



Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2006

**Comprehensive Annual Financial Report
City of Marietta, Georgia**

For the Fiscal Year Ended June 30, 2006

**DEPARTMENT OF FINANCE
Monte Vavra
Finance Director**

MAYOR AND CITY COUNCIL



Annette Paige Lewis
Councilmember, Ward 1



William B. Dunaway
Mayor



Griffin Chalfant
Councilmember, Ward 2



Holly Marie Walquist
Councilmember, Ward 3



Irvan Alan Pearlberg (Van)
Councilmember, Ward 4



Rev. Anthony Coleman
Councilmember, Ward 5



James King
Councilmember, Ward 6



Philip M. Goldstein
Councilmember, Ward 7

CITY OF MARIETTA, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30,2006

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INTRODUCTORY SECTION



Finance Department

205 Lawrence Street
P. O. Box 609
Marietta, GA 30061-0609

January 16, 2007

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, 2006, is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

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

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

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, 2006. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

The City became a center for trade and attracted wealthy visitors to its mild climate and "health giving" mineral springs. During the Civil War, Sherman destroyed much of the City on his "March to the Sea" in 1864. Recovery was slow; however, an economic boom took hold during World War II with the construction of the Bell bomber plant. The Lockheed Aircraft Corporation modernized the plant and has kept it in operation since 1951, now operating it under the Lockheed Martin Aeronautical Systems name. Current production includes the 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 at the department level. Administrative budgetary control, however, is maintained at an object of expenditure level within the department or function. Administrative transfers of appropriations within a department may be authorized by the City Manager to meet unforeseen needs without Council action. Transfers of appropriations between departments or functions within a fund are reviewed with Council prior to approval. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year's budget.

The City of Marietta provides a full range of municipal government and utility services to approximately 60,200 citizens and customers. Included in these services are traditional City functions such as police and fire protection, sanitation, road and traffic signal maintenance, parks, recreation, planning, cultural affairs, courts, and utility functions including electric, water, wastewater. Furthermore, the City exercises fiduciary responsibility for the City's General Pension.

Local economy

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

Redevelopment and revitalization of several areas throughout the City have been identified and when completed, will create financially sound development, therefore increasing a stronger tax base. Marietta offers one of the lowest millage rates in the Metro Atlanta region at 29.73 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, 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. The City's population estimate was adjusted to the Bureau of Census estimate of 60,189.

Long-term financial planning

Unreserved, undesignated fund balance in the general fund (39.05 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.

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 Redevelopment Corporation is 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 received 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 \$80 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. Several residential developments are well underway such as the Village at Frasier Park on Frasier Circle, Emerson Hill townhome project, the Manget Street area, and the Hunter Walk infill project. Mixed-use developments are now under construction, including the Marietta Mill Lofts overlooking Atlanta Street.

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 underwent major reconstruction with large retail anchors paving the way for smaller stores and restaurants. We are seeing the domino effect in this vibrant area as more businesses are being built and small businesses are moving to larger buildings.

Marietta's commitment to upgrading and replacing the water and sewer systems has been evident in projects such as the 2006 Water System Improvements, the Whitlock Avenue 20-inch Water Main Replacement, the Terrell Mill Road Water Line Relocation, the Noses Creek Basin Sewer and the Manhole Rehabilitation and the Phillips Drive Sewer Rehabilitation. System reliability and infrastructure improvements will continue to be realized due to the ability to achieve and exceed departmental goals. Over 3,100 feet of large water main replacement has been accomplished, over 7,700 feet of water distribution line replacements, and more than 15,000 feet of sewer mains are presently in construction.

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 along with recently approved SPLOST funds. This significant public investment is already bringing forward private investment in the corridor. Powder Springs Street/Fairground Street and Franklin Road improvements are also moving forward along with a connector from Powder Springs Street to South Cobb Drive.

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.

