	(15,842,246)	138,996	(15,795,067)
Total Revenues	53,234,338	51,041,134	126,277,175	109,887,763	179,511,513	160,928,897
Expenses						
General government	6,795,976	4,894,998	0	0	6,795,976	4,894,998
Public works	8,120,071	9,130,758	0	0	8,120,071	9,130,758
Culture and recreation	4,238,849	4,859,976	0	0	4,238,849	4,859,976
Public safety	23,162,365	22,871,162	0	0	23,162,365	22,871,162
Urban redevelopment and housing	6,991,371	7,301,650	0	0	6,991,371	7,301,650
Interest on long-term debt	3,357,519	3,109,268	0	0	3,357,519	3,109,268
Water & sewer	0	0	19,992,150	21,073,686	19,992,150	21,073,686
Electric	0	0	77,025,533	74,257,492	77,025,533	74,257,492
Golf	0	0	2,100,474	2,066,878	2,100,471	2,066,878
Fiber optic	0	0	9,464,158	1,460,454	9,464,158	1,460,454
Conference	0	0	11,414,588	11,317,032	11,414,588	11,317,032
Total expenses	52,666,151	52,167,812	119,996,903	110,175,542	172,663,054	162,343,354
Increase in net assets before transfers	568,187	(1,126,678)	6,280,272	(287,779)	6,848,459	(1,414,457)
Transfers in (out)	5,570,324	8,234,913	(5,570,324)	8,230,411	0	4,502
Increase (decrease) in net assets	$ 6,138,511	$ 7,108,235	$ 709,948	$(8,518,190)	$ 6,848,459	$(1,409,955)

Governmental Activities. Governmental activities decreased the City's net assets by $1.1 million in fiscal year 2005 before transfers. Key elements of this decrease are as follows:

Total revenues were $51.0 million, down 4.12% from the prior year. However, of the $9,434,170 revenue realized in contributions the previous year, $8,832,390 was accrued as a long-term receivable from the school district at June 30, 2004 and will be received over four years as their commitment to reimburse the City for the school system bonds that are carried as a long-term liability on the City's financial books. To adjust this amount from the previous and current years revenue will result in a more accurate comparison of the actual revenue realized from the previous year, resulting in fiscal year 2004 adjusted revenues of $43.8 million and adjusted fiscal year 2005 revenue of $49.4 million; raising the FY 2005 increase over FY 2004 by 12.42%. The property tax millage rate remained the same as the previous year. Increases were also adopted for selected permit fees, recreation fees along with an increase in user charges for sanitation and new fees established for site plan and plat reviews. Investment earnings doubled from the previous year, this is attributable to the rise in the rates.

Expenses totaled $52.2 million. This is the third consecutive year of reductions in expenses. General obligation interest expense is decreasing as the principal amount of bonds is being paid off.

The City of Marietta has prepared the financial statements as required by GASB 34 as a phase I implementer. This required the City of Marietta to recognize all previous accumulated depreciation of its general fixed assets. Infrastructure assets are added to the fixed assets as values are being determined.

Business-Type Activities. The City's business-type activities, which include the Board of Lights and Water, City Club golf course, Marietta FiberNet (activities for only two months), and the Marietta Conference Center & Resort decreased net assets by $209 thousand in fiscal year 2005 before transfers to the governmental funds.

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

	Fiscal Year 2004	2005
Operating income (loss):		
Board of Lights & Water	$ 9,925,674	$ 16,687,766
City Club Golf Course	63,935	180,115
Marietta FiberNet	(2,278,688)	(325,325)
Marietta Conference Center & Resort	(432,061)	(26,581)
Total	7,278,860	16,515,975
Non-operating revenues (expenses)	(1,687,378)	(16,806,959)
Contributed capital from developers	1,156,655	82,180
Income (loss) before operating transfers	6,748,137	(208,804)

Transfers in (out)	(5,265,847)	(8,578,741)
Adjustment to consolidate internal service activities to enterprise funds	(423,249)	(79,738)
Adjustment to reflect indirect cost allocated between governmental Activities	(349,093)	349,093
Change in net assets	$ 709,948	(8,518,190

The Board of Lights and Water's operating income increased 68.13% from 2004. A purchase power adjustment (PPA) was adopted effective July 01, 2004. This is the first PPA implemented since 2000 to offset the increased cost of purchased power. Contributions from developers decreased by $1,074,475 from 2004. In August 2004 the City sold the FiberNet operation to a private company, the financial statements reflect only two months of operations.

The City Club golf course operating revenues increased 5.4% from the previous year while operating expenses decreased by 1.5% resulting in an operating income of $180 thousand. The fund's change in net assets increased by $103 thousand after the transfer from general fund and interest expense. Golf green fees were increased $1.50 per round increasing the revenues by approximately $50 thousand.

Marietta FiberNet's loss before transfers was $325 thousand. As stated above, the BLW sold this operation in August of 2004 therefore the financial statements reflect only two months activity. The loss realized from the sale of the operations is realized in nonoperating expenses of $15.9 million.

The Marietta Conference Center and Resort revenue was up 4.27% from the previous year, and operating expenses were down slightly reducing the operating loss to only $27 thousand. Effective on July 01, 2005 Remington Hotels and the City have entered into a long-term lease in which Remington will pay rent to the City for the facility. The Management contract with Remington was terminated as of June 30, 2005 and the City will no longer be involved in the daily operations of the facility.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal 2005, the combined ending fund balances of the City's governmental funds were $16.6 million. Approximately $10.7 million of this consists of unreserved/undesignated fund balance, which is available as working capital for current spending in accordance with the purposes of the specific funds. The majority of the remaining fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: a) reserve for encumbrances ($2.0 million); b) reserved for debt service ($1.9 million); c) reserved for culture and recreation ($1.8 million).

The City has one major governmental fund, which is the general fund.

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 $11.8 million as of June 30, 2005. Of this amount, $2.9 million is reserved for encumbrances and culture and recreation. The fiscal year 2005 fund balance is $1.2 million larger than the previous year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.02% of total fiscal year 2005 expenditures and transfers, while total fund balance is 25.3% of the same amount.

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 $42.0 million. The unrestricted net assets increased by $4.3 million during the year.

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 $1.37 million, an 8.08% increase.

Marietta FiberNet is another business-type activity under the direction of the Board of Lights and Water and offers fiber optic services to businesses in the metro Atlanta area. FiberNet's assets and operations were sold to a private company August 30, 2004, therefore the financial statements reflect only two months operations and the final sale of the assets. All assets were sold and a loss of $15.9 million was realized.

The Marietta Conference Center & Resort is a conference center facility operated by the City. The total net assets of this fund at the end of the fiscal year were $(6.193) million. The total net assets decreased by $1.027 million during the year, the majority of this decrease is attributable to interest expense. Negotiations were completed with the hotel management company to enter into a long-term lease in which they will rent and operate the facility. Effective on July 01, 2005 the daily operations of the facility were transferred to the private company and the City will only collect rental income.

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 statues and the City of Marietta Code. The most significant budgeted fund is the General Fund.

In June 2004, the City Council appropriated $43.4 million for general fund expenditures. The budget was amended 31 times during the fiscal year.

Table 4
2005 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue and other financing sources	$43,383,659	$10,502,259	$53,885,918	$47,546,463
Expenditures and other financing uses	43,435,117	10,203,223	53,638,340	47,417,131

Mid-year budget amendments include:

$ 776,800	Appropriation of reserves from prior year encumbrances
34,704	Capital purchases (1)
3,832,336	Economic development, redevelopment and planned development. (2)
1,000,394	General governmental expenses (3)
699,562	Public safety programs and equipment(4)
3,663,406	Project rollovers from previous years (5)

(1) Permit revenue for Inspection Department vehicles and donation for projector
(2) Property purchases of $3,611,336, TAD application fees of $15,000, and site costs of $206,000
(3) includes update of indirect cost allocation of $851,375, and additional staff in court and police $95,539, and donations, grants and miscellaneous receipts of $53,480
(4) Tax equity reimbursement used for fire truck
(5) Project rollovers are for project budgets adopted in a previous year that are for the life of the project. The majority of project rollovers are related to the Roswell Streetscape project.

Actual expenditures were 11.6% below anticipated budget. Revenues exceeded expenses by $56 thousand on a budgetary basis.

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, 2005 total $123.5 million (net of accumulated depreciation and related debt). This investment includes land, buildings, machinery and equipment, as well as infrastructure. To comply with GASB 34, the City is researching historical records to determine the value of infrastructure and calculate appropriate depreciation. The City has reported all assets acquired during fiscal years 2002 through 2005, and all assets that could be identified from previous periods. The research will continue and assets identified will be added. The total increase in investment in capital assets (net of accumulated depreciation and debt) for the current fiscal year is 3.69% after depreciation. $11.9 million of the fiber optic assets were removed from the total assets as these were sold to the private company that purchased the system.
Major capital assets events during the current fiscal year included the following:

Governmental activities:

- City vehicles $596,364
- Land acquisition for economic development redevelopment programs $2,548,610
- Buildings and machinery and equipment $1,327,894

Business-type activities:

- Electrical system improvements $2.1 million
- Water and sewer system improvements $5.2 million
- Buildings and machinery & equipment $1.6 million
- Automatic meter reading project was implemented $1.4 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 are currently included in the fund balance reserved for encumbrances for governmental funds.

Long-term debt. At June 30, 2005, the City of Marietta had the following outstanding long-term debt (principal amount):

- $12.0 million 1996 Public Safety General Obligation Bonds.
- $37.4 million 1998-A School General Obligation Bonds

- $15.4 million 2002 School General Obligation Bonds
- $762 thousand not payable for property
- $13.0 million 1996-A Series Marietta Conference Center & Resort Revenue Bonds
- $8.9 million 1996-B Series Marietta Conference Center & Resort Revenue Bonds
- $4.3 million 2003 Series Marietta Conference Center & Resort Revenue Bonds
- $4.0 million capital lease funded through the City Club for the golf course
- $217 thousand capital leases for golf carts
- The City has received a credit rating of Aa3 from Moody's Investor Services, Inc. and an AA rating from Standards and Poors's Corporation along with an AA rating from Fitch's Inc. All three rating agencies upgraded the City's ratings in 2001, the ratings have remained the same through fiscal year 2005.

Georgia Revised Statues provide for a general obligation debt limit of 10% of the assessed valuation. The City has a general obligation debt capacity of $173.8 million at the end of fiscal year 2005.

Additional information on the City of Marietta's debt can be found in Notes 7 through 8.

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 2006 budget:

- In fiscal year 2003 the Georgia Department of Community Affairs (DCA) awarded the City of Marietta a grant for Roswell Street improvements of $1,678,400 that has been supplemented by an additional $720,000 grant from the Atlanta Regional Commission (ARC) in fiscal year 2004 and a second grant of $800,000 in fiscal year 2005. The funding for this project will total approximately $4 million over the three years, which includes the City's matching requirements for receiving the grants. The City needed to match 25% of the total project which was funded from the Capital Project Fund.
- No fee increases were imposed for fiscal year 2006
- The FiberNet assets and the operation were sold to a private company as of August 31, 2004.

- Redevelopment efforts are continuing. The Marietta Redevelopment Corporation was established this during fiscal year 2004, two Tax Allocation Districts have been established, developers have been submitting proposals, development agreements for one project have been approved by City Council, and numerous other projects have began construction. 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 expenses to zero growth in fiscal year 2006 for most departments.

- On July 01, 2005 the City and Remington Hotel Corporation entered into a long-term lease for the Marietta Conference Center and Resort, in which Remington will lease the facility for a set rent amount and operate the facility. The City will use the rental income to pay the debt service of the facility.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF MARIETTA, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Marietta Welcome Center	Marietta Redevelopment Corporation
Assets:					
Cash and cash equivalents	$ 5,571,372	$ 11,640,075	$ 17,211,447	$ 10,461	$ 32,686
Equity in pooled cash	1,753,661	2,602,382	4,356,043	-	-
Investments	11,504,910	14,893,408	26,398,318	-	-
Inventories	46,904	2,442,299	2,489,203	-	-
Receivables, net	12,197,100	13,031,267	25,228,367	-	-
Internal balances	(1,803,015)	1,803,015	-	-	-
Internal balances - fiduciary funds	255,602	519,426	775,028	-	-
Due from primary government	-	-	-	66,333	-
Due from component unit	8,000	-	8,000	-	-
Prepaid items	45,664	119,789	165,453	-	-
Restricted assets	545,803	5,944,513	6,490,316	-	-
Other assets, net	1,522,080	5,014,901	6,536,981	-	-
Capital assets, non depreciated	7,259,264	11,385,943	18,645,207	-	-
Capital assets, depreciated, net	51,273,952	87,547,279	138,821,231	17,806	-
Total assets	90,181,297	156,944,297	247,125,594	94,600	32,686
Liabilities:					
Accounts payable and other current liabilities	4,466,090	9,914,811	14,380,901	58,166	-
Customer deposits	-	260,161	260,161	-	-
Due to primary government	-	-	-	-	8,000
Due to component unit	66,333	-	66,333	-	-
Liabilities payable from:				-	
Restricted assets	-	4,966,556	4,966,556	-	-
Noncurrent liabilities:				-	
Due within one year	6,171,846	1,834,691	8,006,537	-	-
Due in more than one year	61,984,609	32,169,473	94,154,082	-	-
Total liabilities	72,688,878	49,145,692	121,834,570	58,166	8,000
Net Assets					
Invested in capital assets, net of related debt	52,779,866	70,746,945	123,526,811	-	-
Restricted for:					
Debt service	1,898,178	872,630	2,770,808	-	-
Housing and redevelopment		-	-	-	-
Culture and recreation	1,825,367	-	1,825,367	-	-
Other purposes		105,327	105,327	-	-
Unrestricted	(39,010,992)	36,073,703	(2,937,289)	36,434	24,686
Total net assets	$ 17,492,419	$ 107,798,605	$ 125,291,024	$ 36,434	$ 24,686

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

		Program Revenue			Net (Expense) Revenue and Change in Net Assets				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Marietta Welcome Center	Marietta Redevelopment Corporation
Primary Government									
Governmental activities:									
General government	$ 4,894,998	$ 9,354,010	$ 90,840	$ 1,801,180	$ 6,351,032	$ -	$ 6,351,032	$ -	$ -
Public works	9,130,758	3,275,190	85,051	3,290,491	(2,480,026)	-	(2,480,026)	-	-
Culture and recreation	4,859,976	258,192	120,459	-	(4,481,325)	-	(4,481,325)	-	-
Public safety	22,871,162	96,975	874,582	484,591	(21,415,014)	-	(21,415,014)	-	-
Urban redevelopment and housing	7,301,650	1,090,320	7,624,882	257,341	1,670,893	-	1,670,893	-	-
Interest & fiscal charges on long-term debt	3,109,268	-	-	-	(3,109,268)	-	(3,109,268)	-	-
Total governmental activities	52,167,812	14,074,687	8,795,814	5,833,603	(23,463,708)	-	(23,463,708)	-	-
Business-type activities:									
Water & Sewer	21,073,686	25,090,551	-	82,180	-	4,099,045	4,099,045	-	-
Electric	74,257,492	86,896,085	-	-	-	12,638,593	12,638,593	-	-
Golf	2,066,878	1,799,114	-	-	-	(267,764)	(267,764)	-	-
Fiber optic	1,460,454	1,135,129	-	-	-	(325,325)	(325,325)	-	-
Conference Center	11,317,032	9,343,330	-	627,096	-	(1,346,606)	(1,346,606)	-	-
Total business-type activities	110,175,542	124,264,209	-	709,276	-	14,797,943	14,797,943	-	-
Total Primary Government	$ 162,343,354	$ 138,338,896	$ 8,795,814	$ 6,542,879	$ (23,463,708)	$ 14,797,943	$ (8,665,765)	$ -	$ -
Component Units:									
Marietta Welcome Center	899,390	85,516	815,000	-	-	-	-	1,126	-
Marietta Redevelopment Corporation	8,000	-	-	-	-	-	-	-	(8,000)
Total Component Units	$ 907,390	$ 85,516	$ 815,000	$ -	$ -	$ -	$ -	$ 1,126	$ (8,000)
General Revenues:									
Property Taxes					10,559,446	-	10,559,446	-	-
Insurance premium tax					2,734,817	-	2,734,817	-	-
Alcohol taxes					842,738	-	842,738	-	-
Hotel, motel tax					2,067,734	-	2,067,734	-	-
Franchise taxes					5,069,809	-	5,069,809	-	-
Auto rental tax					579,170	-	579,170	-	-
Unrestricted investment earnings					436,137	756,524	1,192,661	-	199
Gain (loss) on sale of capital assets					47,179	(15,842,246)	(15,795,067)	-	-
Transfers					8,234,913	(8,230,411)	4,502	-	-
Total general revenues and transfers					30,571,943	(23,316,133)	7,255,810	-	199
Change in net assets					7,108,235	(8,518,190)	(1,409,955)	1,126	(7,801)
Net assets - beginning					10,384,184	116,316,795	126,700,979	35,308	32,487
Net assets - ending					$ 17,492,419	$ 107,798,605	$ 125,291,024	$ 36,434	$ 24,686

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 2,630,959	$ 1,525,317	$ 4,156,276
Equity in pooled cash	-	897,183	897,183
Investments	7,629,166	2,297,796	9,926,962
Restricted assets	545,803	-	545,803
Receivables, net	544,120	147,490	691,610
Prepaid items	45,663	-	45,663
Due from other funds	5,038,600	-	5,038,600
Due from component unit	8,000	-	8,000
Due from other governments	262,173	3,857,702	4,119,875
Inventories	-	8,983	8,983
Total assets and other debits	$ 16,704,484	$ 8,734,471	$ 25,438,955
Liabilities and fund balances			
Liabilities:			
Accounts payable	$ 1,241,978	$ 456,948	$ 1,698,926
Retainage payable	-	28,782	28,782
Accrued liabilities	437,400	7,617	445,017
Due to other funds	3,013,364	3,227,905	6,241,269
Due to component unit	66,333	-	66,333
Deferred revenue	194,438	149,176	343,614
Total liabilities	4,953,513	3,870,428	8,823,941
Fund balances:			
Reserved for:			
Encumbrances	1,100,920	884,383	1,985,303
Culture and recreation	1,825,367	-	1,825,367
Debt service	-	1,898,186	1,898,186
Unreserved - designated for, reported in:			
Special revenue funds	-	236,851	236,851
Unreserved - undesignated, reported in:			
General fund	8,824,684	-	8,824,684
Special revenue funds	-	1,847,529	1,847,529
Capital projects funds	-	(2,906)	(2,906)
Total fund balances	11,750,971	4,864,043	16,615,014
Total liabilities and fund balances	$ 16,704,484	$ 8,734,471	

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.	57,731,186
Property tax revenue earned but unavailable is not reported in the funds.	314,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Receivable from other governments	7,284,812
Pension asset	1,267,697
Unamortized bond issue costs	254,383
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds and a receivable from business type activities are included in governmental activities in the statement of net assets.	2,165,428
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds	(64,705,000)
Unamortized bond premium	(74,871)
Accrued compensated absences	(2,597,613)
Loans payable	(762,620)
Net assets of governmental activities	$ 17,492,419

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	$ 17,787,828	$ 7,103,460	$ 24,891,288
Licenses and permits	6,077,015	237,380	6,314,395
Intergovernmental	1,775,121	11,217,951	12,993,072
Charges for services	3,758,875	159,662	3,918,537
Fines and forfeits	3,789,735	-	3,789,735
Investment earnings	265,513	110,069	375,582
Other	1,340,224	749	1,340,973
Total revenues	34,794,311	18,829,271	53,623,582
Expenditures:			
Current:			
General government	8,527,905	-	8,527,905
Public works	7,855,801	256,595	8,112,396
Culture and recreation	4,598,954	209,040	4,807,994
Public safety	22,076,904	22,256	22,099,160
Urban redevelopment and housing	-	7,301,653	7,301,653
Debt service:			
Principal retirement	-	4,620,000	4,620,000
Interest & fiscal charges	73,275	3,073,373	3,146,648
Capital projects	-	3,646,725	3,646,725
Total expenditures	43,132,839	19,129,642	62,262,481
Excess (deficiency) of revenues over expenditures	(8,338,528)	(300,371)	(8,638,899)
Other financing sources (uses):			
Sale of capital assets	239,437	-	239,437
Transfers in	12,512,715	302,992	12,815,707
Transfers out	(3,256,647)	(913,443)	(4,170,090)
Total other financing sources (uses)	9,495,505	(610,451)	8,885,054
Net change in fund balance	1,156,977	(910,822)	246,155
Fund balances at beginning of year	10,593,994	5,774,865	16,368,859
Fund balances at end of year	$ 11,750,971	$ 4,864,043	$ 16,615,014

See accompanying notes to 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 YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances-total governmental funds (page 19)	$ 246,155
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($9,196,773) exceeded depreciation ($2,953,741) in the current period.	6,243,032
Receipt of long-term receivables is reported as revenue in the governmental funds.	(2,037,258)
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(45,180)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal and bond costs are expenditures in the governmental funds, but the repayment reduces long-term liabilities and bond costs are capitalized in the Statement of Net Assets:	
Debt proceeds	(800,000)
Principal payments	4,657,380
Pension contributions in excess of annual actuarial costs are recorded as expenditures in the governmental funds.	(548,052)
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:	
Accrued compensated absences	(6,800)
Amortization for bond issue costs and bond premium	(30,399)
Indirect costs allocated between funds decrease expenditures in the in the governmental funds	(349,093)
Internal service funds are used by management to charge the costs of fleet management and self-insurance individual funds.	(221,550)
Change in net assets of governmental activities (page 17)	$7,108,235

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2005

	Major					Governmental Activities -
	Board of Lights and Waterworks	Marietta Fibernet	Marietta Conference Center & Resort	City Golf Course	Totals	Internal Service Fund
ASSETS						
Current assets:						
Cash and cash equivalents	$ 11,221,044	$ --	$ 412,359	$ 6,672	$ 11,640,075	$ 1,415,096
Equity in pooled cash	2,602,382	--	--	--	2,602,382	856,478
Investments	14,893,408	--	--	--	14,893,408	1,577,948
Restricted assets:						
Revenue bond debt service	--	--	872,630	--	872,630	--
Furniture and fixtures reserve	--	--	5,327	--	5,327	--
Receivables, net	12,668,915	--	345,664	3,655	13,018,234	95,008
Due from other funds	3,730,706	--	356,162	31,748	4,118,616	251,104
Due from other governments	13,033	--	--	--	13,033	5,795
Inventories, at cost	2,291,548	--	150,751	--	2,442,299	37,921
Prepaid expense	--	--	119,789	--	119,789	--
Total current assets	47,421,036	--	2,262,682	42,075	49,725,793	4,239,350
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	100,000	--	--	--	100,000	--
Investments	4,966,556	--	--	--	4,966,556	--
Total restricted assets	5,066,556	--	--	--	5,066,556	--
Property, plant and equipment:						
Land and land improvements	1,382,976	--	758,101	9,244,866	11,385,943	--
Buildings and improvements	14,377,140	--	23,326,210	1,377,001	39,080,351	397,138
Electrical plant in service	68,997,027	--	--	--	68,997,027	--
Water and sewer system	48,552,465	--	--	--	48,552,465	--
Machinery and equipment	27,517,350	--	6,673,852	1,208,465	35,399,667	955,277
	160,826,958	--	30,758,163	11,830,332	203,415,453	1,352,415
Less: accumulated depreciation	(89,159,919)	-	(12,262,799)	(3,059,513)	(104,482,231)	(550,384)
Net property, plant and equipment	71,667,039	--	18,495,364	8,770,819	98,933,222	802,031
Other assets:						
Unamortized costs	--	--	1,232,019	--	1,232,019	--
Net pension asset	491,942	--	--	--	491,942	--
Investment	3,656,058	--	--	--	3,656,058	--
	4,148,000	--	1,232,019	--	5,380,019	--
Less: accumulated amortization	--	--	(365,118)	--	(365,118)	--
Net other assets	4,148,000	--	866,901	--	5,014,901	--
Total noncurrent assets	80,881,595	--	19,362,265	8,770,819	109,014,679	802,031
Total assets	$ 128,302,631	$ --	$ 21,624,947	$ 8,812,894	$ 158,740,472	$ 5,041,381

See accompanying notes to financial statements.
Continued on next page.