The National Civic League selected the City of Marietta as a 2006 winner of the All-American City Award, the oldest and most respected community recognition program in the nation. Marietta was chosen because the city showed it is successfully resolving issues with active citizen involvement, volunteer and business resources, efficient government, community vision and collaboration. Marietta was the first Georgia city to receive this award in thirty years.

Awards

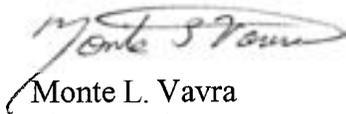
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marietta for its Comprehensive Annual Financial Report for the fiscal year ended June 30,2005. This represented the nineteenth consecutive 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, 2005 for fiscal year 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Monte L. Vavra". The signature is written in dark ink and is positioned above the typed name.

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 30,2005

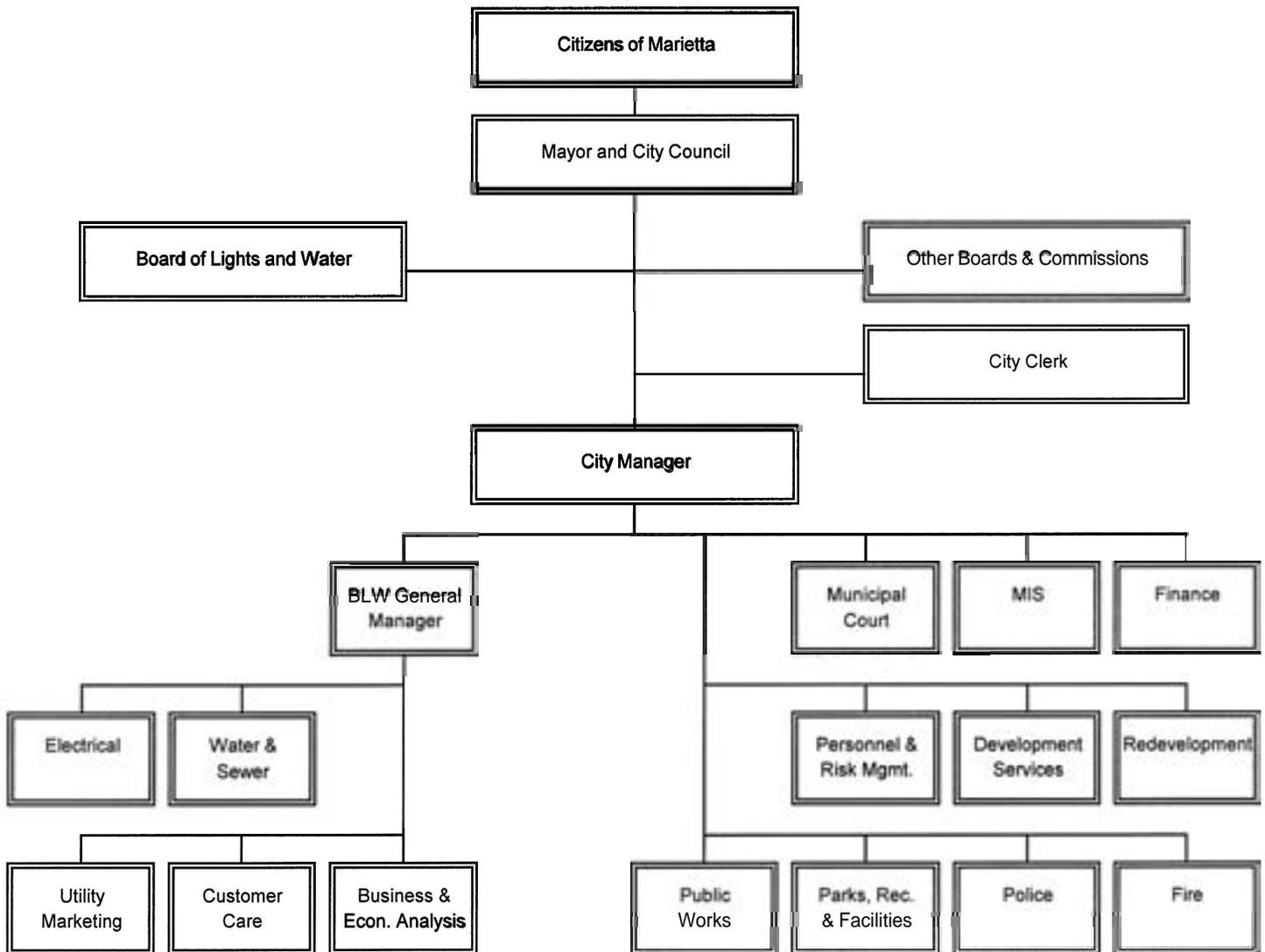
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF MARIETTA ORGANIZATION CHART



OFFICIALS

Mayor and City Council

William B. Dunaway
Mayor

Annette Paige Lewis	Ward 1
Griffin Chalfant	Ward 2
Holly Marie Walquist	Ward 3
Irvan Alan Pearlberg (Van)	Ward 4
Rev. Anthony Coleman	Ward 5
James 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 King, Councilmember	Board Member
Alice Summerour	Board Member
Arthur D. Vaughn	Board Member

City / BLW Administration

William F. **Bruton**, Jr.
City Manager

David Beam	Acting Police Chief
Brian Binzer	Development Services Director
Rich Buss	Parks, Recreation and Facilities Director
Daniel Conn	Acting Public Works Director
Barry Echols	Utility Marketing Director
Herb Edwards	Business and Economic Analysis Director
Gene Estensen	MIS Director
Jackie Gibbs	Fire Chief
Stephanie Guy	City Clerk
Douglas Haynie	City Attorney
Robert W. Lewis	BLW General Manager
Shannon Long	Assistant to the City Manager
Nancy Martin	Personnel and Risk Management Director
vacant	Marietta Redevelopment Corp Executive Director
J. Kevin Moore	BLW Attorney
Ronald Mull	Customer Care 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



Moore & Cubbage, LLP

Certified Public Accountants

&

Advisors

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

INDEPENDENT AUDITOR'S REPORT

The Honorable 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 discretely presented component units, each major fund and the remaining fund information of the City of Marietta, Georgia, as of and for the year ended June 30, 2006, 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, 2006 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, 2006, 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, 2006, 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.

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2007 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, the Schedule of Funding Progress - General Pension, and the budgetary comparison for the General Fund and HUD Housing Assistance Payments Program Special Revenue Fund on pages 3 through 15, page 53 and page 54 and page 55 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

January 16, 2007

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, 2006. 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 \$137.5 million at the end of fiscal year 2006. This is an increase of \$12.2 million when compared to the previous year. Of this amount, \$118.7 million is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are \$10.6 million, an increase of \$13.5 million from last year. Unrestricted net assets from governmental activities are \$(30.6) million, an increase of \$8.4 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. The majority of the large increase over the previous year is the result of the loss recognized in the prior year on the sale of the fiber optic system. Business-type activities unrestricted net assets are \$41.3 million.
- ❖ The City's total net assets increased \$12.2 million over the previous year with a \$.4 million increase in governmental activities net assets and an \$11.8 million increase resulting in the business-type activities.
- ❖ The City's General Fund's fund balance was \$15.66 million as of June 30,2006. Of this amount, \$547 thousand is reserved for encumbrances. \$871 thousand is reserved or designated for park improvements (that were funded through a donation and a bond issue) and for tourism purposes. \$236 thousand is designated for future expenditures and the remaining \$14.0 million is 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 \$3.9 million from June 30,2005.
- ❖ The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2006 are \$76.7 million and \$48.7 million respectively. \$96.7 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 an increase of \$3.4 million for the governmental-type funds and a decrease of \$921 thousand for the business-type funds.