CITY OF MARIETTA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (CONT'D)
June 30, 2005

	Major					Governmental Activities - Internal Service Fund
	Board of Lights and Waterworks	Marietta Fibernet	Marietta Conference Center & Resort	City Golf Course	Totals	
LIABILITIES						
Current liabilities:						
Accounts payable	$ 8,297,760	$ --	$ 719,681	$ 28,958	$ 9,046,399	$ 323,813
Accrued salaries	168,762	--	184,363	--	353,125	9,300
Accrued sales tax	382,933	--	51,227	--	434,160	--
Customer deposits	--	--	260,161	--	260,161	--
Other accrued liabilities	--	--	79,210	--	79,210	--
Accrued compensated absences	283,019	--	82,668	--	365,687	10,285
Due to other funds	--	--	31,748	567,055	598,803	1,793,220
Claims and judgements payable	--	--	--	--	--	1,930,641
Capital lease obligations	--	--	--	548,739	548,739	--
Bonds payable	--	--	440,000	--	440,000	--
Other	--	--	1,917	--	1,917	--
Accrued interest payable	--	--	151,530	328,735	480,265	--
Total current liabilities:	9,132,474	--	2,002,505	1,473,487	12,608,466	4,067,259
Long-term liabilities (net of current portion):						
Accrued compensated absences	387,147	--	--	--	387,147	6,066
Customer deposits	4,966,556	--	--	--	4,966,556	--
Capital lease obligations	--	--	--	3,366,679	3,366,679	--
Revenue bonds	--	--	25,815,000	--	25,815,000	--
Accrued interest payable	--	--	--	2,600,647	2,600,647	--
Total long-term liabilities	5,353,703	--	25,815,000	5,967,326	37,136,029	6,066
Total liabilities	14,486,177	--	27,817,505	7,440,813	49,744,495	4,073,325
NET ASSETS						
Invested in capital assets, net of related debt	71,667,039		(2,846,113)	1,926,019	70,746,945	802,031
Restricted for:						
Debt Service	--	--	872,630	--	872,630	--
Other	100,000	--	5,327	--	105,327	--
Unrestricted	42,049,415		(4,224,402)	(553,938)	37,271,075	166,025
Total net assets	$ 113,816,454	$ -	$ (6,192,558)	$ 1,372,081	108,995,977	$ 968,056

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,197,372)
Net assets of business-type activities	$ 107,798,605

See accompanying notes to financial statements.
Continued from previous page.

CITY OF MARIETTA, GEORGIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Year Ending June 30, 2005

	Major					Governmental Activities - Internal Service Funds
	Board of Lights and Waterworks	Marietta Fibernet	Marietta Conference Center & Resort	City Golf Course	Totals	
Operating revenues:						
Charges for services	$ 110,000,362	$ 1,135,129	$ 9,343,330	$ 1,797,875	$ 122,276,696	$ 2,080,716
Contributions	--	--	--	--	--	8,037,120
Other	1,939,607	--	--	--	1,939,607	307,374
Total operating revenues	111,939,969	1,135,129	9,343,330	1,797,875	124,216,303	10,425,210
Operating expenses:						
Personal services	11,476,083	258,008	3,738,581	--	15,472,672	593,406
Operating	76,932,393	616,096	4,802,963	1,276,621	83,628,073	3,172,146
Other	473,824	--	--	--	473,824	--
Benefits and claims	--	--	--	--	-	6,904,863
Depreciation	6,369,903	586,350	828,367	341,139	8,125,759	36,489
Total operating expenses	95,252,203	1,460,454	9,369,911	1,617,760	107,700,328	10,706,904
Operating income (loss)	16,687,766	(325,325)	(26,581)	180,115	16,515,975	(281,694)
Nonoperating revenues (expenses):						
Investment earnings	748,891	7,633	--	--	756,524	60,559
Intergovernmental revenue	--	--	627,096	--	627,096	--
Interest and fiscal charges	--	--	(1,894,872)	(414,501)	(2,309,373)	(17,780)
Amortization	--	--	(52,249)	(34,617)	(86,866)	--
Gain on sale of capital assets	54,329	(15,896,575)	--	-	(15,842,246)	--
Other	46,667	--	--	1,239	47,906	--
Total nonoperating revenues (expenses)	849,887	(15,888,942)	(1,320,025)	(447,879)	(16,806,959)	42,779
Contributed capital from developers	82,180	--	--	--	82,180	--
Income (loss) before transfers	17,619,833	(16,214,267)	(1,346,606)	(267,764)	(208,804)	(238,915)
Transfers						
Transfers in	2,679,749	674,033	320,000	391,004	4,064,786	--
Transfers out	(12,493,452)	(129,461)	--	(20,614)	(12,643,527)	(62,374)
Total transfers	(9,813,703)	544,572	320,000	370,390	(8,578,741)	(62,374)
Change in net assets	7,806,130	(15,669,695)	(1,026,606)	102,626	(8,787,545)	(301,289)
Net assets at beginning of year	106,010,324	15,669,695	(5,165,952)	1,269,455		1,269,345
Net assets at end of year	$ 113,816,454	$ -	$ (6,192,558)	$ 1,372,081		$ 968,056
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(79,738)	
Adjustment to record indirect costs allocated between governmental activties in prior year					349,093	
Change in net assets of business-type activities					$ (8,518,190)	

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005

	MAJOR					
	Board of Lights and Waterworks	Marietta FiberNet	Marietta Conference Center & Resort	City Golf Course	TOTALS	Governmental Activities-Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	$ 110,036,170	$ 1,274,763	$ 9,507,440	$ 1,801,119	$ 122,619,492	$ 10,114,680
Cash received from other operating activities	1,871,664	-	-	-	1,871,664	288,698
Cash payments goods and services	(79,637,499)	(9,596,363)	(4,596,726)	(1,276,354)	(95,106,942)	(2,158,259)
Cash received (payments) for benefits and claims	-	-	-	-	-	(7,334,170)
Cash payments for employee services and fringe benefits	(13,408,245)	(274,884)	(3,775,631)	-	(17,458,760)	(611,843)
Other	-	-	-	-	-	141
Net cash from (to) operating activities	18,862,090	(8,596,484)	1,135,083	524,765	11,925,454	299,247
Cash flows from noncapital financing activities:						
Transfers in	2,679,749	-	320,000	391,004	3,390,753	-
Transfers out	(1,166,940)	(795,539)	-	-	(1,962,479)	-
Tax revenues	-	-	627,096	-	627,096	-
Net cash from (to) noncapital financing	1,512,809	(795,539)	947,096	391,004	2,055,370	-
Cash flows from capital and related financing activities:						
Payments for capital acquisitions	(9,646,701)	(601,688)	-	(4,500)	(10,252,889)	(7,425)
Proceeds from sale of MFN	-	7,545,185	-	-	7,545,185	-
Proceeds from asset sales	54,329	-	-	-	54,329	-
Payments on capital leases	-	-	-	(578,251)	(578,251)	-
Bond principal payments	-	-	(415,000)	-	(415,000)	-
Interest and fiscal charges	-	-	(1,897,983)	(332,861)	(2,230,844)	(17,780)
Net cash from (to) capital and related financing activities	(9,592,372)	6,943,497	(2,312,983)	(915,612)	(5,877,470)	(25,205)
Cash flows from investing activities:						
Rental income received (paid)	46,667	-	-	-	46,667	-
Investment income received (paid)	739,244	7,633	-	-	746,877	60,591
Investment (purchases) sales	(3,888,225)	-	(37,427)	-	(3,925,652)	34,841
Net cash from (to) investing activities	(3,102,314)	7,633	(37,427)	-	(3,132,108)	95,432
Net increase (decrease) in cash and cash equivalents	7,680,213	(2,440,893)	(268,231)	157	4,971,246	369,474
Cash and cash equivalents at beginning of year:						
Cash	5,481,113	-	680,590	6,515	6,168,218	1,902,100
Equity in pooled cash	662,100	2,340,893	-	-	3,002,993	-
Restricted assets - certificate of deposit	-	100,000	-	-	100,000	-
Total cash and cash equivalents, beginning of year	6,143,213	2,440,893	680,590	6,515	9,271,211	1,902,100
Cash and cash equivalents at end of year:						
Cash	11,221,044	-	412,359	6,672	11,640,075	2,271,574
Equity in pooled cash	2,602,382	-	-	-	2,602,382	-
Total cash and cash equivalents, end of year	$ 13,823,426	$ -	$ 412,359	$ 6,672	$ 14,242,457	$ 2,271,574

See accompanying notes to financial statements.

Continued on next page

CITY OF MARIETTA, GEORGIA
STATEMENT OF CASH FLOWS (CONT'D)
For the Fiscal Year Ended June 30, 2005

	MAJOR					
	Board of Lights and Waterworks	Marietta FiberNet	Marietta Conference Center & Resort	City Golf Course	TOTALS	Governmental Activities-Internal Service Funds
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	$ 16,687,766	$ (325,325)	$ (26,581)	$ 180,115	$ 16,515,975	$ (281,694)
Adjustments to reconcile operating income to net cash from operating activities:						
Miscellaneous revenue	-	-	-	1,239	1,239	-
Depreciation	6,369,903	572,906	828,367	341,139	8,112,315	36,489
Amortization	-	13,444	-	-	13,444	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(68,042)	-	163,051	(3,265)	91,744	(18,535)
(Increase) decrease in contributions receivable	-	-	-	-	-	(3,854)
(Increase) decrease in utility accounts receivable	(259,352)	139,634	-	-	(119,718)	-
(Increase) decrease in due from other funds	(4,443,414)	-	(25,250)	5,270	(4,463,394)	(251,104)
(Increase) decrease in inventories	(96,547)	16,788	(14,831)	-	(94,590)	7,188
(Increase) decrease in prepaid expense	-	(117,346)	(20,766)	-	(138,112)	-
(Increase) decrease in net pension asset	212,677	-	-	-	212,677	-
(Increase) decrease in due from other governments	99	-	-	-	99	698
Increase (decrease) in accounts payable	316,274	454,398	288,459	(2,222)	1,056,909	192,316
Increase (decrease) in accrued salaries	(166,891)	8,279	(55,619)	-	(214,231)	(9,766)
Increase (decrease) in accrued commissions	-	(12,044)	-	-	(12,044)	-
Increase (decrease) in accrued sales tax	(45,887)	-	(15,721)	-	(61,608)	-
Increase (decrease) in accrued compensated absences	14,457	(13,111)	18,569	-	19,915	(8,671)
Increase (decrease) in other accrued expenses	-	-	(1,523)	-	(1,523)	-
Increase (decrease) in due to other funds	-	(9,334,107)	(5,270)	2,489	(9,336,888)	1,065,487
Increase (decrease) in interfund payable	-	-	-	-	-	-
Increase (decrease) in customer deposits	341,047	-	1,059	-	342,106	-
Increase (decrease) in claims and judgments payable	-	-	-	-	-	(429,307)
Increase (decrease) in bank overdrafts	-	-	-	-	-	-
Increase (decrease) in other liabilities	-	-	1,139	-	1,139	-
Net cash from (to) operating activities	$ 18,862,090	$ (8,596,484)	$ 1,135,083	$ 524,765	$ 11,925,454	$ 299,247

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2005, assets contributed by developers totaled $82,180 in the Board of Lights and Waterworks.

During 2005, $1,992,405 of transfers in the Board of Lights and Waterworks were noncash transfers.

Advances from the Board of Lights and Waterworks to Marietta FiberNet of $386,652 were determined to be uncollectible. This amount was reclassed to transfers in the current year.

During 2005, $20,614 of transfers out in the City Golf Course were noncash transfers.

During 2005, $48,118 of the transfers out in the Self-Insurance Fund were noncash transfers.

During 2005, $14,256 of the transfers out in the Motor Transport fund were noncash transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2005

	Pension Trust Fund
<u>Assets</u>	
Cash and cash equivalents	$ 2,041,169
Total cash and cash equivalents	2,041,169
Receivables:	
Accrued interest	297,804
Contributions	51,327
Total receivables	349,131
Investments, at fair value	
United States Government securities	20,766,352
Corporate notes and debentures	8,512,461
Common stock	37,400,998
Total investments	66,679,811
Total assets	69,070,111
<u>Liabilities</u>	
Accrued expenses	101,678
Due to other funds	775,028
Total liabilties	876,706
Net assets:	
Held in trust for pension benefits (See required supplementary information)	$ 68,193,405

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2005

	Pension Trust Fund
Additions:	
Employer contributions	$ 3,448,797
Investment income (expenses):	
Net appreciation (depreciation) of fair value of investments	3,176,845
Interest and dividends	2,134,871
	5,311,716
Less investment expenses	(347,348)
Net investment income (expenses)	4,964,368
Total additions	8,413,165
Deductions:	
Pension benefits paid	5,090,355
Administrative fees	62,446
Transfer out	4,502
Total deductions	5,157,303
Change in net assets	3,255,862
Net assets - beginning of year	64,937,543
Net assets - end of year	$ 68,193,405

See accompanying notes to financial statements.

The accounting methods and procedures adopted by the City of Marietta, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Marietta (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, sewer and fibernet systems, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* Certain of the significant changes in the Statement include the following:

- The financial statements include:

  A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations. A comparative analysis of financial information is presented in the MD&A.

- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The financial statements of the reporting entity include those of the City of Marietta (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14, "The Financial Reporting Entity", which was adopted by the City as of July 1, 1993, the financial statements of the component units have been included as discretely presented component units. The component unit column in the government-wide financial statements includes the financial data for the City's component units, as reflected in their most recent audited financial statements. The fiscal year end of the component units is June 30. Financial information of the component units is reported in a column separate from the City's financial information to emphasize that they are legally separate from the City.

A brief description of the discretely presented component units is as follows:

Marietta Welcome Center and Visitors Bureau, Inc.: The Marietta Welcome Center and Visitors Bureau, Inc. was created by the Marietta Sesquicentennial Commission in April, 1984. It was incorporated on February 4, 1985 and was granted tax exempt status by the Internal Revenue Code of 1954. The Internal Revenue Service determined that the Center is not a private foundation under Section 509 (a) of the Code. The purpose of the Center is to promote Marietta, Georgia as a viable tourist destination and thereby increase the number of visitors.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Reporting Entity (Cont'd)

The Welcome Center derives its main source of revenue from the hotel/motel and 3% auto rental tax assessed by the City. Even though the City has only one liaison member on the governing board and it does not appoint any members to the board, the Welcome Center is fiscally dependent on the City. The Welcome Center's operational and capital budgets are subject to approval and modification by the City Council.

Complete financial statements of the discretely presented component unit can be obtained directly from their administrative office. The address for this administrative office is as follows:

Marietta Welcome Center and Visitors Bureau, Inc.
No. 4 Depot Street
Marietta, Georgia 30060

Marietta Redevelopment Corporation:

The Marietta Redevelopment Corporation was created by the City of Marietta, pursuant to the Downtown Development Authorization Law (Chapter 42 of Title 36 of the Official Code of Georgia) in February 2003. It was incorporated on February 12, 2003 and was granted tax exempt status by the Internal Revenue Code of 1986. The Internal Revenue Service determined that the Corporation is not a private foundation under Section 509(a) of the Code. The purpose of the Corporation is to strengthen the economic and residential base of the City of Marietta by reutilizing property for neighborhood and community redevelopment and other public purposes.

The City Council appoints all members of the Board of Directors of the Corporation. The City provides a majority of the Corporation's resources.

The Corporation did not issue separate Component Unit Financial Statements.

Related Organization: The Marietta Housing 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 Housing Authority operations and sets rates charged for housing. The debts of the Housing Authority are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City of Marietta and the Marietta Housing Authority.

The Marietta Conference Center and Resort has been included as an Enterprise Fund of the City effective July 1, 1996. The City acquired the operations of the Conference Center July 1, 1996 when operations of the Conference Center commenced.

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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The City's net assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements (Cont'd)

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 properly included among program revenues are reported instead as *general revenues.*

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

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

The government reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

The government 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 FiberNet Fund accounts for the operation of the City's Fiber Optic network system.

The Marietta Conference Center and Resort Fund accounts for the assets and operations of the City's conference center.

The City Golf Course Fund accounts for the operations of the City's golf course.

Additionally, the government reports the following fund types:

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Internal Service Funds - 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.

Trust Funds -- Trust Funds account for assets held by the City in a trustee capacity for individuals. The City has a Pension Trust Fund which is utilized to account for the activity of the City of Marietta Public Employee Retirement System defined benefit pension plan.

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 government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)*

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

D. *Budgets and Budgetary Accounting*

An operating budget is legally adopted each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds.

Budgets for the General Fund, the HUD-Community Development Block Grant Special Revenue Fund, HUD-Housing Assistance Payments Program Special Revenue Fund, Marietta Housing Special Revenue Fund, Cemetery Maintenance Special Revenue Fund, Local Law Enforcement Block Grant Special Revenue Fund, Greenspace Community Trust Special Revenue Fund, Gone With the Wind Museum Special Revenue Fund, the Local Option Sales Tax Capital Projects Fund and the Construction Capital Projects Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Investment earnings are not budgeted for in the Greenspace Community Trust Special Revenue Fund, Local Law Enforcement Block Grant, Local Option Sales Tax and Construction Funds. Actual GAAP expenditures and revenues in the General, Special Revenue, Debt Service, and Capital Projects Funds have been adjusted to the budgetary basis for comparison within this report.

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

General Fund; Special Revenue Funds; Debt Service Fund; Capital Project Funds:

1. Prior to May 15, 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 financing them.
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 passage of an ordinance.

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. During fiscal year 2005, approximately $11.6 million in appropriations for expenditures were made in the governmental type funds.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets and Budgetary Accounting (Cont'd)

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.

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by the City Council. For budgetary comparison purposes presented in this report, actual amounts have been adjusted to the non-GAAP budgetary basis when necessary.

Unencumbered appropriations lapse at year end.

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 as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end are treated as expenditures on the budgetary basis of accounting and as reservations of fund balances on the GAAP basis of accounting.

E. Cash and Investments

Cash and cash equivalents include amounts in demand deposits and all highly liquid investments with a maturity of three months or less when purchased. Equity in Pooled Cash represents each fund's equity share of total pooled cash held in a demand deposit account at a local financial institution. For purposes of the statement of cash flows, cash and cash equivalents includes both of these categories.

Investments are stated at fair value.

Statutes authorize the City to invest in U.S. Government obligations, U.S. Government Agency obligations, State of Georgia obligations, obligations of other municipalities, and repurchase agreements. The Pension Trust is authorized to invest in corporate bonds, domestic common stocks, and equity real estate through pooled investment accounts.

See Notes 2 and 3 for additional information regarding Cash and Investments.

F. Short-Term / Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. As of June 30, 2005, there are no non-current portions of interfund balances.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Inventories

Inventories are valued at cost, which approximates market, using the average cost method. Inventory in the Enterprise Funds consist of expendable supplies held for consumption, food, beverage and guest room supplies and items needed for repairs or improvements to the utility system. The cost is recorded as an asset at the time individual inventory items are purchased. The consumption method is used to account for inventories within the City's Funds.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005 are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's Funds.

I. Restricted Assets

As collateral for land purchases, the General Fund has classified certificates of deposit as restricted assets on the balance sheet.

Customer deposits received by the Board of Lights and Waterworks to initiate service are classified as a restricted asset on the balance sheet because the funds will be returned to the customer when service is terminated.

As security for and in lieu of a performance bond under a telecommunications franchise agreement, the Board of Lights and Waterworks has classified a certificate of deposit as a restricted asset on the balance sheet.

Resources accumulated in the Marietta Conference Center and Resort Enterprise Fund for debt service payments over the next twelve months and funds accumulating for the replacement of furniture and fixtures are classified as restricted assets on the balance sheet.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASBS No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has elected to implement the general provisions of GASBS No. 34 and hopes to fully implement the retroactive infrastructure provisions in the fiscal year ending June 30, 2006.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalization threshold for capital assets is $1,000.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. *Capital Assets (Cont'd)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on a percentage basis or estimated useful life as follows:

	Board of Lights & Waterworks	City Golf Course	Marietta FiberNet	Marietta Conference Center & Resort	Motor Transport	Governmental Funds
Buildings	2.0%	15 years	--	40 years	--	40 years
Electric utility system	3.33 - 4%	--	--	--	--	--
Machinery and equipment	8%	5 years	7 years	5-7 years	5-25 years	5 years
Water and sewer utility system	2.5%	--	--	--	--	--
Fiber Optic Network	--	--	7-25 years	--	--	--
Streets	--	--	--	--	--	40 years

K. *Other Assets*

The Marietta Conference Center and Resort Enterprise Fund has other assets that consist of bond issue costs. These assets are amortized on a straight-line basis over the debt repayment period.

L. *Compensated Absences*

Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

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

M. *Long-Term Obligations*

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

O. Comparative Data/Reclassifications

Comparative total data of the prior years has been presented in the accompanying combining and individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications have been made to the prior year columns to conform to the classifications used in the current year columns.