Total general bonded debt decreased \$4.8 million in fiscal year 2006. This decrease is due to the repayment of outstanding bond issues. No new general obligation debt was

issued during the fiscal year. The City did issue \$8.4 million of Tax Allocation District (TAD) bonds to pay redevelopment expenses and for the acquisition of land purchased and sold as part of the City's redevelopment effort.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Marietta's governmental activities include general government, public safety, streets and highways, and recreation. The City has three business type activities, the Board of Lights & Water which provides electric, water and wastewater services, City Club golf course, and the Marietta Conference Center and Resort which is a hotel and conference facility.

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 13 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, HUD HAP, and debt service which are considered to be major funds. Data from the other 10 funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 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 three enterprise funds, the Board of Lights and Water, the City Club Golf Course, and the Marietta Conference Center & Resort. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance and motor transport activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide

separate information for the Board of Lights and Water, City Golf Course, 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 schedule has been provided for the General Fund and HUD HAP fund on pages 55 and 56 of this report. Budget to actual comparisons for each of the remaining governmental funds are provided in individual schedules elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 53 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 57 through 125 of this report.

CITY-WIDE FINANCIAL ANALYSIS

A government-wide financial report represents the approach mandated by the Governmental Accounting Standards Board (GASB). GASB set the uniform standards for presenting government financial reports. This report provides comparative financial information to the previous 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, 2006, assets exceeded liabilities by \$137.5 million.

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

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Assets						
Current and other assets	\$31,648,081	\$41,582,216	\$ 58,011,075	\$66,355,317	\$89,659,156	\$107,937,533
Capital assets	58,533,216	53,037,758	98,933,222	101,950,793	157,466,438	154,988,551
Total assets	90,181,297	94,619,974	156,944,297	168,306,110	247,125,594	262,926,084
Liabilities						
Current and other liabilities	4,532,423	4,875,500	15,141,528	15,641,733	19,673,951	20,517,233
Non-current liabilities	68,156,455	71,846,689	34,004,164	33,024,051	102,160,619	104,870,740
Total liabilities	72,688,878	76,722,189	49,145,692	48,665,784	121,834,570	125,387,973
Net Assets						
Invested in capital assets, net of related debt	52,779,866	41,105,789	73,676,327	77,610,606	126,456,193	118,716,395
Restricted	3,723,545	7,429,356	977,957	777,996	4,701,502	8,207,352
Unrestricted	(39,010,992)	(30,637,360)	33,144,321	41,251,724	(5,866,671)	10,614,364
Total net assets	\$ 17,492,419	\$ 17,897,785	\$107,798,605	\$119,640,326	\$125,291,024	\$137,538,111

The largest portion of the City's net assets, \$118.7 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 and identified that was purchased and installed in previous fiscal years. These capital assets are used to provide services to citizens; consequently, they are not available for futurespending. 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 \$8.2 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, SPLOST proceeds, culture and recreation donations and uncommitted bond funds