(2) CASH AND CASH EQUIVALENTS

Custodial Credit Risk –Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law. As of June 30, 2005, $3,851,752 of the government's bank balance of $17,057,860 was exposed to custodial credit risk as uninsured and uncollateralized deposits.

(3) INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. $20,513,459 of the City's $66,679,811pension plan's investment in corporate stocks and bonds is uninsured.

As of June 30, 2005, the City's reporting entity had the following investments:

Type of Investment	Rating	Investment Maturities (in Years)				Fair Value
		Less than 1	1-5	6-10	More than 10	
PRIMARY GOVERNMENT						
Georgia Fund I	AAAm	$ 9,361,490	$ -	$ -	$ -	$ 9,361,490
U.S. Treasuries	AAA	6,844,568	611,171	-	-	7,455,739
U.S. Agencies	AAA	16,896,436	2,508,342	1,222,342	1,126,687	21,753,806
Total Primary Government (non-fiduciary)		$33,102,494	$ 3,119,513	$ 1,222,342	$ 1,126,687	$38,571,035
FIDUCIARY FUND						
Common Stocks	n/a	$ n/a	$ n/a	$ n/a	$ n/a	$37,400,998
U.S. Treasuries	AAA	-	1,366,010	-	-	1,366,010
U.S. Agencies	AAA	-	11,480,228	5,502,083	2,418,032	19,400,343
Corporate Bonds:	AAA	-	-	805,740	-	805,740
	A+	760,062	1,744,480	1,025,190	560,440	4,090,172
	A	-	831,610	522,820	296,886	1,651,316
	AA-	-	1,461,552	-	-	1,461,552
	BBB+	-	503,680	-	-	503,680
Total Fiduciary Fund		$ 760,062	$17,387,560	$ 7,855,833	$ 3,275,358	$66,679,811

Investments include $5,844,513 grouped in restricted assets, and $6,328,204 grouped in cash and cash equivalents.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity of the pension fixed income portfolio to 10 years.

(4) RECEIVABLES

Receivables at June 30, 2005 for the government's individual major funds and nonmajor, internal service, and trust funds in the aggregate consist of the following:

	Taxes and Fines	Accounts	Accrued Interest	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	$ 255,386	$ --	$ 63,676	$ 187,772	$ 101,495	$ (64,209)	$ 544,120
Board of Lights and Waterworks Fund	--	--	113,999	12,792,167	260,749	(498,000)	12,668,915
Marietta Conference Center and Resort	--	328,364	--	--	17,300	--	345,664
Golf Fund	--	--	--	--	3,655	--	3,655
Nonmajor and Other Funds	158,441	--	306,102	--	61,709	(29,631)	496,621
Total	$ 413,827	$328,364	$ 483,777	$12,979,939	$444,908	$ (591,840)	$14,058,975

(5) RESTRICTED ASSETS

The City's restricted assets in the Enterprise Funds include investments held as security for utility customer deposits on record as of June 30, 2005; investments held in a separate account as required by the Revenue Bond Ordinance; and a certificate of deposit held as security to a franchise agreement.

Board of Lights and Waterworks:	
Customer deposits	$4,966,556
Certificate of Deposit	100,000
Marietta Conference Center and Resort:	
Revenue bond debt service	872,630
Furniture and fixtures reserve	5,327
Total	$5,944,513

The City's restricted assets in the General Fund include certificates of deposit totaling $545,803 held as collateral for land purchases.

(6) CAPITAL ASSETS

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$4,436,952	$ 2,822,312	$ --	$7,259,2642
Capital assets, being depreciated:				
Buildings	30,693,074	1,217,377	(489,680)	31,420,771
Improvements other than buildings	3, 984,214	--	--	3, 984,214
Machinery and equipment	26,541,289	1,369,330	--	27,910,619
Infrastructure (Streets)	24,278,736	3,795,179	--	28,073,915
Total capital assets being depreciated	85,497,313	6,381,886	(489,680)	91,389,519
Less accumulated depreciation for:				
Buildings	(9,955,874)	(722,375)	--	(10,678,249)
Improvements other than buildings	(875,376)	(538,780)	--	(1,414,156)
Machinery and equipment	(23,034,681)	(1,327,407)	--	(24,362,088)
Infrastructure (Streets)	(3,259,406)	(401,668)	--	(3,661,074)
Total accumulated depreciation	(37,125,337)	(2,990,230)	--	(40,115,567)
Total capital assets, being depreciated, net	48,371,976	3,391,656	(489,680)	51,273,952
Governmental activities capital assets, net	$52,808,928	$6,213,968	$(489,680)	$58,533,216

(6) CAPITAL ASSETS (Cont'd)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 11,385,943	$ --	$ --	$ 11,385,943
Total capital assets, not being depreciated	11,385,943	--	--	11,385,943
Capital assets, being depreciated:				
Buildings and improvements	39,034,149	46,202	--	39,080,351
Plant in service and water/sewer system	109,441,006	8,108,486	--	117,549,492
Fiber Optic Network	34,043,081	621,344	(34,664,425)	--
Machinery and equipment	34,579,359	1,578,694	(758,386)	35,399,667
Total capital assets, being depreciated	217,097,595	10,354,726	(35,422,811)	192,029,510
Less accumulated depreciation for:				
Buildings and improvements	(10,604,186)	(924,839)	--	(11,529,025)
Plant in service and water/sewer system	(56,495,643)	(3,880,974)	--	(60,376,617)
Fiber Optic Network	(12,927,775)	(562,602)	13,490,377	--
Machinery and equipment	(30,088,551)	(2,743,902)	255,864	(32,576,589)
Total accumulated depreciation	(110,116,155)	(8,112,317)	13,746,241	(104,482,231)
Total capital assets, being depreciated, net	106,981,440	2,242,409	(21,676,570)	87,547,279
Business-type activities capital assets, net	$118,367,383	$ 2,242,409	$(21,676,570)	$ 98,933,222

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

Governmental activities	
General government	$ 304,613
Public safety	1,377,984
Public Works, including depreciation of general infrastructure assets	987,658
Culture and recreation	283,486
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	36,489
Total depreciation expense governmental activities	$ 2,990,230
Business-type activities:	
Water & Sewer	$ 1,760,349
Electric	4,609,554
Conference Center	828,367
Golf	341,139
Fiber Optic	572,908
Total depreciation expense -- business-type activities	$ 8,112,317

(7) LONG-TERM OBLIGATIONS

General Obligation Bonds:

General obligation bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2005:

$20,085,000 1990 School Improvement serial and term bonds. Serial bonds of $15,055,000 due in annual installments of $20,000 to $2,260,000 through January 1, 2010; interest at 6.7 to 7.35 percent ($0 outstanding after defeasance of $14,675,000 in fiscal year ended June 30, 1993). Term bonds of $5,030,000 due January 1, 2012 interest at 7.3 percent. Mandatory redemption of $2,425,000 term bonds due January 1, 2011 ($0 outstanding after defeasance of $5,030,000 in fiscal year ended June 30, 1993).

$22,520,000 1993 School Refunding serial bonds due in annual installments of $150,000 to $2,575,000 through January 1, 2012; interest rate at 5 to 5.75 percent. ($0 outstanding after defeasance of $20,360,000 in fiscal year ended June 30, 2003).

$17,545,000 1996 Public Safety serial bonds due in annual installments commencing January 1, 1999 of $505,000 to $1,465,000 through January 1, 2016; interest at 4.80 to 5.30 percent ($12,000,000 outstanding). Bonds were issued to construct and equip a public safety building for the police department and courts, renovate and equip an existing fire station, and to construct and equip two new fire stations.

$39,195,000 1998A School Improvement serial bonds due in annual installments commencing August 1, 2005 of $1,845,000 to $7,025,000 through August 1, 2019; interest at 4.0 to 5.0 percent ($37,350,000 outstanding). The 1998A were issued to finance the acquisition of land, construction and equipping one new school, and renovating and equipping existing schools, system wide technology improvements and the replacement purchase and upgrade capital equipment for the Marietta School System.

$21,125,000 2002 School Refunding serial bonds due in annual installments of $1,906,000 to $2,525,000 through June 1, 2012; interest at 3.0 to 4.0 percent ($15,355,000 outstanding). The bonds were issued to current refund the 1993 bond issue.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$ 4,810,000	$ 2,895,959	$ 7,705,959
2007	5,015,000	2,710,231	7,725,231
2008	5,240,000	2,516,379	7,756,379
2009	5,485,000	2,312,402	7,797,402
2010	5,735,000	2,089,557	7,824,557
2011-2015	23,580,000	6,718,610	30,298,610
2016-2019	14,840,000	1,626,435	16,466,435
Total	$64,705,000	$20,869,573	$ 85,574,573

$1,898,186 is available in the Debt Service Fund to service the general obligation bonds.

The amount of defeased debt outstanding but removed from the City's records amounted to $11,355,000 at June 30, 2005.

(7) LONG-TERM OBLIGATIONS (Cont'd)

Note Payable

The City entered into a note agreement with a third party during the fiscal year 2005 for the purchase of property. The note is payable in equal installments of $6.661 beginning August 2004 through June 2018. Interest on the note is at 5%. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$ 42,776	$ 37,160	$ 79,936
2007	44,965	34,971	79,936
2008	47,265	32,671	79,936
2009	49,684	30,252	79,936
2010	52,226	27,710	79,936
2011-2015	304,047	95,632	399,679
2016-2018	221,657	17,426	239,088
Total	$ 762,620	$ 275,822	$ 1,038,442

Revenue Bonds:

Bonds payable in the Enterprise Funds at June 30, 2005 is as follows:

Bonds Payable - current	$ 440,000
Bonds Payable - noncurrent	25,815,000
	$26,255,000

The following issues comprise the total as follows:

$13,000,000, Series 1996A-Marietta Conference Center Project Serial bonds due in annual installments commencing July 1, 2009 of $625,000 to $1,490,000 through July 1, 2021; interest at a variable rate of 7.04 percent to 7.45 percent and initially reset on a weekly basis ($13,000,000 outstanding).

$12,810,000, Series 1996B-Marietta Conference Center Project serial bonds due in annual installments commencing July 1, 1999 of $295,000 to $840,000 through July 1, 2021; interest at a variable rate of 7.04 percent to 7.45 percent and initially reset on a weekly basis ($8,940,000 outstanding).

$4,315,000 Series 2003 Revenue Bonds – Marietta Conference Center bonds due in two annual installments commencing July 1, 2022 of $2,100,000 and $2,215,000 through July 1, 2023; interest at a variable rate of 7.04 percent to 7.45 percent and initially reset on a weekly basis ($4,315,000 outstanding).

The Series 1996A and 1996B Revenue Bonds were issued on behalf of the City of Marietta by the Downtown Marietta Development Authority (the Authority) in order to finance the construction of the conference center facility. The Series 2003 were issued to finance the buyout of the old management company's agreement and to fund the working capital that was advanced from the General Fund. These bonds are not included on the financial statements of the Authority and are presented as debt obligations of the City of Marietta in accordance with Governmental Accounting Standards Board Interpretation -2 Disclosure of Conduit Debt Obligations.

(7) LONG-TERM OBLIGATIONS (Cont'd)

Revenue Bonds (Continued)

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$ 440,000	$ 1,784,392	$ 2,224,392
2007	465,000	1,336,325	1,801,325
2008	940,000	1,253,839	2,193,839
2009	990,000	1,203,982	2,193,982
2010	1,045,000	1,151,288	2,196,288
2011-2015	6,145,000	4,860,225	11,005,225
2016-2020	8,040,000	3,031,844	11,071,844
2021-2024	8,190,000	717,242	8,907,242
Total	$26,255,000	$15,339,137	$ 41,594,137

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

Long-Term Liabilities:

The following is a summary of changes in long-term liabilities of the City's Governmental Funds for the year ended June 30, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$69,325,000	$ --	$(4,620,000)	$64,705,000	$ 4,810,000
Unamortized bond premium	85,556	--	(10,695)	74,871	--
Note payable	--	800,000	(37,380)	762,620	42,776
Compensated absences	2,615,834	1,606,418	(1,608,288)	2,613,964	1,319,090
Governmental activity Long-term liabilities	$72,026,400	$ 2,406,418	$(6,276,363)	$68,156,455	$ 6,171,846
Business-type activities:					
Bonds payable:					
Revenue bonds	$26,670,000	$ --	$ (415,000)	$ 26,255,000	$ 440,000
Capital leases	4,839,839	--	(578,251)	4,261,588	548,739
Less deferred amounts on refunding	(380,707)	--	34,617	(346,170)	--
Compensated absences	789,246	464,316	(500,728)	752,834	365,623
Accrued interest payable	3,002,383	530,829	(452,300)	3,080,912	480,265
Business-type activity Long-term liabilities	$34,920,681	$ 995,145	$(1,911,662)	$34,004,164	$1,834,691

Compensated absences are typically liquidated in the general fund.

(8) LEASES

Operating Leases

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

Capital Leases

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

(8) LEASES (Cont'd)

Capital Leases (Cont'd)

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. 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 lease has been recorded as a direct financing lease in accordance with generally accepted accounting principles in the City Golf Course Enterprise Fund. This contract qualifies as a conduit debt obligation in accordance with Governmental Accounting Standards Board Interpretation - 2 Disclosure of Conduit Debt Obligations and therefore the obligation for the bonds is not reported on the financial statements of the Downtown Marietta Development Authority. 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. Total assets associated with the City Club facilities that have been capitalized in the City Golf Course Enterprise Fund is $9,352,452. Accumulated depreciation associated with these facilities is $216,145.

The 1995 Public Golf Course Refunding Revenue Bonds issued by the Authority resulted in an increase in the principal balance of the capital lease of $2,647,518. Accreted interest due on the refunded bonds of $1,955,175 was removed from the City's books. The net of these adjustments resulted in a loss of $692,344 that is being amortized over the life of the new bonds.

On March 8, 2004, a lease agreement was entered into with CitiCapital Commercial Corporation for golf carts. The lease agreement is for 52 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 Operating Enterprise Fund. The amount capitalized for the carts is $263,122. Accumulated depreciation associated with the golf carts is $75,900.

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, 2005:

Year Ending June 30	City Golf Course
2006	$ 883,787
2007	883,787
2008	883,786
2009	925,132
2010	835,000
2011-2015	4,150,000
2016	835,000
Total minimum lease payments	9,396,492
Less amounts representing interest	(5,134,904)
Present value of minimum lease payments	4,261,588
Less deferred loss on refunding	(346,170)
Total	$ 3,915,418

(9) PENSIONS

The City withdrew from the Social Security system on December 31, 1980. The City of Marietta, Georgia Supplemental Pension plan was adopted in lieu of Social Security. Sterne, Agee & Leach, Inc. 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, 2005 and 2004 were $1,692,732 and $1,786,410, 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 in 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 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 The Chicago Trust Company, a professional pension management company. The Chicago Trust Company is now ABN-Amro. An annual certified financial report for this plan will be prepared by ABN-Amro. The Pension Board serves as Plan Administrators of this plan.

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

The City maintains a single-employer general noncontributory 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. Pension costs are recorded in the amount of the City's contribution to the Pension Trust Fund. Management of the assets of the Pension Trust Fund is handled by the City's Pension Board. Benefit provisions 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.

Effective Prior to March 1, 1987	Effective 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	Single life annuity benefit

Summary of Significant Accounting Policies and Plan Asset Matters:

The City of Marietta Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue in the period in which employees provide services to the City. Benefit payments and refunds are recognized as expenses in the period in which the liabilities are incurred.

(9) PENSIONS (Cont'd)

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. 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 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.

Schedule of Employer Contributions:

Fiscal Year Ended	Required Contributions	Annual Actual Contributions	Percentage Contributed	Net Pension Asset
6/30/03	$ 3,579,282	$ 3,579,282	100%	$ (3,035,730)
6/30/04	3,892,124	3,614,553	93%	(2,642,265)
6/30/05	4,098,103	3,448,797	84%	(1,892,086)

Annual Pension Cost and Net Pension Asset - The City's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	$ 4,098,103
Interest on net pension asset	(217,987)
Adjustment to annual required contribution	318,860
Annual pension cost	4,198,976
Contributions made	(3,448,797)
(Increase) decrease in net pension asset	750,179
Net pension asset beginning of year	(2,642,265)
Net pension asset end of year	$ (1,892,086)

Entry age normal actuarial cost method is used to establish the actuarial position of the plan and to determine an appropriate level of contributions for all benefits except death and disability. Employer contributions represented 11.8 percent of the current year covered payroll. The actuarially determined contribution recommendation of 13.35 percent was based on the 2005 fiscal year projected payroll determined through an actuarial valuation performed at July 1, 2004. Total contributions to the general pension plan for the fiscal year ended June 30, 2005 were $3,448,797.

As of July 1, 2004, the date of the most recent actuarial valuation, employee membership data relevant to the pension plan was as follows:

Member of retirees and beneficiaries currently receiving benefits	301
Number of terminated employees entitled to benefits but not yet receiving them	265
Active employees:	
Fully Vested	440
Nonvested	303
Total plan participants	1,309

(9) PENSIONS (Cont'd)

Actuarial assumptions used in the valuation at July 1, 2004 include the following:

Amortization Method — The greater of:

- Level payments for Early Retirement Incentive and approximate level percentage of payroll for remaining unfunded liability (plan changes for pensioners and beneficiaries are amortized as level dollar amounts).
- Amortizing the entire Unfunded Actuarial Accrued Liability 30 years from the valuation date as a level percentage of the payroll, taking into account the inflation component only.

Actuarial Value of Assets - Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five year period, further adjusted, if necessary, to be within 20% of the market value.

Remaining Amortization Period	- Amortization period is closed. - 30 years
Investment Rate of Return	- 8.25%
Projected Salary Increase	- 5.0%
Inflation Rate	- 4.5%
Cost of Living	- 4.0%
No post retirement benefit increases	

Ten-year historical trend information presenting the General Pension Plan progress in accumulating sufficient assets to pay benefits when due is presented in The City of Marietta, Georgia Public Employees Retirement System Annual Financial Report for the fiscal year ended June 30, 2005, which may be obtained from the City of Marietta Finance Department.

The following retirement plans have not been included within this report because the City has no responsibility as prescribed by the Governmental Accounting Standards Board:

<u>Peace Officers' Annuity and Benefit Fund and Georgia Firemen's Pension Fund</u> - Police officers and firefighters are also members of the Peace Officers' Annuity and Benefit Fund and the Georgia Firemen's Pension Fund, respectively. Police officers and firefighters contribute ten dollars each month to these state administered plans. The City of Marietta contributed $225,247 to the Peace Officers' Annuity and Benefit Fund for the year ended June 30, 2005. Contributions to this fund are based on the number and amounts of fines and bond forfeiture cases each month as prescribed by State Law. The Georgia Firemen's Pension Fund is funded by the state-levied fire insurance premium tax.

(10) COMMITMENTS AND CONTINGENCIES

A. *Litigation*

The City of Marietta is a defendant in other various lawsuits at June 30, 2005. However, no additional accrual or disclosure of these lawsuits is required.

B. *Commitments*

Marietta Conference Center

On April 1, 1995, the City executed a Conference Center Funding Agreement with the Downtown Marietta Development Authority (the Authority). Under this agreement, the City pledged 30.25% of its hotel/motel tax collections to the Downtown Marietta Development Authority to be used solely for the principal and interest payments on the Downtown Marietta Development Authority Revenue Bond (the Marietta Conference Center Project), Series 1996A and 1996B, totaling $25,810,000 which was issued by the Authority for the purpose of obtaining funds to pay the costs of acquiring, constructing, furnishing, and equipping the Marietta Conference Center, and the costs of issuing the bond. On April 1, 1995, the City, as agent for the Authority, entered into a management agreement with a firm for the management of the construction and operations of the conference center. At the end of July, 2003 the City of Marietta terminated the management agreement with the firm that had managed the operations of the Marietta Conference Center and Resort since the facility had been open. The City entered into a one-year interim management agreement with Remington Hotel Corporation to manage and operate the facility through July 31, 2004. The agreement has been extended through June 30, 2005. The City, as an agent for the Authority, and Remington Hotel Corporation entered into an agreement effective July 1, 2005 to lease the facilities of Marietta Conference Center and Resort. The lease terminates on May 31, 2008 with three optional extensions. The first extension is for an additional eighty-four months. The second extension is for an additional forty-eight months. The third extension is for an additional period expiring on June 30, 2023. Agreement provides for the Remington Hotel Corporation to pay to the City rent in the amount of $2,325,000 per year payable in equal monthly installments. The agreement also provides for the City to receive additional rent payments equal to 3% of the amount, if any, that gross revenues exceed $14 million. The agreement also provides for Remington Hotel Corporation to receive 30.25% of Hotel/Motel Taxes collected, up to a maximum of $900,000.

Additionally, the City has pledged to the Authority its full faith and credit and taxing power for the payment of principal and interest on the 1996A and 1996B Bond. To the extent the amounts on deposit in the Bond Sinking Fund are insufficient to enable the Authority to pay the principal and interest on the bond when due, the City is obligated to pay the Authority amounts sufficient to cover the scheduled principal and interest payments. The Marietta Conference Center operations are reported in an enterprise fund within the financial statements.

Municipal Electric Authority of Georgia

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (the "Authority"). The contracts require the City to purchase from the Authority all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. The Authority is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations, which extend through the year 2020, are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling $56,746,670 from the Authority during the year ended June 30, 2005. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

(11) INTERFUND RECEIVABLES AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2005 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

	RECEIVABLE					
PAYABLE	General Fund	BLW	MCCR	Golf Course	Internal Service	Total
General Fund	$ --	$ 2,657,202	$ 356,162	$ --	$ --	$ 3,013,364
Nonmajor Governmental	3,222,941	4,964	--	--	--	3,227,905
MCCR	--	--	--	31,748	--	31,748
Golf Course	18,705	548,350	--	--	--	567,055
Fiduciary Fund	4,498	519,426	--	--	251,104	775,028
Internal Service	1,792,456	764	--	--	--	1,793,220
Total	$ 5,038,600	$ 3,730,706	$ 356,162	$31,748	$251,104	$ 9,408,320

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

These balances are expected to be repaid within one year.

(12) TRANSFERS

Interfund transfers for the current year were as follows:

	Transfer Out From							
Transfer In To	General Fund	Nonmajor Governmental	BLW	Internal Services	MFN	Golf Course	Fiduciary Fund	Total
Primary Government:								
General Fund	$ -	$ 608,479	$ 11,819,419	$ 61,610	$ -	$ 18,705	$ 4,502	$ 12,512,715
Nonmajor Governmental	2,992	300,000	-	-	-	-	-	302,992
BLW	2,542,651	4,964	-	764	129,461	1,909	-	2,679,749
MFN	-	-	674,033	-	-	-	-	674,033
MCCR	320,000	-	-	-	-	-	-	320,000
Golf Course	391,004	-	-	-	-	-	-	391,004
TOTAL	$ 3,256,647	$ 913,443	$ 12,493,452	$ 62,374	$ 129,461	$ 20,614	$ 4,502	$ 16,880,493

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

The City receives designated tax and pays it to the Component Unit to fund culture and recreation expense. Such payments are reported as expenditures/expenses and general revenues as appropriate.

(13) PROPERTY TAX

The City bills and collects its own real and personal property taxes. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables .

Property taxes are levied in August or September of each year on the assessed valuation of property as of the preceding January 1 and are due within 60 days. Taxes levied on August 20, 2004 were due on October 20, 2004.

Liens were attached to property for unpaid taxes on March 2, 2005.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The assessed value of property at January 1, 2004 was $2,384,988,729.

Based on the 2004 City General, Debt Service, and Cemetery Maintenance millage levy of 4.69, a property owner would pay $4.69 per $1,000 of assessed valuation.

Current tax collections of $10,038,948 for the fiscal year ended June 30, 2005 were 98 percent of the tax levy.

(14) FUND BALANCES RESERVES

The City maintains reserves in various funds for specific purposes or as required by bond ordinances. The nature and purpose of these reserves is explained below.

Fund Balances:

Reserved for encumbrances - Encumbrances outstanding at year end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation. The following is a detail of the reserved for encumbrance balances at June 30, 2005:

Primary Government:	
General Fund	$ 1,100,920
Special Revenue:	
CDBG	52,373
HUD Housing Assistance	5,220
Cemetery Maintenance	11,163
Capital Projects Funds:	
Local Option Sales Tax	800,577
Construction	15,050
	$ 1,985,303

Reserved for debt service - This reserve was established by the City in conformance with the general obligation (G.O.) bond ordinances. The net assets of this reserve are for the sole purpose of retiring debt. The total in the Debt Service Fund at June 30, 2005 was $1,898,186.

Reserved for culture and recreation - This reserve represents net assets reserved for culture and recreation expenditures.

Primary Government:	
General Fund	$1,825,367

(15) FUND BALANCE/NET ASSETS (DEFICIT)

Marietta Conference Center & Resort	$ (6,192,558)
Gone With the Wind Museum	$ (36,388)
HUD CDBG	$ (5,973)

Marietta Conference Center & Resort anticipates an increase in client base in the future, and therefore a recovery of this deficit.

The City is planning to transfer funds to the Gone With The Wind Museum Fund from the 3% auto taxes to fund the deficit.

The HUD CDBG Fund will receive grant funds in fiscal year 2006 to fund this deficit.

(16) POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides, through passage of local ordinance, certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care and life insurance benefits is recognized as an expenditure as premiums are paid. As of June 30, 2005, there were 214 retirees eligible for the benefits. For the fiscal year ended 2005 the cost of providing these benefits totaled $2,118,151.

(16) POST EMPLOYMENT HEALTH CARE BENEFITS (Cont'd)

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 follow:

Years of Service	Date of Hire	
	August 14, 1991 - November 14, 1996	After November 15, 1996
20	100% HMO & PPO	100% HMO only
15-19	80% HMO & PPO	80% HMO only
10-14	50% HMO & PPO	50% HMO only
Less than 10	0%	0%

(17) 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. Nonincremental 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 balances of claim liabilities during the past year are as follows:

	Year Ending June 30, 2005	Year Ending June 30, 2004
Claims and judgments payable, beginning of fiscal year	$ 2,359,948	$ 2,144,070
Incurred claims	6,904,863	7,609,463
Claim payments	(7,334,170)	(7,393,585)
Claims and judgments payable, end of fiscal year	$ 1,930,641	$ 2,359,948

(18) INTRADEPARTMENTAL BILLINGS

Total operating revenues and total operating expenses in the Board of Lights and Waterworks Enterprise Fund includes $165,053 of intra departmental billings for utility usage.

(19) INVESTMENT IN TELECOMMUNICATIONS PROJECT

The City elected to participate in the construction and operations of a Telecommunications Project with the Municipal Electric Authority of Georgia (MEAG) and other participating municipalities.

In January 1997, the City Council approved a contract with MEAG whereby the City elected to make a capital contribution to the Telecommunications Project Cost of Acquisition and Contraction. As of June 30, 2005, the City had contributed $3,656,058 to the project.

(20) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (ARC). Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-3.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Atlanta Regional Commission
40 Courtland Street, NE
Atlanta, Georgia 30303

(21) DERIVATIVE INSTRUMENTS

In connection with the issuance of the 1996A and 1996B Marietta Conference Center Project Serial Bonds, the Downtown Marietta Development Authority, on behalf of the City, entered into an Interest Rate Collar Agreement (the Agreement) which effectively established a ceiling of 7.45% and a floor of 7.04% on the variable rate bonds. This agreement was entered into to mitigate the interest rate risk with respect to the 1996 bonds. Under the terms of this agreement, the hedge provider will pay the Authority, if any, by which the yield published each week for short term commercial paper exceeds 7.45% and the Authority will pay to the hedge provider the amount, if any, by which 7.04% exceeds the yield published each week on short term commercial paper. The notional amount of the agreement is equal to the amount of the outstanding 1996 bonds. The Agreement terminates on June 30, 2006. The estimated liability of the Agreement at June 30, 2005 is $678,381.

(22) SALE OF MARIETTA FIBERNET

In a purchase agreement dated July 29, 2004, the City agreed to sell assets of Marietta FiberNet to American Fiber Systems of Georgia, Inc. The sale closed on August 31, 2004.

(23) SUBSEQUENT EVENT

Subsequent to year-end, 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 limited obligation bonds are not secured by the full faith and credit of the City, but will be secured solely by, and payable solely from, pledged revenues. The pledged revenues will be defined as tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Cobb County, and the Marietta City School Board of Education. The property tax increments will be pledged until the payment in full of the bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARIETTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability(AALP)	(3) Funded Ratio (1)(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as A Percentage Of Covered Payroll (4)(5)
07/1/02	72,258,226	$ 96,698,032	74.7%	$24,439,806	$29,009,536	84.3%
07/1/03	72,537,874	100,887,926	71.9%	28,350,052	28,539,499	99.3%
07/1/04	74,771,555	102,090,959	73.2%	27,319,404	28,558,160	95.7%

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, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Taxes	$ 17,539,031	$ 17,539,031	$ 17,787,828	$ 248,797
Licenses and permits	5,594,534	5,628,134	6,077,015	448,881
Intergovernmental	1,343,771	5,845,676	1,775,121	(4,070,555)
Charges for services	3,766,666	3,766,666	3,758,875	(7,791)
Fines and forfeits	3,207,393	3,540,913	3,789,735	248,822
Investment earnings	220,000	218,000	265,513	47,513
Other	355,710	4,332,069	1,340,224	(2,991,845)
Total revenues	32,027,105	40,870,489	34,794,311	(6,076,178)
Expenditures:				
Current:				
General government	7,235,427	13,253,510	8,832,590	4,420,920
Public works	6,816,869	8,236,929	7,924,643	312,286
Culture & recreation	4,758,485	5,058,565	4,769,841	288,724
Public safety	22,352,607	23,823,977	22,633,410	1,190,567
Total expenditures	41,163,388	50,372,981	44,160,484	6,212,497
Excess (deficiency) of revenues over expenditures	(9,136,283)	(9,502,492)	(9,366,173)	136,319
Other financing sources (uses):				
Sales of capital assets	-	533,000	239,437	(293,563)
Transfers in	11,356,554	12,482,429	12,512,715	30,286
Transfers out	(2,271,729)	(3,265,359)	(3,256,647)	8,712
Total other financing sources (uses)	9,084,825	9,750,070	9,495,505	(254,565)
Net change in fund balance	$ (51,458)	$ 247,578	129,332	$ (118,246)
Reconciliation to GAAP basis:				
Encumbrances outstanding at end of year			1,100,920	
Unbudgeted debt service expenditures			(73,275)	
Fund balances at beginning of year - GAAP basis			10,593,994	
Fund balances at end of year - GAAP basis			$ 11,750,971	

GOVERNMENTAL FUNDS

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, recreation, public works, general government, etc.). These activities are funded by property taxes on individuals and businesses.

CITY OF MARIETTA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 2,630,959	$ 4,067,605
Equity in pooled cash	-	273,053
Investments	7,629,166	6,916,290
Restricted investments	545,803	400,000
Receivables (net of allowance for estimated uncollectibles):		
Taxes and fines	207,202	362,824
Sanitation	171,747	160,603
Accrued interest	63,676	58,052
Other	101,495	123,580
Prepaid items	45,663	-
Due from component unit	8,000	3,000
Due from other funds	5,038,600	1,040,968
Due from other governments	262,173	360,501
Total assets	$ 16,704,484	$ 13,766,476
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 1,241,978	$ 1,194,140
Accrued salaries and employee benefits	437,400	876,630
Due to other funds	3,013,364	682,543
Due to component unit	66,333	64,458
Deferred revenue	194,438	354,711
Total liabilities	4,953,513	3,172,482
Fund balance:		
Reserved for encumbrances	1,100,920	1,091,791
Reserved for culture and recreation	1,825,367	1,793,980
Reserved for housing and redevelopment	-	655,700
Unreserved - undesignated	8,824,684	7,052,523
Total fund balance	11,750,971	10,593,994
Total liabilities and fund balance	$ 16,704,484	$ 13,766,476

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Taxes	$ 17,787,828	$ 17,481,548
Licenses and permits	6,077,015	5,432,809
Intergovernmental	1,775,121	371,853
Charges for services	3,758,875	3,596,193
Fines and forfeits	3,789,735	2,151,560
Investment earnings	265,513	92,788
Other	1,340,224	428,813
Total revenues	34,794,311	29,555,564
Expenditures:		
Current:		
General government	8,527,905	6,159,079
Public works	7,855,801	6,317,135
Culture and recreation	4,598,954	4,522,637
Public safety	22,076,904	21,193,636
Debt service:		
Principal and interest	73,275	-
Total expenditures	43,132,839	38,111,061
Excess (deficiency) of revenues over expenditures	(8,338,528)	(8,555,497)
Other financing sources (uses):		
Sale of capital assets	239,437	46,140
Transfers in	12,512,715	11,406,550
Transfers out	(3,256,647)	(5,907,388)
Total other financing sources (uses)	9,495,505	5,463,876
Net change in fund balance	1,156,977	(3,091,621)
Fund balance at beginning of year	10,593,994	13,685,615
Fund balance at end of year	$ 11,750,971	$ 10,593,994

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual (1)	Variance with Final Budget- Positive (Negative)
Taxes:			
Real and personal property taxes	$ 6,235,844	$ 6,051,890	$ (183,954)
Penalties and interest	55,250	73,894	18,644
Intangible taxes	249,000	230,896	(18,104)
Real estate transfer taxes	98,000	136,880	38,880
Excise taxes - alcoholic beverages	848,000	842,738	(5,262)
Excise taxes - auto rental	550,000	579,170	29,170
Insurance premium tax	2,650,000	2,734,817	84,817
Hotel, motel tax	2,050,000	2,067,734	17,734
Franchise taxes	4,802,937	5,069,809	266,872
Total taxes	17,539,031	17,787,828	248,797
Licenses and permits:			
Business licenses	4,994,434	4,986,695	(7,739)
Building permits	36,000	40,212	4,212
Plumbing permits	80,000	121,926	41,926
Electrical permits	517,700	928,182	410,482
Total licenses and permits	5,628,134	6,077,015	448,881
Intergovernmental	5,845,676	1,775,121	(4,070,555)
Charges for services:			
Sanitation	3,227,441	3,275,190	47,749
Recreation	191,150	157,111	(34,039)
Other	348,075	326,574	(21,501)
Total charges for services	3,766,666	3,758,875	(7,791)
Fines and forfeits:			
Recorder's court	3,540,913	3,789,735	248,822
Investment earnings	218,000	265,513	47,513
Other	4,332,069	1,340,224	(2,991,845)
Total revenues	$ 40,870,489	$ 34,794,311	$ (6,076,178)

(1)Adjustments were not necessary to present Actual on a budgetary basis.

CITY OF MARIETTA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended June 30, 2005

	Final Budget	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
Current:			
General government:			
General administration:			
Personal services	$ 1,876,974	$ 1,779,527	$ 97,447
Operating services	946,149	886,367	59,782
Capital outlay	2,571,433	2,566,226	5,207
Total general administration	5,394,556	5,232,120	162,436
Planning and zoning:			
Personal services	882,225	815,084	67,141
Operating services	270,124	150,410	119,714
Capital outlay	4,440,201	541,439	3,898,762
Total planning and zoning	5,592,550	1,506,933	4,085,617
Human resources:			
Personal services	578,758	560,612	18,146
Operating services	85,125	77,463	7,662
Total human resources	663,883	638,075	25,808
Financial administration:			
Personal services	1,425,811	1,316,272	109,539
Operating services	175,558	139,190	36,368
Capital outlay	1,152	--	1,152
Total financial administration	1,602,521	1,455,462	147,059
Total general government	13,253,510	8,832,590	4,420,920

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CITY OF MARIETTA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS) (CONT'D)
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
Current:			
Public works:			
Personal services	$ 4,757,167	$ 4,518,137	$ 239,030
Operating services	2,052,782	2,007,056	45,726
Capital outlay	1,426,980	1,399,450	27,530
Total public works	8,236,929	7,924,643	312,286
Culture and recreation:			
Personal services	1,130,594	1,059,227	71,367
Operating services	3,746,064	3,590,833	155,231
Capital outlay	181,907	119,781	62,126
Total culture and recreation	5,058,565	4,769,841	288,724
Public safety:			
Police:			
Personal services	9,849,355	9,496,565	352,790
Operating services	2,512,926	1,950,479	562,447
Capital outlay	704,859	722,035	(17,176)
Total police	13,067,140	12,169,079	898,061
Fire:			
Personal services	9,202,523	8,909,868	292,655
Operating services	1,033,363	1,036,096	(2,733)
Capital outlay	520,951	518,367	2,584
Total fire	10,756,837	10,464,331	292,506
Total public safety	23,823,977	22,633,410	1,190,567
	$ 50,372,981	$ 44,160,484	$ 6,212,497

NONMAJOR COMBINING STATEMENTS

CITY OF MARIETTA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 1,510,152	$ -	$ 15,165	$ 1,525,317
Equity in pooled cash	274,557	333,028	289,598	897,183
Investments	737,250	1,558,251	2,295	2,297,796
Receivables, net	23,632	123,831	27	147,490
Due from other governments	659,828	22,658	3,175,216	3,857,702
Inventories	8,983	-	-	8,983
Total assets and other debits	$ 3,214,402	$ 2,037,768	$ 3,482,301	$ 8,734,471
Liabilities and fund balances				
Liabilities:				
Accounts payable	$ 254,830	$ 240	$ 201,878	$ 456,948
Retainage payable	-	-	28,782	28,782
Accrued liabilities	7,617	-	-	7,617
Due to other funds	765,504	23,481	2,438,920	3,227,905
Deferred revenue	33,315	115,861	-	149,176
Total liabilities	1,061,266	139,582	2,669,580	3,870,428
Fund balances:				
Reserved for:				
Encumbrances	68,756	-	815,627	884,383
Debt service	-	1,898,186	-	1,898,186
Unreserved - designated for:				
Completion of projects	236,851	-	-	236,851
Unreserved - undesignated, reported in:				
Special revenue funds	1,847,529	-	-	1,847,529
Capital projects funds	-	-	(2,906)	(2,906)
Total fund balances	2,153,136	1,898,186	812,721	4,864,043
Total liabilities and fund balances	$ 3,214,402	$ 2,037,768	$ 3,482,301	$ 8,734,471

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2005

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues:				
Taxes	$ 175,651	$ 3,935,415	$ 2,992,394	$ 7,103,460
Intergovernmental	7,571,771	3,646,180	-	11,217,951
Charges for services	159,662	-	-	159,662
Investment earnings	29,426	75,176	5,467	110,069
Licenses and permits	237,380	-	-	237,380
Other	-	-	749	749
Total revenues	8,173,890	7,656,771	2,998,610	18,829,271
Expenditures:				
Current:				
Public works	256,595	-	-	256,595
Culture and recreation	209,040	-	-	209,040
Public safety	22,256	-	-	22,256
Urban redevelopment and housing	7,301,653	-	-	7,301,653
Debt service:				
Principal retirement	-	4,620,000	-	4,620,000
Interest and fiscal charges	-	3,073,373	-	3,073,373
Capital projects	-	-	3,646,725	3,646,725
Total expenditures	7,789,544	7,693,373	3,646,725	19,129,642
Excess (deficiency) of revenues over expenditures	384,346	(36,602)	(648,115)	(300,371)
Other financing sources (uses):				
Transfers in	302,992	-	-	302,992
Transfers out	(589,961)	(23,482)	(300,000)	(913,443)
Total other financing sources (uses)	(286,969)	(23,482)	(300,000)	(610,451)
Net change in fund balance	97,377	(60,084)	(948,115)	(910,822)
Fund balances at beginning of year	2,055,759	1,958,270	1,760,836	5,774,865
Fund balances at end of year	$ 2,153,136	$ 1,898,186	$ 812,721	$ 4,864,043

See accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenues which are legally restricted to finance specific functions or activities of the government and which, therefore, cannot be diverted to other uses.

HUD COMMUNITY DEVELOPMENT BLOCK GRANT FUND – To account for the receipts and disbursements of all monies received from the Department of Housing and Urban Development under the Community Development Block Grant Program.

HUD HOUSING ASSISTANCE PAYMENTS PROGRAM – To account for the receipts and disbursements of all monies received from the Department of Housing and Urban Development under the Housing Assistance Payments Program.

MARIETTA HOUSING FUND – To account for the receipt of excess funds transferred from the HUD Housing Assistance Payment Program to provide assistance to low- and moderate-income residents to acquire safe, decent and affordable housing.

CEMETERY MAINTENANCE FUND – To account for the repair and maintenance of City-owned cemeteries, funded through property tax revenue.

LOCAL LAW ENFORCEMENT BLOCK GRAND FUND – To account for the receipts and disbursements of all monies received from the Department of Justice, along with related interest earnings, as established under the Local Law Enforcement Block Grant Program.

GREENSPACE COMMUNITY TRUST FUND – To account for receipts and disbursements of all monies received from the State of Georgia to purchase greenspace properties.

GONE WITH THE WIND FUND – To account for the receipts and disbursements of all monies received from the operations of a museum dedicated to the Gone With The Wind movie artifacts.

TREE FUND – To account for the receipts and disbursements of all monies contributed by developers for trees removed and not replaced within development property sites.

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CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2005
With Comparative Totals for June 30, 2004

	HUD CDBG	HUD Housing Assistance	Marietta Housing Fund	Cemetery Maintenance
ASSETS				
Cash and cash equivalents	$ -	$ 1,236,979	$ -	$ 272,723
Equity in pooled cash	-	-	799	8,609
Investments	-	-	-	737,250
Receivables, net	-	-	-	13,250
Due from other funds	-	-	-	-
Due from other governments	122,614	536,348	-	866
Inventories	-	-	-	-
Total assets	$ 122,614	$ 1,773,327	$ 799	$ 1,032,698
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 20,975	$ 225,627	$ -	$ 41
Accrued salaries and employee benefits	2,242	4,368	-	1,007
Due to other funds	105,370	612,093	-	-
Deferred revenue	-	-	-	3,121
Total liabilities	128,587	842,088	-	4,169
Fund balance:				
Reserved for encumbrances	52,373	5,220	-	11,163
Unreserved - designated	-	-	-	-
Unreserved - undesignated	(58,346)	926,019	799	1,017,366
Total fund balance (deficit)	(5,973)	931,239	799	1,028,529
Total liabilities and fund balance	$ 122,614	$ 1,773,327	$ 799	$ 1,032,698

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONT'D)
June 30, 2005
With Comparative Totals for June 30, 2004

LLEBG	Greenspace Community Trust	Gone with the Wind Museum	Tree Preservation	Totals 2005	Totals 2004
$ -	$ -	$ 450	$ -	$ 1,510,152	$ 961,888
31,654	-	-	233,495	274,557	134,857
-	-	-	-	737,250	771,597
-	-	10,382	-	23,632	19,455
-	-	-	-	-	47,873
-	-	-	-	659,828	773,363
-	-	8,983	-	8,983	4,035
$ 31,654	$ -	$ 19,815	$ 233,495	$ 3,214,402	$ 2,713,068
$ 25	$ -	$ 8,162	$ -	$ 254,830	$ 195,015
-	-	-	-	7,617	15,866
-	-	48,041	-	765,504	397,022
30,194	-	-	-	33,315	49,406
30,219	-	56,203	-	1,061,266	657,309
-	-	-	-	68,756	75,172
3,356	-	-	233,495	236,851	300,000
(1,921)	-	(36,388)	-	1,847,529	1,680,587
1,435	-	(36,388)	233,495	2,153,136	2,055,759
$ 31,654	$ -	$ 19,815	$ 233,495	$ 3,214,402	$ 2,713,068

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	HUD CDBG	HUD Housing Assistance	Marietta Housing Fund	Cemetery Maintenance
Revenues:				
Taxes	$ -	$ -	$ -	$ 175,651
Intergovernmental	229,106	7,303,411	-	-
Investment earnings	-	3,317	-	20,472
Licenses and permits	-	-	-	-
Charges for service	-	-	-	-
Total revenues	229,106	7,306,728	-	196,123
Expenditures:				
Public works	-	-	-	256,595
Public safety	-	-	-	-
Urban redevelopment and housing	234,763	7,026,736	40,154	-
Culture and recreation	-	-	-	-
Total expenditures	234,763	7,026,736	40,154	256,595
Excess (deficiency) of revenues over expenditures	(5,657)	279,992	(40,154)	(60,472)
Other financing sources (uses):				
Transfers in (out)	(316)	(309,196)	26,299	-
Total other financing sources (uses)	(316)	(309,196)	26,299	-
Net change in fund balance	(5,973)	(29,204)	(13,855)	(60,472)
Fund balances (deficit) at beginning of year	-	960,443	14,654	1,089,001
Fund balances (deficit) at end of year	$ (5,973)	$ 931,239	$ 799	$ 1,028,529

See accompanying notes to the financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONT'D)
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