Changes in Net Assets. Governmental and business-type activities increased the City's net assets by \$12.2 million in fiscal year 2006. The following table indicates the changes in net assets for governmental and business-type activities in fiscal year 2005 and 2006.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues						
Program revenues:						
Charges for services	\$ 14,074,687	\$ 14,631,657	\$124,264,209	\$119,618,546	\$138,338,896	\$134,250,203
Operating grants and contributions	8,795,814	7,555,223	0	0	8,795,814	7,555,223
Capital grants and contributions	5,833,603	7,281,401	709,276	3,282,679	6,542,879	10,564,080
General Revenues:						
Property taxes	10,559,446	11,398,799	0	0	10,559,446	11,398,799
Other taxes	11,294,268	11,689,509	0	0	11,294,268	11,689,509
Investment earnings	436,137	1,010,915	756,524	1,736,225	1,192,661	2,747,140
Other revenues	47,179	1,329,133	(15,842,246)	55,187	(15,795,067)	1,384,320
Total Revenues	<u>51,041,134</u>	<u>54,896,637</u>	<u>109,887,763</u>	<u>124,692,637</u>	<u>160,928,897</u>	<u>179,589,274</u>
Expenses						
General government	4,894,998	7,270,281	0	0	4,894,998	7,270,281
Public works	9,130,758	10,845,886	0	0	9,130,758	10,845,886
Culture and recreation	4,859,976	5,279,105	0	0	4,859,976	5,279,105
Public safety	22,871,162	25,171,969	0	0	22,871,162	25,171,969
Urban redevelopment and housing	7,301,650	11,234,909	0	0	7,301,650	11,234,909
Interest on long-term debt	3,109,268	3,018,190	0	0	3,109,268	3,018,190
Water & sewer	0	0	21,073,686	21,738,497	21,073,686	21,738,497
Electric	0	0	74,257,492	78,307,081	74,257,492	78,307,081
Golf	0	0	2,066,878	2,302,256	2,066,878	2,302,256
Fiber optic	0	0	1,460,454	0	1,460,454	0
Conference	0	0	11,317,032	2,759,624	11,317,032	2,759,624
Total expenses	<u>52,167,812</u>	<u>62,820,340</u>	<u>110,175,542</u>	<u>105,107,458</u>	<u>162,343,354</u>	<u>167,927,798</u>
Increase in net assets before transfers	(1,126,678)	(7,923,703)	(287,779)	19,585,179	(1,414,457)	11,661,476
Transfers in (out)	8,234,913	7,743,458	(8,230,411)	(7,743,458)	4,502	0
Increase (decrease) in net assets	<u>\$ 7,108,235</u>	<u>\$ (180,245)</u>	<u>\$ (518,190)</u>	<u>\$ 11,841,721</u>	<u>\$ (1,409,955)</u>	<u>\$ 11,661,476</u>

Governmental Activities. Governmental activities decreased the City's net assets by \$7.9 million in fiscal year 2006 before transfers. Key elements of this decrease are as follows:

Total revenues were \$54.9 million, up 7.6% from the prior year. The majority of the increase is from intergovernmental revenues and increase in fines and forfeits. Intergovernmental revenue increase is attributable to the Special Local Option Sales Tax (SPLOST), a one % sales tax approved by the county-wide voters in November 2005 of which will be used for public works improvements and public safety radio upgrades and replacements. Fines and fees increased when a second red-light camera

was installed. The property tax millage rate remained the same as the previous year. Investment earnings doubled from the previous year, this is attributable to the rise in the rates and funds available for investment.

Expenses totaled \$62.8 million. The increase over the previous year was incurred in redevelopment efforts of the City. The City purchased an entire block of run down property of which it immediately sold to a developer to demolish and redevelop into single and multi family units. Although the City incurred a loss on the sale of the property the funds were recovered when it sold Tax Allocation District bonds and repaid itself from the proceeds. 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. The City has fully implemented the retroactive infrastructure provisions in the fiscal year ending June 30,2006.

Business-Type Activities. The City's business-type activities, which include the Board of Lights and Water, City Club golf course, and the Marietta Conference Center & Resort increased net assets by \$19.6 million in fiscal year 2006 before transfers to the governmental funds.

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

	Fiscal Year	
	2005	2006
Operating income (loss):		
Board of Lights & Water	\$ 16,687,766	\$ 16,374,811
City Club Golf Course	180,115	(2,527)
Marietta FiberNet	(325,325)	0
Marietta Conference Center & Resort	(26,581)	846,021
Total	<u>16,515,975</u>	<u>17,218,305</u>
Non-operating revenues (expenses)	<u>(16,806,959)</u>	<u>93,568</u>
Contributed capital from developers	82,180	2,633,117
Income (loss) before operating transfers	<u>(208,804)</u>	<u>19,944,990</u>
Transfers in (out)	(8,578,741)	(7,963,458)
Change in net assets	<u>\$ (8,787,545)</u>	<u>\$ 11,981,532</u>

The Board of Lights and Water's operating income decreased 1.9% from 2005. Contributions from developers increased by \$2.6 million from 2005. In August 2004 the City sold the FiberNet operation to a private company.