LLEBG	Community Greenspace Trust	Gone with the Wind Museum	Tree Preservation	Totals 2005	Totals 2004
$ -	$ -	$ -	$ -	$ 175,651	$ 177,332
19,293	19,961	-	-	7,571,771	7,919,145
470	4,713	454	-	29,426	15,335
-	-	-	237,380	237,380	-
-	-	159,662	-	159,662	91,498
19,763	24,674	160,116	237,380	8,173,890	8,203,310
-	-	-	-	256,595	214,675
22,256	-	-	-	22,256	92,653
-	-	-	-	7,301,653	6,991,371
-	52,099	153,056	3,885	209,040	809,480
22,256	52,099	153,056	3,885	7,789,544	8,108,179
(2,493)	(27,425)	7,060	233,495	384,346	95,131
2,992	-	(6,748)	-	(286,969)	53,666
2,992	-	(6,748)	-	(286,969)	53,666
499	(27,425)	312	233,495	97,377	148,797
936	27,425	(36,700)	-	2,055,759	1,906,962
$ 1,435	$ -	$ (36,388)	$ 233,495	$ 2,153,136	$ 2,055,759

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
HUD - COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Equity in pooled cash	$ -	$ 6,794
Due from other governments	122,614	11,793
Total assets	$ 122,614	$ 18,587
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 20,975	$ -
Accrued salaries and employee benefits	2,242	4,333
Due to other funds	105,370	14,254
Total liabilities	128,587	18,587
Fund balance:		
Reserved for encumbrances	52,373	-
Unreserved - undesignated	(58,346)	-
Total fund balance	(5,973)	-
Total liabilities and fund balance	$ 122,614	$ 18,587

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
HUD - COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Intergovernmental	$ 229,106	$ 138,586
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	135,731	134,810
Operating services	4,831	4,677
Capital outlay	94,201	-
Total expenditures	234,763	139,487
Excess (deficiency) of revenues over expenditures	(5,657)	(901)
Other financing sources (uses)		
Transfers in	-	901
Transfers out	(316)	-
Total other financing sources (uses)	(316)	901
Net change in fund balance	(5,973)	-
Fund balance at beginning of year	-	-
Fund balance at end of year	$ (5,973)	$ -

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
HUD - COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	$ 311,623	$ 229,106	$ (82,517)
Expenditures - urban redevelopment and housing:			
Current:			
Personal services	143,298	135,731	7,567
Operating services	6,859	4,831	2,028
Capital outlay	161,150	146,574	14,576
Total expenditures	311,307	287,136	24,171
Excess (deficiency) of revenues over expenditures	316	(58,030)	(58,346)
Other financing sources (uses)			
Transfers out	(316)	(316)	-
Net change in fund balance	$ -	(58,346)	$ (58,346)
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		52,373	
Fund balance at beginning of year - GAAP basis		-	
Fund balance at end of year - GAAP basis		$ (5,973)	

CITY OF MARIETTA, GEORGIA
HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 1,236,979	$ 740,727
Due from other governments	536,348	760,704
Other receivables	-	207
Total assets	$ 1,773,327	$ 1,501,638
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 225,627	$ 191,753
Accrued salaries and employee benefits	4,368	6,782
Due to other funds	612,093	342,660
Total liabilities	842,088	541,195
Fund balance:		
Reserved for encumbrances	5,220	2,034
Unreserved - designated	-	300,000
Unreserved - undesignated	926,019	658,409
Total fund balance	931,239	960,443
Total liabilities and fund balance	$ 1,773,327	$ 1,501,638

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Intergovernmental	$ 7,303,411	$ 7,051,535
Investment earnings	3,317	9,684
Total revenues	7,306,728	7,061,219
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	284,378	337,376
Operating	178,591	160,416
Capital outlay	24,419	12,751
Housing assistance payments	6,539,348	6,341,341
Total expenditures	7,026,736	6,851,884
Excess of revenues over expenditures	279,992	209,335
Other financing sources (uses):		
Transfers out	(309,196)	(17,458)
Net change in fund balance	(29,204)	191,877
Fund balance at beginning of year	960,443	768,566
Fund balance at end of year	$ 931,239	$ 960,443

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	$ 12,004,545	$ 7,303,411	$ (4,701,134)
Investment earnings	-	3,317	3,317
Total revenues	12,004,545	7,306,728	(4,697,817)
Expenditures - urban redevelopment and housing:			
Current:			
Personal services	358,745	284,378	74,367
Operating	207,323	181,695	25,628
Capital outlay	35,500	24,501	10,999
Housing assistance payments	11,396,034	6,541,382	4,854,652
Total expenditures	11,997,602	7,031,956	4,965,646
Excess (deficiency) of revenues over expenditures	6,943	274,772	267,829
Other financing sources (uses):			
Transfers out	(308,977)	(309,196)	(219)
Net change in fund balance	$ (302,034)	(34,424)	$ 267,610
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		5,220	
Fund balance at beginning of year - GAAP basis		960,443	
Fund balance at end of year - GAAP basis		$ 931,239	

CITY OF MARIETTA, GEORGIA
MARIETTA HOUSING FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Equity in pooled cash	$ 799	$ 14,654
Total assets	$ 799	$ 14,654
FUND BALANCE		
Fund balance:		
Unreserved - undesignated	$ 799	$ 14,654
Total fund balance	$ 799	$ 14,654

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA HOUSING FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Expenditures - urban redevelopment and housing:		
Capital outlay	$ 40,154	$ -
Excess (deficiency) of revenues over expenditures	(40,154)	-
Other financing sources (uses):		
Transfers in	300,000	-
Transfers out	(273,701)	-
Total other financing sources (uses)	26,299	-
Net change in fund balance	(13,855)	-
Fund balance at beginning of year	14,654	14,654
Fund balance at end of year	$ 799	$ 14,654

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA HOUSING FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures - urban redevelopment and housing:			
Capital outlay	$ 40,154	$ 40,154	$ -
Excess (deficiency) of revenues over expenditures	(40,154)	(40,154)	-
Other financing sources (uses):			
Transfers in	300,000	300,000	-
Transfers out	(274,500)	(273,701)	799
Total other financing sources (uses)	25,500	26,299	799
Net change in fund balance	$ (14,654)	(13,855)	$ 799
Fund balance at beginning of year		14,654	
Fund balance at end of year		$ 799	

CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 272,723	$ 220,558
Equity in pooled cash	8,609	40,018
Investments	737,250	771,597
Receivables (net of allowance for estimated uncollectibles):		
Taxes	4,979	10,015
Other	-	146
Interest	8,271	7,546
Due from other funds	-	47,873
Due from other governments	866	866
Total assets	$ 1,032,698	$ 1,098,619
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 41	$ 94
Accrued salaries and employee benefits	1,007	2,649
Deferred revenue	3,121	6,875
Total liabilities	4,169	9,618
Fund balance:		
Reserved for encumbrances	11,163	18,275
Unreserved - undesignated	1,017,366	1,070,726
Total fund balance	1,028,529	1,089,001
Total liabilities and fund balance	$ 1,032,698	$ 1,098,619

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Taxes	$ 175,651	$ 177,332
Intergovernmental	-	6,250
Investment earnings	20,472	3,135
Total revenues	196,123	186,717
Expenditures - public works:		
Current:		
Personal services	75,176	69,158
Operating services	163,144	123,017
Capital outlay	18,275	22,500
Total expenditures	256,595	214,675
Excess (deficiency) of revenues over expenditures	(60,472)	(27,958)
Fund balance at beginning of year	1,089,001	1,116,959
Fund balance at end of year	$ 1,028,529	$ 1,089,001

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	$ 177,500	$ 175,651	$ (1,849)
Investment earnings	13,600	20,472	6,872
Total revenues	191,100	196,123	5,023
Expenditures - public works:			
Current:			
Personal services	75,383	75,176	207
Operating services	175,357	174,307	1,050
Capital outlay	18,275	18,275	-
Total expenditures	269,015	267,758	1,257
Excess (deficiency) of revenues over expenditures	$ (77,915)	(71,635)	$ 6,280
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		11,163	
Fund balances at beginning of year - GAAP basis		1,089,001	
Fund balance at end of year - GAAP basis		$ 1,028,529	

CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Equity in pooled cash	$ 31,654	$ 23,492
Receivables, net	-	14
Total assets	$ 31,654	$ 23,506
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 25	$ -
Deferred revenue	30,194	22,570
Total liabilities	30,219	22,570
Fund balance:		
Reserved for encumbrances	-	2,765
Unreserved - designated	3,356	-
Unreserved - undesignated	(1,921)	(1,829)
Total fund balance	1,435	936
Total liabilities and fund balance	$ 31,654	$ 23,506

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Intergovernmental	$ 19,293	$ 84,321
Investment earnings	470	247
Total revenues	19,763	84,568
Expenditures - public safety:		
Current:		
Operating services	20,277	43,242
Capital outlay	1,979	49,411
Total expenditures	22,256	92,653
Excess (deficiency) of revenues over expenditures	(2,493)	(8,085)
Other financing sources (uses):		
Transfers in	2,992	6,712
Net change in fund balance	499	(1,373)
Fund balance at beginning of year	936	2,309
Fund balance at end of year	$ 1,435	$ 936

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	$ 53,315	$ 19,293	$ (34,022)
Total revenues	53,315	19,293	(34,022)
Expenditures - public safety:			
Current:			
Operating services	19,785	20,277	(492)
Capital outlay	34,543	1,979	32,564
Total expenditures	54,328	22,256	32,072
Excess (deficiency) of revenues over expenditures	(1,013)	(2,963)	(1,950)
Other financing sources:			
Transfers in	2,992	2,992	-
Net change in fund balance	$ 1,979	29	$ (1,950)
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		470	
Fund balance at beginning of year - GAAP basis		936	
Fund balance at end of year - GAAP basis		$ 1,435	

CITY OF MARIETTA, GEORGIA
GREENSPACE COMMUNITY TRUST FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Equity in pooled cash	$ -	$ 49,899
Total assets	$ -	$ 49,899
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -	$ 2,513
Deferred revenue	-	19,961
Total liabilities	-	22,474
Fund balance:		
Reserved for encumbrances	-	52,098
Unreserved - undesignated	-	(24,673)
Total fund balance	-	27,425
Total liabilities and fund balance	$ -	$ 49,899

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GREENSPACE COMMUNITY TRUST FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Investment earnings	$ 4,713	$ 2,269
Intergovernmental	19,961	638,453
Total revenues	24,674	640,722
Expenditures - culture and recreation:		
Current:		
Operating services	-	558
Capital outlay	52,099	640,375
Total expenditures	52,099	640,933
Excess (deficiency) of revenues over expenditures	(27,425)	(211)
Fund balance at beginning of year	27,425	27,636
Fund balance at end of year	$ -	$ 27,425

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GREENSPACE COMMUNITY TRUST FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive(Negative)
Expenditures - culture and recreation:			
Capital outlay	52,099	52,099	-
Total expenditures	52,099	52,099	-
Excess (deficiency) of revenues over expenditures	$ (52,099)	(52,099)	$ -
Reconciliation to GAAP basis:			
Unbudgeted intergovernmental revenues		19,961	
Unbudgeted investment earnings		4,713	
Fund balance at beginning of year		27,425	
Fund balance at end of year		$ -	

CITY OF MARIETTA, GEORGIA
GONE WITH THE WIND MUSEUM
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 450	$ 603
Receivables, net	10,382	1,527
Inventories	8,983	4,035
Total assets	$ 19,815	$ 6,165
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 8,162	$ 655
Accrued salaries and employee benefits	-	2,102
Due to other funds	48,041	40,108
Total liabilities	56,203	42,865
Fund balance (deficit):		
Unreserved - undesignated	(36,388)	(36,700)
Total fund balance (deficit)	(36,388)	(36,700)
Total liabilities and fund balance	$ 19,815	$ 6,165

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GONE WITH THE WIND MUSEUM
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Charges for services	$ 159,662	$ 91,498
Investment earnings	454	-
Total revenues	160,116	91,498
Expenditures - culture and recreation:		
Current:		
Personal services	75,537	88,504
Operating services	77,519	80,043
Total expenditures	153,056	168,547
Excess (deficiency) of revenues over expenditures	7,060	(77,049)
Other financing sources (uses):		
Transfers in	-	70,000
Transfers out	(6,748)	(6,489)
Total other financing sources (uses)	(6,748)	63,511
Net change in fund balance	312	(13,538)
Fund balance at beginning of year	(36,700)	(23,162)
Fund balance (deficit) at end of year	$ (36,388)	$ (36,700)

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GONE WITH THE WIND MUSEUM
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive(Negative)
Revenues:			
Charges for services	$ 168,640	$ 159,662	$ (8,978)
Investment earnings	(300)	454	754
Total revenues	168,340	160,116	(8,224)
Expenditures:			
Personal services	75,721	75,537	184
Operating services	85,871	77,519	8,352
Total expenditures	161,592	153,056	8,536
Excess (deficiency) of revenues over expenditures	6,748	7,060	312
Other financing sources (uses)			
Transfer out	(6,748)	(6,748)	-
Net change in fund balance	$ -	312	$ 312
Fund balance (deficit) at beginning of year		(36,700)	
Fund balance (deficit) at end of year		$ (36,388)	

CITY OF MARIETTA, GEORGIA
TREE PRESERVATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget - Positive(Negative)
Revenues:			
Licenses and permits	$ 237,380	$ 237,380	$ -
Total revenues	237,380	237,380	-
Expenditures - culture and recreation:			
Current:			
Operating services	237,380	3,885	233,495
Total expenditures	237,380	3,885	233,495
Excess (deficiency) of revenues over expenditures	$ -	233,495	$ 233,495
Fund balance at beginning of year		-	
Fund balance at end of year		$ 233,495	

DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt (other than enterprise funds).

CITY OF MARIETTA, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ -	$ 1,269,001
Equity in pooled cash	333,028	128,930
Investments	1,558,251	514,415
Receivables (net of allowance for estimated uncollectibles):		
Taxes	123,831	202,448
Accrued interest	-	5,161
Due from other governments	22,658	22,658
Total assets	$ 2,037,768	$ 2,142,613
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	240	$ 75
Due to other funds	23,481	23,922
Deferred revenue	115,861	160,346
Total liabilities	139,582	184,343
Fund balance:		
Reserved for debt service	1,898,186	1,958,270
Total liabilities and fund balance	$ 2,037,768	$ 2,142,613

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Taxes	$ 3,935,415	$ 3,990,812
Intergovernmental revenue	3,646,180	6,960,040
Investment earnings	75,176	28,687
Total revenue	7,656,771	10,979,539
Expenditures:		
Debt service:		
Principal retirement	4,620,000	7,640,000
Interest on bonds	3,071,571	3,353,311
Fiscal agent fees and bond issuance costs	1,802	4,208
Total expenditures	7,693,373	10,997,519
Excess (deficiency) of revenues over expenditures	(36,602)	(17,980)
Other financing sources (uses):		
Transfers out	(23,482)	(23,922)
Total other financing sources (uses)	(23,482)	(23,922)
Net change in fund balance	(60,084)	(41,902)
Fund balance at beginning of year	1,958,270	2,000,172
Fund balance at end of year	$ 1,898,186	$ 1,958,270

See accompanying notes to financial statements.

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, 2005

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Taxes	$ 4,003,072	$ 3,935,415	$ (67,657)
Intergovernmental	3,646,180	3,646,180	--
Investment earnings	28,000	75,176	47,176
Total revenues	7,677,252	7,656,771	(20,481)
Expenditures:			
Debt Service:			
Principal retirement	4,620,000	4,620,000	--
Interest and fiscal charges	3,075,171	3,073,373	1,798
Total expenditures	7,695,171	7,693,373	1,798
Excess (deficiency) of revenues over expenditures	(17,919)	(36,602)	(18,683)
Other financing sources (uses):			
Transfers out	(25,192)	(23,482)	1,710
Total other financing sources (uses)	(25,192)	(23,482)	1,710
Net change in fund balance	$ (43,111)	(60,084)	$ (16,973)
Fund balance at beginning of year		1,958,270	
Fund balance at end of year		$ 1,898,186	

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CAPITAL PROJECTS FUNDS

LOCAL OPTION SALES TAX FUND – 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.

CONSTRUCTION FUND – To account for the proceeds received from Series 1996 General Obligation Bonds used for construction, renovating, and equipping public safety facilities within the City, and to account for the relocation of the property management department to a new facility.

CITY OF MARIETTA, GEORGIA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2005 and 2004

	Local Option Sales Tax	Construction Fund	Totals 2005	Totals 2004
ASSETS				
Cash and cash equivalents	$ 853	$ 14,312	$ 15,165	$ 16,533
Equity in pooled cash	273,749	15,849	289,598	516,048
Investments	2,295	--	2,295	688
Receivables, net	27	--	27	1,307
Due from other funds	--	--	--	237,379
Due from other governments	3,175,216	--	3,175,216	1,035,599
Total assets	$ 3,452,140	$ 30,161	$ 3,482,301	$ 1,807,554
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 196,478	$ 5,400	$ 201,878	$ 28,793
Retainage payable	18,378	10,404	28,782	17,925
Due to other funds	2,438,920	--	2,438,920	--
Total liabilities	2,653,776	15,804	2,669,580	46,718
Fund balances:				
Reserved for encumbrances	800,577	15,050	815,627	1,028,564
Unreserved - undesignated	(2,213)	(693)	(2,906)	732,272
Total fund balances	798,364	14,357	812,721	1,760,836
Total liabilities and fund balances	$ 3,452,140	$ 30,161	$ 3,482,301	$ 1,807,554

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Local Option Sales Tax	Construction Fund	Totals 2005	Totals 2004
Revenues:				
Taxes	$ 2,992,394	$ -	$ 2,992,394	$ 1,860,753
Investment earnings	1,489	3,978	5,467	17,286
Miscellaneous revenue	749	-	749	-
Total revenues	2,994,632	3,978	2,998,610	1,878,039
Expenditures:				
Current:				
Capital outlay	3,502,136	144,589	3,646,725	2,764,010
Total expenditures	3,502,136	144,589	3,646,725	2,764,010
Excess (deficiency) of revenues over expenditures	(507,504)	(140,611)	(648,115)	(885,971)
Other financing sources (uses):				
Transfers out	(300,000)	-	(300,000)	(122,000)
Net change in fund balance	(807,504)	(140,611)	(948,115)	(1,007,971)
Fund balances at beginning of year	1,605,868	154,968	1,760,836	2,768,807
Fund balances at end of year	$ 798,364	$ 14,357	$ 812,721	$ 1,760,836

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 853	$ 2,404
Equity in pooled cash	273,749	375,283
Investments	2,295	688
Receivables:		
Accrued interest	27	1,109
Due from other funds	-	237,379
Due from other governments	3,175,216	1,035,599
Total assets	$ 3,452,140	$ 1,652,462
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 196,478	$ 28,669
Retainage payable	18,378	17,925
Due to other funds	2,438,920	-
Total liabilities	2,653,776	46,594
Fund balance:		
Reserved for encumbrances	800,577	1,028,564
Unreserved - undesignated	(2,213)	577,304
Total fund balance	798,364	1,605,868
Total liabilities and fund balance	$ 3,452,140	$ 1,652,462

See accompanyting notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Taxes	$ 2,992,394	$ 1,860,753
Investment earnings	1,489	15,845
Miscellaneous revenue	749	-
Total revenues	2,994,632	1,876,598
Expenditures:		
Capital outlay	3,502,136	2,757,602
Total expenditures	3,502,136	2,757,602
Excess (deficiency) of revenues over expenditures	(507,504)	(881,004)
Other financing sources (uses):		
Transfers out	(300,000)	(122,000)
Net change in fund balance	(807,504)	(1,003,004)
Fund balance at beginning of year	1,605,868	2,608,872
Fund balance at end of year	$ 798,364	$ 1,605,868

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget-Positive (Negative)
Revenues:			
Taxes	$ 4,000,000	$ 2,992,394	$ (1,007,606)
Total revenues	4,000,000	2,992,394	(1,007,606)
Expenditures:			
Capital outlay	5,971,992	4,302,713	1,669,279
Total expenditures	5,971,992	4,302,713	1,669,279
Excess (deficiency) of revenues over expenditures	(1,971,992)	(1,310,319)	661,673
Other financing sources (uses):			
Transfers out	(300,000)	(300,000)	--
Net change in fund balance	$ (2,271,992)	(1,610,319)	$ 661,673
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		2,238	
Encumbrances outstanding at end of year		800,577	
Fund balance at beginning of year - GAAP basis		1,605,868	
Fund balance at end of year - GAAP basis		$ 798,364	

CITY OF MARIETTA, GEORGIA
CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 14,312	$ 14,129
Equity in pooled cash	15,849	140,765
Accrued interest receivable	-	198
Total assets	$ 30,161	$ 155,092
LIABILITIES AND FUND BALANCE		
Liabilities:		
Acounts payable	$ 5,400	$ 124
Retainage payable	10,404	-
Total liabilities	15,804	124
Fund balance:		
Reserved for encumbrances	15,050	-
Unreserved - undesignated	(693)	154,968
Total fund balance	14,357	154,968
Total liabilities and fund balance	$ 30,161	$ 155,092

See accompanying notes to the financial statements.

CITY OF MARIETTA, GEORGIA
CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Revenues:		
Investment earnings	$ 3,978	$ 1,441
Expenditures:		
Capital outlay	144,589	6,408
Net change in fund balance	(140,611)	(4,967)
Fund balance at beginning of year	154,968	159,935
Fund balance at end of year	$ 14,357	$ 154,968

See accompanying notes to the financial statements.

CITY OF MARIETTA, GEORGIA
CONSTRUCTION FUND
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2005

	Budget	Actual	Variance with Final Budget-Positive (Negative)
Expenditures:			
Capital outlay	$ 157,516	$ 159,639	$ (2,123)
Net change in fund balance	$ (157,516)	(159,639)	$ (2,123)
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		3,978	
Encumbrances outstanding at end of year		15,050	
Fund balance at beginning of year - GAAP basis		154,968	
Fund balance at end of year - GAAP basis		$ 14,357	

PROPRIETARY FUNDS

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Fund are used to account for the acquisition, operation and maintenance of government facilities and services which are predominantly or entirely self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

BOARD OF LIGHTS AND WATERWORKS FUND – To account for the operations of the electric and water distribution, and sewer collection systems. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection. The different enterprise funds are combined as allowed by the State Statute for Combined Public Utilities Systems.

CITY GOLF COURSE FUND – To account for the receipts and disbursements of monies from the operation of the City golf course.

MARIETTA FIBERNET FUND – To account for the operation of the City's fiber optic network system. All activities necessary to provide fiber optic service to the community are accounted for in this fund, including, but not limited to, construction, administration, operation, and maintenance.

MARIETTA CONFERENCE CENTER AND RESORT FUND – To account for the assets and operations of the City's conference center, along with the service of debt issued through the Downtown Marietta Development Authority.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2005
With Comparative Totals for June 30, 2004

	Board of Lights and Waterworks	City Golf Course	Marietta Fibernet	Marietta Conference Center & Resort	Totals 2005	Totals 2004
ASSETS						
Current assets:						
Cash and cash equivalents	$ 11,221,044	$ 6,672	$ -	$ 412,359	$ 11,640,075	$ 6,168,218
Equity in pooled cash	2,602,382	-	-	-	2,602,382	3,002,993
Investments	14,993,408	-	-	-	14,993,408	11,451,114
Restricted assets:					-	
Revenue bond debt service	-	-	-	872,630	872,630	835,273
Furniture and fixtures reserve	-	-	-	5,327	5,327	5,257
Receivables, net	12,668,915	3,655	-	345,664	13,018,234	13,109,893
Due from other funds	3,730,706	31,748	-	356,162	4,118,616	10,981,734
Due from other governments	13,033	-	-	-	13,033	13,132
Inventories, at cost	2,291,548	-	-	150,751	2,442,299	3,890,447
Prepaid expense	-	-	-	119,789	119,789	99,623
Total current assets	47,521,036	42,075	-	2,262,682	49,825,793	49,557,684
Noncurrent assets:						
Restricted assets:						
Certificate of deposit	-	-	-	-	-	100,000
Investments	4,966,556	-	-	-	4,966,556	4,625,509
Total restricted assets	4,966,556	-	-	-	4,966,556	4,725,509
Property, plant and equipment:						
Land and land improvements	1,382,976	9,244,866	-	758,101	11,385,943	11,385,943
Buildings and improvements	14,377,140	1,377,001	-	23,326,210	39,080,351	39,034,149
Electrical plant in service	68,997,027	-	-	-	68,997,027	64,947,684
Fiber optic network	-	-	-	-	-	34,043,081
Water and sewer system	48,552,465	-	-	-	48,552,465	44,493,322
Machinery and equipment	27,517,350	1,208,465	-	6,673,852	35,399,667	34,579,359
	160,826,958	11,830,332	-	30,758,163	203,415,453	228,483,538
Less: accumulated depreciation	(89,159,919)	(3,059,513)	-	(12,262,799)	(104,482,231)	(110,116,156)
Net property, plant and equipment	71,667,039	8,770,819	-	18,495,364	98,933,222	118,367,382
Other assets:						
Unamortized costs	-	-	-	1,232,019	1,232,019	1,252,168
Net pension asset	491,942	-	-	-	491,942	704,619
Investment	3,656,058	-	-	-	3,656,058	3,651,174
	4,148,000	-	-	1,232,019	5,380,019	5,607,961
Less: accumulated amortization	-	-	-	(365,118)	(365,118)	(312,869)
Net other assets	4,148,000	-	-	866,901	5,014,901	5,295,092
Total noncurrent assets	80,781,595	8,770,819	-	19,362,265	108,914,679	128,387,983
Total assets	$ 128,302,631	$ 8,812,894	$ -	$ 21,624,947	$ 158,740,472	$ 177,945,667

See accompanying notes to financial statements.

Continued on next page.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS (CONT'D)
June 30, 2005
With Comparative Totals for June 30, 2004

	Board of Lights and Waterworks	City Golf Course	Marietta Fibernet	Marietta Conference Center & Resort	Totals 2005	Totals 2004
LIABILITIES						
Current liabilities:						
Accounts payable	$ 8,297,760	$ 28,958	$ -	$ 719,681	$ 9,046,399	$ 8,779,471
Accrued salaries	168,762	-	-	184,363	353,125	698,374
Accrued sales tax	382,933	-	-	51,227	434,160	495,768
Customer deposits	-	-	-	260,161	260,161	259,102
Other accrued liabilities	-	-	-	79,210	79,210	80,733
Accrued compensated absences	283,019	-	-	82,668	365,687	411,623
Due to other funds	-	567,055	-	31,748	598,803	580,970
Interfund payable	-	-	-	-	-	9,720,759
Capital lease obligations	-	548,739	-	-	548,739	578,245
Other	-	-	-	1,917	1,917	778
Bonds payable	-	-	-	440,000	440,000	415,000
Accrued interest payable	-	328,735	-	151,530	480,265	452,300
Total current liabilities	9,132,474	1,473,487	-	2,002,505	12,608,466	22,473,123
Long-term liabilities (net of current portion):						
Accrued compensated absences	387,147	-	-	-	387,147	377,623
Customer deposits	4,966,556	-	-	-	4,966,556	4,625,509
Capital lease obligations	-	3,366,679	-	-	3,366,679	3,880,807
Revenue bonds	-	-	-	25,815,000	25,815,000	26,255,000
Accrued interest payable	-	2,600,647	-	-	2,600,647	2,550,083
Total long-term liabilities	5,353,703	5,967,326	-	25,815,000	37,136,029	37,689,022
Total liabilities	14,486,177	7,440,813	-	27,817,505	49,744,495	60,162,145
NET ASSETS						
Invested in capital assets, net of related debt	71,667,039	1,926,019	-	(2,846,113)	70,746,945	78,986,306
Restricted for:					-	
Debt Service	-	-	-	872,630	872,630	835,273
Other	100,000	-	-	5,327	105,327	5,257
Unrestricted	42,049,415	(553,938)	-	(4,224,402)	37,271,075	37,956,686
Total net assets	$ 113,816,454	$ 1,372,081	$ -	$ (6,192,558)	$ 108,995,977	$ 117,783,522

See accompanying notes to financial statements.
Continued from previous page.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Board of Lights and Waterworks	City Golf Course	Marietta Fibernet	Marietta Conference Center & Resort	Totals 2005	Totals 2004
Operating revenues:						
Charges for services	$ 110,000,362	$ 1,797,875	$ 1,135,129	$ 9,343,330	$ 122,276,696	$ 123,388,000
Other	1,939,607	-	-	-	1,939,607	859,562
Total operating revenues	111,939,969	1,797,875	1,135,129	9,343,330	124,216,303	124,247,562
Operating expenses:						
Personal services	11,476,083	-	258,008	3,738,581	15,472,672	16,597,614
Operating	76,932,393	1,276,621	616,096	4,802,963	83,628,073	88,190,345
Other	473,824	-	-	-	473,824	1,085,316
Depreciation	6,369,903	341,139	586,350	828,367	8,125,759	11,176,091
Total operating expenses	95,252,203	1,617,760	1,460,454	9,369,911	107,700,328	117,049,366
Operating income (loss)	16,687,766	180,115	(325,325)	(26,581)	16,515,975	7,198,196
Nonoperating revenues (expenses):						
Investment earnings	748,891	-	7,633	-	756,524	151,013
Intergovernmental revenue	-	-	-	627,096	627,096	607,976
Interest and fiscal charges	-	(414,501)	-	(1,894,872)	(2,309,373)	(2,378,132)
Amortization	-	(34,617)	-	(52,249)	(86,866)	(85,630)
Gain (loss) on sale of capital assets	54,329	-	(15,896,575)	-	(15,842,246)	92,856
Other	46,667	1,239	-	-	47,906	5,203
Total nonoperating revenues (expenses)	849,887	(447,879)	(15,888,942)	(1,320,025)	(16,806,959)	(1,606,714)
Capital contributions from developers	82,180	-	-	-	82,180	1,156,655
Income (loss) before transfers	17,619,833	(267,764)	(16,214,267)	(1,346,606)	(208,804)	6,748,137
Transfers:						
Transfers in	2,679,749	391,004	674,033	320,000	4,064,786	37,290,234
Transfers out	(12,493,452)	(20,614)	(129,461)	-	(12,643,527)	(42,556,081)
Total transfers	(9,813,703)	370,390	544,572	320,000	(8,578,741)	(5,265,847)
Change in net assets	7,806,130	102,626	(15,669,695)	(1,026,606)	(8,787,545)	1,482,290
Net assets at beginning of year	106,010,324	1,269,455	15,669,695	(5,165,952)	117,783,522	116,301,232
Net assets at end of year	$ 113,816,454	$ 1,372,081	$ -	$ (6,192,558)	$ 108,995,977	$ 117,783,522

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Board of Lights and Waterworks	City Golf Course	Marietta FiberNet	Marietta Conference Center & Resort	Totals 2005	Totals 2004
Cash flows from operating activities:						
Cash received from customers	$ 110,036,170	$ 1,801,119	$ 1,274,763	$ 9,507,440	$ 122,619,492	$ 123,724,420
Cash received from other operating activities	1,871,664	-	-	-	1,871,664	1,303,561
Cash payments goods and services	(79,637,499)	(1,276,354)	(9,596,363)	(4,596,726)	(95,106,942)	(95,606,843)
Cash payments for employee services and fringe benefits	(13,408,245)	-	(274,884)	(3,775,631)	(17,458,760)	(16,127,302)
Net cash from (to) operating activities	18,862,090	524,765	(8,596,484)	1,135,083	11,925,454	13,293,836
Cash flows from noncapital financing activities:						
Transfers in	2,679,749	391,004	-	320,000	3,390,753	9,927,501
Transfers out	(1,166,940)	-	(795,539)	-	(1,962,479)	(15,384,474)
Tax revenues	-	-	-	627,096	627,096	607,976
Advances from other funds	-	-	-	-	-	1,734,232
Advance to other funds	-	-	-	-	-	(1,734,232)
Net cash from (to) noncapital financing activities	1,512,809	391,004	(795,539)	947,096	2,055,370	(4,848,997)
Cash flows from capital and related financing activities:						
Payments for capital acquisitions	(9,646,701)	(4,500)	(601,688)	-	(10,252,889)	(9,253,480)
Payments on capital leases	-	(578,251)	-	-	(578,251)	(663,292)
Proceeds from fixed asset sales	54,329	-	-	-	54,329	44,922
Proceeds from sale of MFN	-	-	7,545,185	-	7,545,185	-
Bond principal payments	-	-	-	(415,000)	(415,000)	(600,000)
Interest and fiscal charges	-	(332,861)	-	(1,897,983)	(2,230,844)	(2,248,929)
Bond issuance proceeds	-	-	-	-	-	4,315,000
Issues costs on debt	-	-	-	-	-	(296,823)
Net cash from (to) capital and related financing activities	(9,592,372)	(915,612)	6,943,497	(2,312,983)	(5,877,470)	(8,702,602)
Cash flows from investing activities:						
Rental income received (paid)	46,667	-	-	-	46,667	-
Investment income received (paid)	739,244	-	7,633	-	746,877	135,242
Investment (purchases) sales	(3,888,225)	-	-	(37,427)	(3,925,652)	6,012,670
Net cash from (to) investing activities	(3,102,314)	-	7,633	(37,427)	(3,132,108)	6,147,912
Net increase (decrease) in cash and cash equivalents	7,680,213	157	(2,440,893)	(268,231)	4,971,246	5,890,149
Cash and cash equivalents at beginning of year:						
Cash	5,481,113	6,515	-	680,590	6,168,218	1,077,842
Equity in pooled cash	662,100	-	2,340,893	-	3,002,993	2,203,220
Restricted assets - certificate of deposit	-	-	100,000	-	100,000	100,000
Total cash and cash equivalents, beginning of year	6,143,213	6,515	2,440,893	680,590	9,271,211	3,381,062
Cash and cash equivalents at end of year:						
Cash	11,221,044	6,672	-	412,359	11,640,075	6,168,218
Equity in pooled cash	2,602,382	-	-	-	2,602,382	3,002,993
Restricted assets - certificate of deposit	-	-	-	-	-	100,000
Total cash and cash equivalents, end of year	$ 13,823,426	$ 6,672	$ -	$ 412,359	$ 14,242,457	$ 9,271,211

See accompanying notes to financial statements.

Continued on next page

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS (CONT'D)
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Board of Lights and Waterworks	City Golf Course	Marietta FiberNet	Marietta Conference Center & Resort	Totals 2005	Totals 2004
Reconciliation of operating income (loss) to net cash from operating activities:						
Operating income (loss)	$ 16,687,766	$ 180,115	$ (325,325)	$ (26,581)	$ 16,515,975	$ 7,198,196
Adjustments to reconcile operating income to net cash from operating activities:						
Noncash transactions	-	-	-	-	-	-
Depreciation	6,369,903	341,139	572,906	828,367	8,112,315	11,095,427
Amortization	-	-	13,444	-	13,444	80,664
Miscellaneous		1,239	-	-	1,239	5,203
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(68,042)	(3,265)	-	163,051	91,744	795,866
(Increase) decrease in utility accounts receivable	(259,352)	-	139,634	-	(119,718)	(103,982)
(Increase) decrease in due from other funds	(4,443,414)	5,270	-	(25,250)	(4,463,394)	(1,054,476)
(Increase) decrease in inventories	(96,547)	-	16,788	(14,831)	(94,590)	(33,189)
(Increase) decrease in prepaid expense	-	-	(117,346)	(20,766)	(138,112)	(76,989)
(Increase) decrease in net pension asset	212,677	-	-	-	212,677	251,638
(Increase) decrease in due from other governments	99	-	-	-	99	(13,132)
Increase (decrease) in accounts payable	316,274	(2,222)	454,398	288,459	1,056,909	(1,073,848)
Increase (decrease) in accrued salaries	(166,891)	-	8,279	(55,619)	(214,231)	213,641
Increase (decrease) in accrued sales tax	(45,887)	-	-	(15,721)	(61,608)	(26,048)
Increase (decrease) in accrued commissions	-	-	(12,044)	-	(12,044)	-
Increase (decrease) in accrued compensated absences	14,457	-	(13,111)	18,569	19,915	5,033
Increase (decrease) in other accrued expenses	-	-	-	(1,523)	(1,523)	(1,433,924)
Increase (decrease) in due to other funds	-	2,489	(9,334,107)	(5,270)	(9,336,888)	31,673
Increase (decrease) in interfund payable	-	-	-	-	-	(2,518,177)
Increase (decrease) in customer deposits	341,047	-	-	1,059	342,106	241,136
Increase (decrease) in bank overdrafts	-	-	-	-	-	(81,916)
Increase (decrease) in other liabilities	-	-	-	1,139	1,139	(208,960)
Net cash from (to) operating activities	$ 18,862,090	$ 524,765	$ (8,596,484)	$ 1,135,083	$ 11,925,454	$ 13,293,836

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2005, assets contributed by developers totaled $82,180 in the Board of Lights and Waterworks.

During 2005, $1,992,405 of transfers in the Board of Lights and Waterworks were noncash transfers.

Advances from the Board of Lights and Waterworks to Marietta FiberNet of $386,652 were determined to be uncollectible. This amount was reclassed to transfers in the current year.

During 2005, $20,614 of transfers out in the City Golf Course were noncash transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

ASSETS

	2005	2004
Current assets:		
Cash and cash equivalents	$ 11,221,044	$ 5,481,113
Equity in pooled cash	2,602,382	662,100
Investments	14,893,408	11,451,114
Receivables:		
Accrued interest	113,999	104,352
Utility accounts (net of allowance for estimated uncollectibles of $498,000 and $498,000)	12,294,167	12,034,815
Other	260,749	192,707
Due from other funds	3,730,706	10,613,804
Due from other governments	13,033	13,132
Inventories	2,291,548	2,195,001
Total current assets	47,421,036	42,748,138
Noncurrent assets:		
Restricted assets:		
Certificate of deposit	100,000	-
Investments	4,966,556	4,625,509
	5,066,556	4,625,509
Property, plant and equipment:		
Land	1,382,976	1,382,976
Buildings and improvements	14,377,140	14,330,938
Electrical plant in service	68,997,027	64,947,684
Water and sewer system	48,552,465	44,493,322
Machinery and equipment	27,517,350	25,943,156
	160,826,958	151,098,076
Less: accumulated depreciation	(89,159,919)	(82,790,015)
Net property, plant and equipment	71,667,039	68,308,061
Other assets:		
Net pension asset	491,942	704,619
Investment	3,656,058	3,651,174
Total other assets	4,148,000	4,355,793
Total noncurrent assets	80,881,595	77,289,363
Total assets	$ 128,302,631	$ 120,037,501

See accompanying notes to financial statements.
Continued on next page.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS (CONT'D)
June 30, 2005 and 2004

LIABILITIES	2005	2004
Liabilities:		
Current liabilities:		
Accounts payable	$ 8,297,760	$ 7,981,486
Accrued salaries and employee benefits	168,762	335,653
Accrued sales tax	382,933	428,820
Accrued compensated absences	283,019	278,086
Total current liabilities	9,132,474	9,024,045
Long-term liabilities (net of current portion):		
Accrued compensated absences	387,147	377,623
Customer deposits	4,966,556	4,625,509
Total long-term liabilities (net of current portion)	5,353,703	5,003,132
Total liabilities	14,486,177	14,027,177
NET ASSETS		
Invested in capital assets, net of related debt	71,667,039	68,308,061
Restricted	100,000	-
Unrestricted	42,049,415	37,702,263
Total net assets	$ 113,816,454	$ 106,010,324

See accompanying notes to financial statements.
Continued from previous page.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services	$ 110,000,362	$ 105,975,346
Other	1,939,607	859,562
Total operating revenues	111,939,969	106,834,908
Operating expenses:		
Personal services	11,476,083	10,998,476
Operating	76,932,393	78,850,840
Other	473,824	1,085,316
Depreciation	6,369,903	5,974,602
Total operating expenses	95,252,203	96,909,234
Operating income	16,687,766	9,925,674
Nonoperating revenues (expenses):		
Investment earnings	748,891	118,716
Gain (loss) on sale of assets	54,329	44,922
Other	46,667	-
Total nonoperating revenues (expenses)	849,887	163,638
Capital contributions from developers	82,180	1,156,655
Income before transfers	17,619,833	11,245,967
Transfers:		
Transfers in	2,679,749	6,544,343
Transfers out	(12,493,452)	(42,230,054)
Total transfers in/ (out)	(9,813,703)	(35,685,711)
Change in net assets	7,806,130	(24,439,744)
Net assets at beginning of year	106,010,324	130,450,068
Net assets at end of year	$ 113,816,454	$ 106,010,324

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES BY FUNCTION
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services:		
Electric	$ 85,336,525	$ 82,041,198
Water and sewer	24,663,837	23,934,148
Total charges for services	110,000,362	105,975,346
Other	1,939,607	859,562
Total operating revenues	111,939,969	106,834,908
Operating expenses by function:		
Administrative:		
Personal services	2,971,493	2,957,869
Operating	3,083,651	2,999,239
Other	1,051,172	1,085,316
Depreciation	2,488,931	2,339,600
Total administrative	9,595,247	9,382,024
Electric:		
Personal services	6,395,180	6,022,015
Operating	57,652,186	61,063,973
Depreciation	2,668,188	2,506,214
Total electric	66,715,554	69,592,202
Water and Sewer:		
Personal services	2,109,410	2,018,592
Operating	15,619,208	14,787,628
Depreciation	1,212,784	1,128,788
Total water and sewer	18,941,402	17,935,008
Total operating expenses	95,252,203	96,909,234
Operating income	$ 16,687,766	$ 9,925,674

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 110,036,170	$ 106,283,817
Cash received from other operating activities	1,871,664	1,303,561
Cash payments goods and services	(79,637,499)	(81,043,119)
Cash payments for employee services and fringe benefits	(13,408,245)	(10,613,352)
Net cash from (to) operating activities	18,862,090	15,930,907
Cash flows from noncapital financing activities:		
Transfers in	2,679,749	6,401,034
Transfers out	(1,166,940)	(15,081,582)
Advance to other funds	-	(1,734,232)
Net cash from (to) noncapital financing activities	1,512,809	(10,414,780)
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(9,646,701)	(5,438,845)
Proceeds from sale of assets	54,329	44,922
Payments for capital lease obligations	-	(17,605)
Net cash from (to) capital and related financing activities	(9,592,372)	(5,411,528)
Cash flows from investing activities:		
Rental income received	46,667	-
Interest received	739,244	102,945
Investment (purchases) sales	(3,888,225)	2,839,755
Net cash from (to) investing activities	(3,102,314)	2,942,700
Net increase (decrease) in cash and cash equivalents	7,680,213	3,047,299
Cash and cash equivalents at beginning of year:		
Cash	5,481,113	1,050,939
Equity in pooled cash	662,100	2,044,975
Total cash and cash equivalents, beginning of year	6,143,213	3,095,914
Cash and cash equivalents at end of year:		
Cash	11,221,044	5,481,113
Equity in pooled cash	2,602,382	662,100
Total cash and cash equivalents, end of year	$ 13,823,426	$ 6,143,213
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	$ 16,687,766	$ 9,925,674
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	6,369,903	5,974,602
Change in assets and liabilities:		
(Increase) decrease in other receivable	(68,042)	457,131
(Increase) decrease in utility accounts receivable	(259,352)	(129,460)
(Increase) decrease in due from other funds	(4,443,414)	(727,265)
(Increase) decrease in inventories	(96,547)	156
(Increase) decrease in due from other governments	99	(13,132)
(Increase) decrease in net pension asset	212,677	251,638
Increase (decrease) in accounts payable	316,274	(379,854)
Increase (decrease) in accrued salaries	(166,891)	91,791
Increase (decrease) in accrued sales tax	(45,887)	62,158
Increase (decrease) in accrued compensated absences	14,457	41,695
Increase (decrease) in customer deposits	341,047	375,773
Net cash from operating activities	$ 18,862,090	$ 15,930,907

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
During 2005, assets contributed by developers totaled $82,180.
During 2005, $1,992,405 of transfers were noncash transfers.
During 2005 amounts due from other funds totalling $386,652 were determined to be uncollectible. These amounts were reclassed to transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

ASSETS	2005	2004
Current assets:		
Cash	$ 6,672	$ 6,515
Accounts receivable	3,655	390
Due from other funds	31,748	37,018
Total current assets	42,075	43,923
Noncurrent assets:		
Property, plant and equipment:		
Land	9,244,866	9,244,866
Buildings and improvements	1,377,001	1,377,001
Machinery and equipment	1,208,465	1,203,965
	11,830,332	11,825,832
Less: accumulated depreciation	(3,059,513)	(2,718,374)
Net property, plant and equipment	8,770,819	9,107,458
Total noncurrent assets	8,770,819	9,107,458
Total assets	8,812,894	9,151,381
LIABILITIES		
Liabilities:		
Current liabilites:		
Accounts payable	28,958	31,180
Due to other funds	567,055	543,952
Capital lease obligations	548,739	578,245
Accrued interest payable	328,735	297,659
Total current liabilities	1,473,487	1,451,036
Long-term liabilities (net of current portion):		
Capital lease obligations (net of deferred loss of $346,170 and $380,787)	3,366,679	3,880,807
Accrued interest payable	2,600,647	2,550,083
Total long-term liabilities	5,967,326	6,430,890
Total liabilities	7,440,813	7,881,926
NET ASSETS		
Invested in capital assets, net of related debt	1,926,019	1,802,141
Unrestricted	(553,938)	(532,686)
Total net assets	$ 1,372,081	$ 1,269,455

See accompanying notes to financial statements.