The City Club golf course operating revenues increased 3.2% from the previous year while operating expenses increased by 14.9% resulting in an operating loss of \$2,527. The fund's change in net assets decreased by \$16 thousand after the transfer from general fund and interest expense.

As stated above, the BLW sold the fiber optic operation in August of 2004 therefore the 2005 financial information reflected only two months activity.

The City has entered into a long-term lease for The Marietta Conference Center and Resort with a private party and is no longer involved in the daily operations. The Center is leased for a flat monthly fee sufficient to cover the debt service payments. As a result the operating revenues and expenses are no longer reflected in the financial report. The City is now reporting lease income, depreciation, and operating costs related to bond trustee expenses, and similar items.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds Overview. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 2006, the combined ending fund balances of the City's governmental funds were \$28.9 million. Approximately \$24.1 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 (\$1.2 million); b) reserved for debt service (\$2.2 million); c) reserved for culture and recreation (\$871 thousand).

The City has three major governmental funds; the General Fund, HUD HAP and Debt Service 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 \$15.7 million as of June 30, 2006. Of this amount,

\$1.4 million is reserved for encumbrances and culture and recreation. The fiscal year 2006 fund balance is \$3.9 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 27% of total fiscal year 2006 expenditures and transfers, while total fund balance is 29.98% of the same amount.

HUD housing assistance program (HUD HAP). This fund accounts for the federal funds the City of Marietta receives from the U.S. Department of Housing and Urban Development. The Housing choice voucher program provides low income families with rental payment assistance for private market rental housing. The HUD HAP fund balance was \$1.2 million as of June 30, 2006. Of this amount, \$7 thousand is reserved for encumbrances. The fiscal year 2006 fund balance is \$286 thousand more than the previous year.

Debt service fund. This fund accounts for the collection of taxes designated for the repayment of general obligation bonded debt. The debt service fund balance was \$2.2 million as of June 30, 2006. This total amount is reserved for debt service. The fiscal year 2006 fund balance is \$300 thousand more than the previous year.

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 \$49.6 million. The unrestricted net assets increased by \$7.5 million during the year, an 18% increase.

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 \$1.36 million, a 1.16% decrease.

The Marietta Conference Center & Resort is a conference center facility owned by the City. The total net assets of this fund at the end of the fiscal year were \$(5.55) million. The total net assets increased by \$642 thousand during the year. As stated earlier the City has leased the facility to a private operator and is no longer reporting the daily operations. The City will continue to pay the debt payments from lease revenues and hotel/motel tax revenues designated towards the bond repayment. The City will also continue to report the asset depreciation.

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 2005, the City Council appropriated \$45.1 million for general fund expenditures. The budget was amended 17 times during the fiscal year.

Table 4
2006 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue and other financing sources	\$45,044,522	\$10,753,855	\$55,798,377	\$56,137,924
Expenditures and other financing uses	45,081,522	13,061,847	58,143,369	52,777,221

Mid-year budget amendments include:

- \$1,093,071 Appropriation of reserves from prior year encumbrances
 - 73,250 Park professional fees (1)
 - 60,000 Park capital for Lewis Park lighting (2)
 - 987,000 3% auto rental reserves (3)
 - 1,163,822 Tax equity reimbursement (4)
 - 5,339,406 Economic Development/Redevelopment/PlannedDevelopment (5)
 - 56,237 Public Safety (6)
 - 4,289,061 Project rollovers from previous years (7)

- (1) Tax equity reimbursement used for Gateway & tree plan and Lewis Park plan
- (2) Whitaker donation used for Lewis Park lighting
- (3) 3% auto tax reserve used to fund maintenance and improvements to Marietta Conference Center facilities
- (4) Tax equity reimbursement used legal fees, additional health insurance, public information marketing, employee pay plan, City Hall renovations, additional staffing, additional fuel expenses
- (5) Land sale and proceeds from TAD bond used to offset land purchased 5,108,456, use of reserves for market tax credit study and trolley feasibility study, and tax equity reimbursement for master plan redevelopment sites along with grants for a land use and transportation study.
- (6) Appropriations of donations, grants and reimbursements for public safety supplies and equipment
- (7) 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 and bike trail construction.