CITY OF MAREITTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services	$ 1,797,875	$ 1,706,255
Operating expenses:		
Operating	1,276,621	1,302,458
Depreciation	341,139	339,862
Total operating expenses	1,617,760	1,642,320
Operating income (loss)	180,115	63,935
Nonoperating revenues (expenses) :		
Interest expense	(414,501)	(423,537)
Amortization of deferred loss	(34,617)	(34,617)
Gain on sale of capital assets	-	47,934
Other	1,239	5,203
Total nonoperating revenues (expenses)	(447,879)	(405,017)
Income (loss) before operating transfers	(267,764)	(341,082)
Transfers:		
Transfers in	391,004	499,388
Transfers out	(20,614)	(23,135)
Total transfers	370,390	476,253
Change in net assets	102,626	135,171
Net assets at beginning of year	1,269,455	1,134,284
Net assets at end of year	$ 1,372,081	$ 1,269,455

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 1,801,119	$ 1,697,291
Cash payments for goods and services	(1,276,354)	(1,301,320)
Net Cash from (to) operating activities	524,765	395,971
Cash flows from noncapital financing activities:		
Transfers in	391,004	499,388
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(4,500)	-
Payments on capital leases	(578,251)	(607,705)
Interest and fiscal charges	(332,861)	(288,042)
Net cash from (to) capital related financing activities	(915,612)	(895,747)
Net increase (decrease) in cash and cash equivalents	157	(388)
Cash and cash equivalents at beginning of year	6,515	6,903
Cash and cash equivalents at end of year	$ 6,672	$ 6,515
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	$ 180,115	$ 63,935
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	341,139	339,862
Miscellaneous revenue	1,239	5,203
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,265)	(387)
(Increase) decrease in due from other funds	5,270	(13,780)
Increase (decrease) in due to other funds	2,489	17,893
Increase (decrease) in accounts payable	(2,222)	(16,755)
Net cash from (to) operating activities	$ 524,765	$ 395,971

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
During 2005, $20,614 of transfers out were noncash transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA FIBERNET
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

ASSETS	2005	2004
Current assets:		
Equity in pooled cash	$ -	$ 2,340,893
Accounts receivable (net of allowance for estimated uncollectibles)	-	268,914
Inventory	-	1,559,526
Prepaid expenses	-	600
Total current assets	-	4,169,933
Noncurrent assets:		
Restricted assets - Certificate of Deposit	-	100,000
Plant and equipment:		
Fiber optic network	-	34,043,081
Machinery and equipment	-	758,386
	-	34,801,467
Less: accumulated depreciation	-	(13,173,335)
Net plant and equipment	-	21,628,132
Other Assets	-	20,149
Total noncurrent assets	-	21,748,281
Total assets	-	25,918,214
LIABILITIES		
Liabilities:		
Current liabilities:		
Accounts payable	-	335,583
Accrued salaries and employee benefits	-	192,177
Interfund payable	-	9,720,759
Total current liabilities	-	10,248,519
Total liabilities	-	10,248,519
NET ASSETS		
Invested in capital assets, net of related debt	-	11,907,373
Unrestricted	-	3,762,322
Total net assets	$ -	$ 15,669,695

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA FIBERNET
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services	$ 1,135,129	$ 6,745,390
Operating expenses:		
Personal services	258,008	1,829,676
Operating	616,096	3,556,956
Depreciation	586,350	3,718,110
Total operating expenses	1,460,454	9,104,742
Operating income (loss)	(325,325)	(2,359,352)
Nonoperating revenues (expenses):		
Investment earnings (expenses)	7,633	32,297
Gain/Loss on sale of MFN	(15,896,575)	-
Total nonoperating revenues	(15,888,942)	32,297
Income (loss) before operating transfers	(16,214,267)	(2,327,055)
Transfers:		
Transfers in	674,033	27,219,424
Transfers out	(129,461)	(302,892)
Total transfers in/ (out)	544,572	26,916,532
Change in net assets	(15,669,695)	24,589,477
Net assets at beginning of year	15,669,695	(8,919,782)
Net assets at end of year	$ -	$ 15,669,695

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA FIBERNET
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 1,274,763	$ 6,770,868
Cash payments for goods and services	(9,596,363)	(3,434,530)
Cash payments for employee services and fringe benefits	(274,884)	(1,828,061)
Net Cash from operating activities	(8,596,484)	1,508,277
Cash flows from noncapital financing activities:		
Advances from other funds	-	1,734,232
Transfers out	(795,539)	(302,892)
Net cash from (to) noncapital financing activities	(795,539)	1,431,340
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(601,688)	(3,814,635)
Proceeds from sale of MFN	7,545,185	-
Net cash from (to) capital and related financing activities	6,943,497	(3,814,635)
Cash flows from investing activities:		
Investment (purchases) redemptions	-	3,025,369
Investment income received (paid)	7,633	32,297
Net cash from (to) investment purchases	7,633	3,057,666
Net increase (decrease) in cash and cash equivalents	(2,440,893)	2,182,648
Cash and cash equivalents at beginning of year		
Cash	2,340,893	158,245
Restricted assets - certificate of deposit	100,000	100,000
Total cash at beginning of year	2,440,893	258,245
Cash and cash equivalents at end of year		
Cash	-	2,340,893
Restricted assets - certificate of deposit	-	100,000
Total cash at end of year	$ -	$ 2,440,893
Reconciliation of operating income to net cash from operating activities:		
Operating income (loss)	$ (325,325)	$ (2,359,352)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	572,906	3,637,446
Amortization	13,444	80,664
Change in assets and liabilities:		
(Increase) decrease in utility accounts receivable	139,634	25,478
(Increase) decrease in inventories	16,788	17,481
(Increase) decrease in prepaid expenses	(117,346)	(600)
Increase (decrease) in accounts payable	454,398	105,545
Increase (decrease) in accrued salaries	8,279	27,231
Increase (decrease) in accrued commissions	(12,044)	-
Increase (decrease) in due to other funds	(9,334,107)	-
Increase (decrease) in accrued compensated absences	(13,111)	(25,616)
Net cash from (to) operating activities	$ (8,596,484)	$ 1,508,277

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2005 amounts due to other funds totalling $386,652 were written off.

During 2005, assets and liabilities remaining in the fund were transferred to the Marietta Board of Lights and Water fund.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

ASSETS

	2005	2004
Current assets:		
Cash	$ 412,359	$ 680,590
Restricted assets:		
Revenue bond debt service	872,630	835,273
Furniture and fixtures reserve	5,327	5,257
Accounts receivable	345,664	508,715
Due from other funds	356,162	330,912
Inventory	150,751	135,920
Prepaid expenses	119,789	99,023
Total current assets	2,262,682	2,595,690
Noncurrent assets:		
Property, plant and equipment:		
Land	758,101	758,101
Buildings and improvements	23,326,210	23,326,210
Machinery and equipment	6,673,852	6,673,852
	30,758,163	30,758,163
Less: accumulated depreciation	(12,262,799)	(11,434,432)
Net property, plant and equipment	18,495,364	19,323,731
Other assets:		
Unamortized bond costs	1,232,019	1,232,019
	1,232,019	1,232,019
Less: accumulated amortization	(365,118)	(312,869)
Net other assets	866,901	919,150
Total noncurrent assets	19,362,265	20,242,881
Total assets	21,624,947	22,838,571

See accompanying notes to financial statements.
Continued on next page.

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS (CONT'D)
June 30, 2005 and 2004

LIABILITIES	2005	2004
Liabilities:		
Current liabilites:		
Accounts payable	719,681	431,222
Accrued salaries	184,363	239,982
Accrued sales tax	51,227	66,948
Customer deposits	260,161	259,102
Accrued compensated absences	82,668	64,099
Other accrued liabilities	79,210	80,733
Due to other funds	31,748	37,018
Other	1,917	778
Accrued interest payable	151,530	154,641
Bonds payable	440,000	415,000
Total current liabilities	2,002,505	1,749,523
Long-term liabilities (net of current portion):		
Revenue bonds	25,815,000	26,255,000
Total long-term liabilities	25,815,000	26,255,000
Total liabilities	27,817,505	28,004,523
NET ASSETS		
Invested in capital assets, net of related debt	(2,846,113)	(2,395,338)
Restricted for:		
Debt Service	872,630	835,273
Other	5,327	5,257
Unrestricted	(4,224,402)	(3,611,144)
Total net assets	$ (6,192,558)	$ (5,165,952)

See accompanying notes to financial statements.
Continued from previous page.

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services	$ 9,343,330	$ 8,961,009
Total operating revenues	9,343,330	8,961,009
Operating expenses:		
Personal services	3,738,581	3,769,462
Operating	4,802,963	4,480,091
Depreciation	828,367	1,143,517
Total operating expenses	9,369,911	9,393,070
Operating income (loss)	(26,581)	(432,061)
Nonoperating revenues (expenses) :		
Intergovernmental tax revenue	627,096	607,976
Interest and fiscal charges	(1,894,872)	(1,954,595)
Amortization	(52,249)	(51,013)
Total nonoperating revenues (expense)	(1,320,025)	(1,397,632)
Income (loss) before operating transfers	(1,346,606)	(1,829,693)
Transfers:		
Transfers in	320,000	3,027,079
Total transfers	320,000	3,027,079
Change in net assets	(1,026,606)	1,197,386
Net assets at beginning of year	(5,165,952)	(6,363,338)
Net assets at end of year	$ (6,192,558)	$ (5,165,952)

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 9,507,440	$ 8,972,444
Cash payments goods and services	(4,596,726)	(9,827,874)
Cash payments for employee services and fringe benefits	(3,775,631)	(3,685,889)
Net cash from (to) operating activities	1,135,083	(4,541,319)
Cash flows from noncapital financing activities:		
Transfers in	320,000	3,027,079
Tax revenues	627,096	607,976
Net cash from (to) noncapital financing	947,096	3,635,055
Cash flows from capital and related financing activities:		
Payments on capital leases	-	(37,982)
Bond principal payments	(415,000)	(600,000)
Interest and fiscal charges	(1,897,983)	(1,960,887)
Bond issuance proceeds	-	4,315,000
Issue costs on debts	-	(296,823)
Net cash from (to) capital and related financing activities	(2,312,983)	1,419,308
Cash flows from investing activities:		
Investment (purchases) sales	(37,427)	147,546
Net cash from (to) investing activities	(37,427)	147,546
Net increase (decrease) in cash and cash equivalents	(268,231)	660,590
Cash and cash equivalents at beginning of year	680,590	20,000
Total cash and cash equivalents, end of year	$ 412,359	$ 680,590
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	$ (26,581)	$ (432,061)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	828,367	1,143,517
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	163,051	339,122
(Increase) decrease in due from other funds	(25,250)	(330,912)
(Increase) decrease in inventories	(14,831)	(32,745)
(Increase) decrease in prepaid expense	(20,766)	(76,989)
Increase (decrease) in accounts payable	288,459	(782,784)
Increase (decrease) in accrued salaries	(55,619)	94,619
Increase (decrease) in accrued sales tax	(15,721)	(88,206)
Increase (decrease) in accrued compensated absences	18,569	(11,046)
Increase (decrease) in other accrued expenses	(1,523)	(1,433,924)
Increase (decrease) in due to other funds	(5,270)	13,780
Increase (decrease) in interfund payable	-	(2,518,177)
Increase (decrease) in customer deposits	1,059	(134,637)
Increase (decrease) in bank overdrafts	-	(81,916)
Increase (decrease) in other liabilities	1,139	(208,960)
Net cash from (to) operating activities	$ 1,135,083	$ (4,541,319)

See accompanying notes to financial statements.

INTERNAL SERVICES FUNDS

Internal Services Funds account for services performed by a central service department for other departments or agencies of the government unit. The City has the following Internal Service Funds.

SELF-INSURANCE FUND – This fund is for the purpose of providing self-funding for casualty, liability, workers' compensation and medical claims.

MOTOR TRANSPORT FUND – This fund provides repair and maintenance services for vehicles owned by various City departments. The Motor Transport Fund bills the individual funds for the services rendered.

CITY OF MARIETTA, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2005
With Comparative Totals for June 30, 2004

	Self-Insurance	Motor Transport	Totals 2005	Totals 2004
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,414,996	$ 100	$ 1,415,096	$ 1,263,960
Equity in pooled cash	854,575	1,903	856,478	638,140
Investments	1,577,948	-	1,577,948	1,612,789
Receivables, net	91,492	3,516	95,008	72,651
Due from other governments	-	5,795	5,795	6,493
Due from other funds	251,104	-	251,104	-
Inventories	-	37,921	37,921	45,109
Total current assets	4,190,115	49,235	4,239,350	3,639,142
Property, plant and equipment:				
Buildings and improvements	-	397,138	397,138	397,138
Machinery and equipment	-	955,277	955,277	947,852
Less: accumulated depreciation	-	(550,384)	(550,384)	(513,895)
Net property, plant and equipment	-	802,031	802,031	831,095
Total assets	4,190,115	851,266	5,041,381	4,470,237
LIABILITIES				
Current liabilities:				
Accounts payable	268,213	55,600	323,813	131,497
Claims and judgements payable	1,930,641	-	1,930,641	2,359,948
Accrued salaries	-	9,300	9,300	19,066
Accrued compensated absences	-	10,285	10,285	15,090
Due to other funds	1,190,986	602,234	1,793,220	665,359
Total current liabilities	3,389,840	677,419	4,067,259	3,190,960
Long-term liabilities (net of current portion):				
Accrued compensated absences	-	6,066	6,066	9,932
Total liabilities	3,389,840	683,485	4,073,325	3,200,892
NET ASSETS				
Invested in capital assets, net of related debt	-	802,031	802,031	831,095
Unrestricted	800,275	(634,250)	166,025	438,250
Total net assets	$ 800,275	$ 167,781	$ 968,056	$ 1,269,345

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Self-Insurance	Motor Transport	Totals 2005	Totals 2004
Operating revenues:				
Charges for services	$ -	$ 2,080,716	$ 2,080,716	$ 2,033,519
Contributions	8,037,120	-	8,037,120	7,484,697
Other	303,717	3,657	307,374	569,148
Total operating revenues	8,340,837	2,084,373	10,425,210	10,087,364
Operating expenses:				
Personal services	-	593,406	593,406	603,570
Operating services	1,611,182	1,560,964	3,172,146	3,132,997
Depreciation	-	36,489	36,489	40,247
Benefits and claims	6,904,863	-	6,904,863	7,609,463
Total operating expenses	8,516,045	2,190,859	10,706,904	11,386,277
Operating income (loss)	(175,208)	(106,486)	(281,694)	(1,298,913)
Nonoperating revenues (expenses) :				
Investment earnings	60,559	-	60,559	28,439
Interest expense	-	(17,780)	(17,780)	(4,955)
Total nonoperating revenues (expenses)	60,559	(17,780)	42,779	23,484
Transfers:				
Transfers out	(48,118)	(14,256)	(62,374)	(141,059)
Total transfers	(48,118)	(14,256)	(62,374)	(141,059)
Change in net assets	(162,767)	(138,522)	(301,289)	(1,416,488)
Net assets at beginning of year	963,042	306,303	1,269,345	2,685,833
Net assets at end of year	$ 800,275	$ 167,781	$ 968,056	$ 1,269,345

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
INTERNAL SERVICES FUND
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2005
With Comparative Totals for the Fiscal Year Ended June 30, 2004

	Self-Insurance	Motor Transport	Totals 2005	Totals 2004
Cash flows from operating activities:				
Cash received from contributions and services provided	$ 8,033,266	$ 2,081,414	$ 10,114,680	$ 9,557,202
Cash payments goods and services	(715,655)	(1,442,604)	(2,158,259)	(3,053,430)
Cash payments for employee services and fringe benefits	-	(611,843)	(611,843)	(600,327)
Cash received (payments) for benefits and claims	(7,334,170)	-	(7,334,170)	(7,393,585)
Cash received from other operating activities	288,698	-	288,698	571,996
Other	-	141	141	6,013
Net cash from (to) operating activities	272,139	27,108	299,247	(912,131)
Cash flows from noncapital financing activities:				
Transfers in (out)	-	-	-	(80,281)
Cash flows from capital and related financing activities:				
Payments for capital acquisitions	-	(7,425)	(7,425)	(11,432)
Interest payments	-	(17,780)	(17,780)	(4,955)
Net cash from (to) capital related financing activities	-	(25,205)	(25,205)	(16,387)
Cash flows from investing activities:				
Interest received	60,591	-	60,591	42,949
Investments (purchased) sold	34,841	-	34,841	2,267,208
Net cash from (to) investing activities	95,432	-	95,432	2,310,157
Net increase (decrease) in cash and cash equivalents	367,571	1,903	369,474	1,301,358
Cash and cash equivalents at beginning of year	1,902,000	100	1,902,100	600,742
Cash and cash equivalents at end of year	$ 2,269,571	$ 2,003	$ 2,271,574	$ 1,902,100
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	$ (175,208)	$ (106,486)	(281,694)	$ (1,359,690)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	-	36,489	36,489	40,247
Change in assets and liabilities:				
(Increase) decrease in other receivables	(15,019)	(3,516)	(18,535)	8,860
Increase (decrease) in contributions receivable	(3,854)	-	(3,854)	42,336
(Increase) decrease in due from other funds	(251,104)	-	(251,104)	-
(Increase) decrease in due from other governments	-	698	698	(3,349)
(Increase) decrease in inventories	-	7,188	7,188	(17,750)
Increase (decrease) in accounts payable	170,376	21,940	192,316	(46,511)
Increase (decrease) in accrued salaries	-	(9,766)	(9,766)	5,944
Increase (decrease) in accrued compensated absences	-	(8,671)	(8,671)	(2,701)
Increase (decrease) in due to other funds	976,255	89,232	1,065,487	204,605
Increase (decrease) in claims and judgments payable	(429,307)	-	(429,307)	215,878
Net cash from (to) operating activities	$ 272,139	$ 27,108	$ 299,247	$ (912,131)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
During 2005, $48,118 of the transfers out in the Self-Insurance Fund were noncash transfers.
During 2005, $14,256 of the transfers out in the Motor Transport Fund were noncash transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SELF - INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

	2005	2004
ASSETS		
Cash and cash equivalents	$ 1,414,996	$ 1,263,860
Equity in pooled cash	854,575	638,140
Investments	1,577,948	1,612,789
Receivables:		
Accrued interest	5,053	5,085
Contributions	71,420	67,566
Other	15,019	-
Due from other funds	251,104	-
Total assets	4,190,115	3,587,440
LIABILITIES		
Current liabilities:		
Accounts payable	268,213	97,837
Claims and judgements payable	1,930,641	2,359,948
Due to other funds	1,190,986	166,613
Total liabilities	3,389,840	2,624,398
NET ASSETS		
Unrestricted	$ 800,275	$ 963,042

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SELF - INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Contributions	$ 8,037,120	$ 7,484,697
Other	303,717	563,135
Total operating revenues	8,340,837	8,047,832
Operating expenses:		
Operating services	1,611,182	1,679,074
Benefits and claims	6,904,863	7,609,463
Total operating expenses	8,516,045	9,288,537
Operating income (loss)	(175,208)	(1,240,705)
Nonoperating revenues:		
Investment earnings	60,559	28,439
Income before transfers	(114,649)	(1,212,266)
Transfers:		
Transfers out	(48,118)	(126,548)
Change in net assets	(162,767)	(1,338,814)
Net assets at beginning of year	963,042	2,301,856
Net assets at end of year	$ 800,275	$ 963,042

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SELF-INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received from contributions	$ 8,033,266	$ 7,527,032
Cash received from other operating activities	288,698	571,996
Cash payments for operating services	(715,655)	(1,633,961)
Cash payments for benefits and claims	(7,334,170)	(7,393,585)
Net Cash from (to) operating activities	272,139	(928,518)
Cash flows from noncapital financing activities:		
Transfers out	-	(80,281)
Cash flows from investing activities:		
Interest received	60,591	42,949
Investments (purchased) sold	34,841	2,267,208
Net cash from (to) investing activities	95,432	2,310,157
Net increase (decrease) in cash and cash equivalents	367,571	1,301,358
Cash and cash equivalents at beginning of year	1,902,000	600,642
Cash and cash equivalents at end of year	$ 2,269,571	$ 1,902,000
Reconciliation of operating income to net cash from operating activities:		
Operating income (loss)	$ (175,208)	$ (1,240,705)
Adjustments to reconcile operating income to net cash from operating activities:		
Change in assets and liabilities:		
(Increase) decrease in due from other funds	(251,104)	-
(Increase) decrease in contributions receivable	(3,854)	42,336
(Increase) decrease in other receivables	(15,019)	8,860
Increase (decrease) in accounts payable	170,376	(58,449)
Increase (decrease) in due to other funds	976,255	103,562
Increase (decrease) in claims and judgments payable	(429,307)	215,878
Net cash from (to) operating activities	$ 272,139	$ (928,518)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
During 2005, $48,118 of transfers out were noncash transfers.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2005 and 2004

	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 100	$ 100
Equity in pooled cash	1,903	-
Other receivables	3,516	-
Due from other governments	5,795	6,493
Inventories	37,921	45,109
Total current assets	49,235	51,702
Property, plant and equipment:		
Buildings and improvements	397,138	397,138
Machinery and equipment	955,277	947,852
Less: accumulated depreciation	(550,384)	(513,895)
Net property, plant and equipment	802,031	831,095
Total assets	851,266	882,797
LIABILITIES		
Current liabilities:		
Accounts payable	55,600	33,660
Accrued salaries and employee benefits	9,300	19,066
Due to other funds	602,234	498,746
Accrued compensated absences	10,285	15,090
Total current liabilities	677,419	566,562
Long-term liabilities (net of current portion):		
Accrued compensated absences	6,066	9,932
Total liabilities	683,485	576,494
NET ASSETS		
Invested in capital assets, net of related debt	802,031	831,095
Unrestricted	(634,250)	(524,792)
Total net assets	$ 167,781	$ 306,303

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Operating revenues:		
Charges for services	$ 2,080,716	$ 2,033,519
Other	3,657	6,013
Total operating revenues	2,084,373	2,039,532
Operating expenses:		
Personal services	593,406	603,570
Operating services	1,560,964	1,453,923
Depreciation	36,489	40,247
Total operating expenses	2,190,859	2,097,740
Operating income (loss)	(106,486)	(58,208)
Nonoperating revenues (expenses) :		
Interest expense	(17,780)	(4,955)
Transfers:		
Transfers out	(14,256)	(14,511)
Change in net assets	(138,522)	(77,674)
Net assets at beginning of year	306,303	383,977
Net assets at end of year	$ 167,781	$ 306,303

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2005 and 2004

	2005	2004
Cash flows from operating activities:		
Cash received for services provided	$ 2,081,414	$ 2,030,170
Cash payments for goods and services	(1,442,604)	(1,419,469)
Cash payments for employee services and fringes	(611,843)	(600,327)
Other	141	6,013
Net Cash from (to) operating activities	27,108	16,387
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(7,425)	(11,432)
Interest payments	(17,780)	(4,955)
Net cash from (to) capital and related financing activities	(25,205)	(16,387)
Net increase (decrease) in cash and cash equivalents	1,903	-
Cash and cash equivalents at beginning of year	100	100
Cash and cash equivalents at end of year	$ 2,003	$ 100
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	$ (106,486)	$ (58,208)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	36,489	40,247
Change in assets and liabilities:		
(Increase) decrease in other receivables	(3,516)	-
(Increase) decrease in due from other governments	698	(3,349)
(Increase) decrease in inventories	7,188	(17,750)
Increase (decrease) in accounts payable	21,940	11,938
Increase (decrease) in accrued salaries	(9,766)	5,944
Increase (decrease) in accrued compensated absences	(8,671)	(2,701)
Increase (decrease) in due to other funds	89,232	40,266
Net cash from (to) operating activities	$ 27,108	$ 16,387

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
During 2005, $14,256 of transfers out were noncash transfers.

See accompanying notes to financial statements.

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STATISTICAL SECTION

STATISTICAL SECTION

CITY OF MARIETTA, GEORGIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) (UNAUDITED)
LAST TEN FISCAL YEARS

Year Ended June 30	General Governmental	Public Works	Welfare and Recreation (2)	Public Safety	Debt Service	Intergovernmental	Total Reporting Entity
1996	$5,376,530	$4,938,984	$5,481,814	$16,490,115	$2,614,950	$ --	$34,902,393
1997	6,747,073	4,882,583	5,746,415	16,471,466	3,977,315	--	37,824,852
1998	7,076,654	4,758,511	5,902,962	17,070,015	4,052,136	--	38,860,278
1999	6,495,089	4,950,394	6,927,934	18,391,589	4,238,382	49,940,447	90,943,835
2000	6,367,876	5,485,823	9,173,587	20,441,755	7,021,637	--	48,490,678
2001	6,459,099	6,259,310	9,087,930	20,567,812	7,481,012	--	49,855,163
2002	6,997,566	6,385,434	11,164,475	21,100,018	7,300,517	--	52,948,010
2003	6,139,688	6,179,747	12,407,518	21,342,739	10,344,838	--	56,414,530
2004	3,306,478	7,684,331	11,953,164	24,968,207	10,997,519	--	58,909,699
2005	8,527,905	8,112,396	13,047,037	22,099,160	7,766,648	--	59,553,146

(1)

1996- 2001 Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc.; Transfers are not included.

2002 - 2003 Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc.

2004 - 2005 Includes General, Special Revenue, Debt Service Funds and discretely presented component units: Marietta Welcome Center, Visitors Bureau, Inc, and Marietta Redevelopment Corporation.

(2) Includes the following two functions: culture & recreation and urban redevelopment and housing. Beginning in 2002, transfers between the component unit and primary government are classified as expenditures per GASB 34 and included in the total.

CITY OF MARIETTA, GEORGIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) (UNAUDITED)
LAST TEN FISCAL YEARS

Year Ended June 30	Taxes	Licenses & Permits	Charges for Services	Fines & Forfeits	Inter-Governmental	Other(2)	Total
1996	$9,598,966	$9,959,607	$2,808,243	$1,215,744	$ 3,308,309	$915,614	$27,806,483
1997	11,928,345	10,874,612	2,591,930	1,631,678	5,785,158	1,351,683	34,163,406
1998	11,812,940	10,843,557	2,170,506	1,712,202	3,945,720	1,549,131	32,034,056
1999	11,944,175	11,688,005	2,402,378	2,336,854	4,644,855	1,255,823	34,272,090
2000	12,312,060	11,842,975	2,444,572	2,474,198	8,378,314	1,972,501	39,424,620
2001	12,324,241	11,964,581	2,489,411	2,613,043	10,535,116	2,245,181	42,171,573
2002	12,179,689	12,188,318	2,585,873	2,501,532	11,614,320	1,177,317	42,247,049
2003	12,840,996	12,546,419	3,745,015	2,119,515	13,105,551	785,648	45,143,144
2004	14,268,454	12,814,047	3,795,679	2,151,560	15,957,212	567,031	49,553,983
2005*	21,898,894	6,314,395	4,004,053	3,789,735	13,808,072	1,710,339	51,525,488

(1) 1996 – 2003 Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc.

2004 – 2005 Includes General, Special Revenue, Debt Service Funds and discretely presented component units: Marietta Welcome Center, Visitors Bureau, Inc, and Marietta Redevelopment Corporation.

(2) Includes interest earned and other revenues.

* Starting in fiscal year 2005, Franchise taxes and insurance premium taxes will be reported in Taxes instead of Licenses & Permits.

CITY OF MARIETTA, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1) (UNAUDITED)
LAST TEN FISCAL YEARS

Year Ended June 30	Property Tax	Intangible Tax	Alcoholic Beverage Excise Tax	Hotel Motel Tax	Real Estate Transfer Tax	Other	Total
1996	$6,061,364	$144,960	$822,275	$2,338,446	$51,856	$180,065	$9,598,966
1997	7,891,289	68,074	794,539	2,640,561	48,343	485,539	11,928,345
1998	7,576,992	171,827	794,957	2,698,187	82,846	488,131	11,812,940
1999	7,629,307	129,922	811,565	2,745,396	98,381	529,605	11,944,175
2000	7,861,679	154,535	860,722	2,773,870	64,087	597,167	12,312,060
2001	7,946,778	153,288	884,965	2,628,991	166,789	543,430	12,324,241
2002	8,169,946	211,941	868,053	2,294,071	108,249	527,429	12,179,689
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*	15,306,659	230,896	842,738	2,067,734	136,880	3,313,987	21,898,894

(1) 1996 - 2005: Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc.

* 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 Licenses & Permits revenue in prior years.

CITY OF MARIETTA, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS

Tax Digest Year	Total Tax Levy	Fiscal Year Ended	Collections Current and Prior Years	Current (1) Taxes Receivable June 30	Delinquent (2) Taxes Receivable June 30	Total Taxes Receivable June 30
1995	$8,772,963	6/30/96	$6,114,614	$73,414	$118,285	$191,699
1996	7,939,289	6/30/97	7,958,263	93,268	125,788	219,056
1997	7,525,668	6/30/98	7,459,091	99,416	128,919	228,335
1998	7,396,450	6/30/99	7,331,266	65,184	91,598	156,782
1999	7,703,206	6/30/00	7,541,147	143,715	107,874	251,589
2000	8,075,227	6/30/01	7,995,232	212,312	187,293	399,605
2001	8,110,186	6/30/02	7,832,834	178,815	217,893	396,708
2002	9,033,569	6/30/03	8,917,286	203,399	302,573	505,972
2003	10,415,804	6/30/04	10,408,878	240,865	381,116	621,981
2004	10,256,134	6/30/05	10,535,956	217,186	242,085	459,272

1995 - 1998: Current taxes receivable does not include motor vehicle taxes receivable

1994 - 2004: Does not include Marietta City School System

(1) Current tax digest year
(2) All preceding tax digest years

CITY OF MARIETTA, GEORGIA
PROPERTY TAX RATES AND LEVIES (UNAUDITED)
LAST TEN FISCAL YEARS

Year of Levy	General Fund	Cemetery Maintenance Fund	Debt Service Fund	Total Primary Government	School System	Total Reporting Entity
Tax rates per $1,000 assessed value:						
1995	2.33	.08	2.22	4.63	--	4.63
1996	2.32	.08	2.96	5.36	--	5.36
1997	2.07	.08	2.86	5.01	--	5.01
1998	2.07	.08	2.46	4.61	--	4.61
1999	2.07	.08	2.11	4.26	--	4.26
2000	2.07	.08	2.10	4.25	--	4.25
2001	2.04	.08	2.07	4.19	--	4.19
2002	2.04	.08	2.07	4.19	--	4.19
2003	2.79	.08	1.82	4.69	--	4.69
2004	2.79	.08	1.82	4.69	--	4.69
Tax Levies:						
1995	4,412,800	149,140	4,211,023	8,772,963	--	8,772,963
1996	4,483,936	155,332	5,716,242	10,355,510	--	7,939,289
1997	3,253,263	122,335	4,150,070	7,525,668	--	7,525,668
1998	3,386,568	130,660	3,879,222	7,396,450	--	7,396,450
1999	3,810,057	146,617	3,745,532	7,703,206	--	7,703,206
2000	4,003,817	154,277	3,917,133	8,075,227	--	8,075,227
2001	4,028,089	156,301	3,925,796	8,110,186	--	8,110,186
2002	4,460,194	172,891	4,400,484	9,033,569	--	9,033,569
2003	6,200,528	177,069	4,038,207	10,415,804	--	10,415,804
2004	6,167,006	174,740	3,914,388	10,256,134	--	10,256,134

CITY OF MARIETTA, GEORGIA
ASSESSED AND ESTIMATED TRUE VALUE OF TAXABLE PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS

	Real Estate		Personal Property (2)		Total Reporting Entity	
Digest Year	Assessed Value (1)	Estimated True Value	Assessed Value (1)	Estimated True Value	Assessed Value (1)	Estimated True Value
1995	924,642,898	2,311,607,245	443,451,824	1,108,629,560	1,368,094,722	3,420,236,805
1996	1,086,299,840	2,715,734,599	444,134,060	1,110,335,151	1,530,433,900	3,826,069,750
1997	1,125,606,195	2,814,015,488	416,927,976	1,042,319,940	1,542,534,171	3,856,335,428
1998	1,170,027,693	2,925,069,233	477,816,168	1,194,540,420	1,647,843,861	4,119,609,653
1999	1,340,237,175	3,350,592,937	327,301,417	818,253,543	1,667,538,592	4,168,846,480
2000	1,414,679,445	3,536,698,613	327,119,350	817,798,375	1,741,798,795	4,354,496,988
2001	1,483,526,775	3,708,816,939	534,829,902	1,337,074,758	2,018,356,677	5,045,891,697
2002	1,715,324,217	4,288,310,541	540,754,356	1,351,825,894	2,256,078,573	5,640,136,435
2003	1,825,153,457	4,562,883,643	549,655,767	1,374,139,419	2,374,809,224	5,937,023,060
2004	1,860,715,201	4,651,788,004	524,273,528	1,310,683,819	2,384,988,729	5,962,471,823

(1) Assessed values are based on 40% of fair market value.

(2) 1995- 2000: Personal property assessment excludes public utility franchises, motor vehicles, and mobile homes.

2001-2004: Personal property assessments include public utility franchises, motor vehicles, and mobile homes.

CITY OF MARIETTA, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING
(PER $1,000 OF ASSESSED VALUE) (UNAUDITED)
LAST TEN FISCAL YEARS

Year of Levy	General Fund	Cemetery Maintenance Fund	Debt Service Fund	Total Primary Government	School System	Total Reporting Entity	School System	Cobb County	Total
1995	2.33	.08	2.22	4.63	--	4.63	15.47	7.45	27.55
1996	2.32	.08	2.96	5.36	--	5.36	15.47	7.90	28.73
1997	2.07	.08	2.86	5.01	--	5.01	15.47	7.30	27.78
1998	2.07	.08	2.46	4.61	--	4.61	15.47	5.17	25.25
1999	2.07	.08	2.11	4.26	--	4.26	15.47	7.32	27.05
2000	2.07	.08	2.10	4.25	--	4.25	15.47	7.32	27.04
2001	2.04	.08	2.07	4.19	--	4.19	15.47	7.07	26.73
2002	2.04	.08	2.07	4.19	--	4.19	17.97	7.07	29.23
2003	2.79	.08	1.82	4.69	--	4.69	17.97	7.32	29.98
2004	2.79	.08	1.82	4.69	--	4.69	17.97	7.32	29.98

CITY OF MARIETTA, GEORGIA
PRINCIPAL TAXPAYERS (UNAUDITED)
June 30, 2005

		2004 Tax Digest			
(1) Taxpayer	Type of Business	(1) Assessed Value	Percentage of Total Assessed Valuation	(1) Taxes Levied	Percentage of Total Taxes Levied
Bell South Telecom.(Public Utilities)	Telephone	$ 20,211,373	0.85%	$ 94,791.34	0.92%
Tyco Healthcare Group LP	Healthcare	$ 14,740,702	0.62%	$ 69,133.89	0.67%
Bell Ferry Corporation	Real Estate	$ 13,270,212	0.56%	$ 62,237.29	0.61%
Atlanta Parkway Investment Group	Real Estate	$ 10,613,796	0.45%	$ 49,778.70	0.49%
Atlanta Parkway Investment Group	Real Estate	$ 10,601,965	0.44%	$ 49,723.22	0.48%
Caswyck Town Center LLC	Commercial	$ 9,995,026	0.42%	$ 46,876.67	0.46%
Bel-Eqr IV Limited Partnership	Real Estate	$ 8,181,195	0.34%	$ 38,369.80	0.37%
Matthews C W Contracting Co. Inc.	Commerical	$ 6,979,967	0.29%	$ 32,736.05	0.32%
Sope Creek LLC	Real Estate	$ 6,978,294	0.29%	$ 32,728.20	0.32%
FPL/Flagstone Apartments LP	Real Estate	$ 6,253,340	0.26%	$ 29,328.16	0.29%
		$ 107,825,870	4.52%	$ 505,703	4.93%

(1) Source: City of Marietta Tax Division

CITY OF MARIETTA, GEORGIA
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
June 30, 2005

Assessed value	$ 2,384,988,729
Debt limit: 10 percent of assessed value	$ 238,498,872
Less: Debt applicable to debt limit	64,705,000
Legal debt margin	$ 173,793,872

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

Year Ended June 30	Estimated Population (1)	Assessed Value (in thousands)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	48,589	1,368,095	45,480,000	1,246,179	44,233,821	3.23	910.37
1997	48,263	1,530,434	43,900,000	1,617,464	42,282,536	2.76	876.09
1998	49,663	1,542,534	42,230,000	1,892,186	40,337,814	2.62	812.23
1999	50,342	1,647,844	90,430,000	1,964,281	88,465,719	5.37	1,757.29
2000	51,546	1,667,539	88,175,000	1,775,655	86,399,345	5.18	1,676.16
2001	58,748	1,741,799	84,970,000	1,831,838	83,138,162	4.77	1,415.17
2002	60,208	2,018,357	81,785,000	1,796,097	79,988,903	3.97	1,328.54
2003	61,308	2,256,078	76,965,000	2,000,172	74,964,828	3.32	1,222.76
2004	61,669	2,374,809	69,325,000	1,958,270	67,366,730	2.84	1,092.39
2005	62,399	2,384,988	64,705,000	1,898,186	62,806,814	2.63	1,006.54

(1) Source: 1996 - 1999 City of Marietta Department of Economic Development and Planning
2000 - Atlanta Regional Commission
2001 - Census
2002 – 2005 Planning/Zoning Department projection

CITY OF MARIETTA, GEORGIA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (UNAUDITED)
LAST TEN FISCAL YEARS

Year Ended June 30	Principal	Interest (2)	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to Total General Expenditures
1996	$ 965,000	$ 1,649,950	$ 2,614,950	$ 34,902,393	7.5
1997	1,580,000	2,397,315	3,977,315	37,824,852	10.5
1998	1,670,000	2,382,136	4,052,136	38,860,278	10.4
1999	1,765,000	2,283,545	4,048,545	41,003,388	9.9
2000	2,255,000	4,766,637	7,021,637	48,977,851	14.3
2001	3,205,000	4,271,825	7,476,825	49,855,163	15.0
2002	3,185,000	4,108,381	7,293,381	52,948,010	13.8
2003	5,585,000	4,230,694	9,815,694	56,414,530	17.4
2004	7,640,000	3,357,519	10,997,519	58,909,699	18.7
2005	4,620,000	3,071,571	7,691,571	59,553,146	12.9

(1)
1996 - 2003: Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc. Excludes Intergovernmental expenses.

2004 - 2005: Includes General, Special Revenue, Debt Service Funds and discretely presented component units: Marietta Welcome Center, Visitors Bureau, Inc, and Marietta Redevelopment Corporation.

(2) Excludes bond issuance and other costs.

CITY OF MARIETTA, GEORGIA
DIRECT GENERAL OBLIGATION, OVERLAPPING GENERAL
OBLIGATION AND GUARANTEED REVENUE DEBT (UNAUDITED)
June 30, 2005

Direct General Obligation Debt	$ 64,705,000
Overlapping General Obligation Debt:	
Cobb County Including Tax Anticipation Notes (11.27% of $128,395,000)	14,470,117
Cobb County Board of Education (11.27% of $124,287,000)	14,007,145
Total Overlapping General Obligation Debt	$ 28,477,262
Total Direct and Overlapping General Obligation Debt	$ 93,182,262
Overlapping Guaranteed Revenue Debt:	
Downtown Marietta Development Authority:	
Golf Course (100% of $4,044,323)	$ 4,044,323
Conference Center (100% of $26,255,000)	26,255,000
Cobb Administration Building Project (11.27% of $3,340,000)	390,780
Cobb County Recreation Authority (11.27% of $4,480,000)	502,970
Cobb County Solid Waste Management Authority (11.27% of $19,285,000)	2,165,127
Total Overlapping Guaranteed Revenue Debt	$ 31,258,200
Total Direct, Overlapping and Overlapping Guaranteed Revenue Debt	$124,440,462
Debt Per Capita	
Direct General Obligation Debt	$ 1,036.96
Overlapping General Obligation Debt	456.37
Overlapping Guaranteed Revenue Debt	500.94
Total Debt Per Capita	$ 1,994.27

CITY OF MARIETTA, GEORGIA
REVENUE BOND COVERAGE
BOARD OF LIGHTS AND WATERWORKS BONDS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1996	$98,487,399	$76,295,633	$22,191,766	--	--	--	--
1997	95,645,333	77,709,908	17,935,425	--	--	--	--
1998	99,795,533	78,002,772	21,792,761	--	--	--	--
1999	101,987,857	81,519,366	20,468,491	--	--	--	--
2000	106,352,751	85,775,041	20,577,710	--	--	--	--
2001	108,905,032	87,172,148	21,732,884	--	--	--	--
2002	108,486,319	94,366,728	14,119,591	--	--	--	--
2003	108,710,959	92,896,459	15,814,500	--	--	--	--
2004	108,155,201	90,934,632	17,220,569	--	--	--	--
2005	112,872,036	88,882,300	23,989,736	--	--	--	--

(1) Total revenues, including nonoperating revenues and contributed capital.

(2) Depreciation expense not included

CITY OF MARIETTA, GEORGIA
DEMOGRAPHIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Per Capita Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate % (4)
1996	48,589	*	*	6,448	4.3
1997	48,263	*	*	6,631	3.9
1998	49,663	*	*	6,764	2.7
1999	50,342	*	*	6,928	3.1
2000	51,546	*	*	7,325	3.3
2001	58,748	*	*	7,460	3.9
2002	60,208	*	*	7,524	4.4
2003	61,308	*	*	7,552	5.4
2004	61,669	*	*	7,316	5.4
2005	62,399	*	*	7,558	4.9

Sources:

(1) 1996 - 1999 City of Marietta Department of Economic Development and Planning
2000 Atlanta Regional Commission
2001 U.S. Census Bureau
2002 – 2005 Planning/Zoning Department projection

(2) U.S. Census Bureau, Department of Commerce

(3) Marietta Board of Education

(4) Georgia Department of Labor

* Information not readily available.

CITY OF MARIETTA, GEORGIA
PROPERTY VALUE AND CONSTRUCTION (UNAUDITED)
LAST TEN FISCAL YEARS

Tax Digest Year	Construction Activity (1) Number of Permits Issued	Construction Activity (1) Estimated Valuation	Property Value (Estimated True Value) (2) Real (Taxable)	Property Value (Estimated True Value) (2) Personal (Taxable)
1995	922	107,715,767	2,311,607,245	1,108,629,560
1996	800	89,264,297	2,715,734,599	1,110,335,151
1997	796	139,053,949	2,814,015,488	1,042,319,940
1998	454	256,163,266	2,925,069,233	1,194,540,420
1999	980	203,109,691	3,350,592,937	818,253,543
2000	1044	123,840,000	3,536,698,613	817,798,375
2001	1079	184,807,300	3,708,816,939	1,337,074,758
2002	1068	117,879,013	4,288,310,541	1,351,825,894
2003	1013	113,888,272	4,562,883,643	1,374,139,419
2004	1269	152,214,913	4,651,788,004	1,310,683,819

Sources:

(1) City of Marietta Department of Public Works

(2) City of Marietta Tax Division

CITY OF MARIETTA, GEORGIA
MISCELLANEOUS STATISTICS (UNAUDITED)
June 30, 2005

Date founded	1834
Form of government	Council - Manager
Population	62,399
Area	22.91 square miles
Fire protection:	
Number of stations	6
Number of certified firefighters and officers	132
Police protection:	
Number of precincts	1
Number of sworn police officers	136
Education:	
Elementary schools	7
Sixth Grade Academy & Intl School	1
High school	1
Enrollment	7,558
Schools of higher education:	
Four year colleges	2
Electrical Service:	
Electric customers	45,543
Kilowatt hours sold, FYE 6/30/05	1,036,338,166
Water and Sewer Service:	
Water customers	18,276
Sewerage customers	16,728
Gallons sold - Water	3,158,291,000
Sewer	2,962,161,000
Employees:	
Full-time at 6/30/05	729
Part-time at 6/30/05	35
Officials:	
Appointed Board members	41
Recreation:	
Number of parks	19
Golf courses	1
Recreation centers	2
Tennis courts	27
Park/Rec Center Acreage	287.5