Actual expenditures were 9.2% below anticipated budget. The major reason for the budget variance is the Roswell streetscape project is budgeted for the entire project which is anticipated to be completed in phases over the next couple years. Revenues exceeded

expenses by \$3.4 million on a budgetary basis, this resulted from the sale of land as part of the City's redevelopment efforts.

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, 2006 total \$118.7 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 has been 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 2006, and all assets that could be identified from previous periods. The total investment in capital assets (net of accumulated depreciation and debt) for the current fiscal year decreased from the previous year by 3.9% after depreciation. Major capital assets events during the current fiscal year included the following:

Governmental activities:

- City vehicles \$1,189,738
- Land acquisition for economic development redevelopment programs \$5,112,478
- Buildings and machinery and equipment \$1,256,434

Business-type activities:

- Electrical system improvements \$1.6 million
- Water and sewer system improvements \$2.4 million
- Buildings and machinery & equipment \$2.6 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, 2006, the City of Marietta had the following outstanding long-term debt (principal amount):

- \$11.2 million 1996 Public Safety General Obligation Bonds.
- \$35.4 million 1998-A School General Obligation Bonds

-
- \$13.3 million 2002 School General Obligation Bonds
 - \$720 thousand note payable for property
 - \$13.0 million 1996-A Series Marietta Conference Center & Resort Revenue Bonds
 - \$8.5 million 1996-B Series Marietta Conference Center & Resort Revenue Bonds
 - \$4.3 million 2003 Series Marietta Conference Center & Resort Revenue Bonds
 - \$3.5 million capital lease funded through the City Club for the golf course
 - \$176 thousand capital leases for golf carts
 - \$8.4 million Series 2005 Tax Allocation District bonds
 - The City has received a credit rating of Aa3 from Moody's Investor Services, Inc. and an AA rating from Standard & Poor'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 2006.

Georgia Revised Statutes provide for a general obligation debt limit of 10% of the assessed valuation. The City has a general obligation debt capacity of \$191 million at the end of fiscal year 2006.

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 2007 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 2007

-
- Redevelopment efforts will continue to be a major focus of the City. The Marietta Redevelopment Corporation was established during fiscal year 2004, three Tax Allocation Districts have been established, a number of redevelopment projects are currently under construction.
 - Increasing home ownership will also be a major focus of our redevelopment efforts. Several new mixed-use developments are planned such as the former Johnny Walker homes site on Powder Springs Road, the Clay Homes redevelopment project and Emerson Overlook, both along Roswell Street near Marietta Square. These large-scale projects along with their surrounding neighborhoods will have a tremendous influence in revitalizing the City Center.
 - The utility's capital improvement plan has committed millions of dollars toward the areas of redevelopment that are coming on line in the near future. The electrical utility plans to add a new substation with eight feeders on North Marietta Parkway, complete additional feeder projects along Powder Springs Street and Roswell Street, install underground facilities at Johnny Walker Homes,
 - Manget Street, Clay Homes, and Wynhaven, and upgrade and convert Roswell Street from overhead to underground. Likewise, the water department will replace old water and sewer mains in these neighborhoods to meet the needs of these growing areas. Total capital budget for fiscal year 2007 is \$21.6 million.
 - The Public Works has budgeted over \$8.1 million for transportation and road projects. Projects such as new road construction, general street, drainage and intersection improvements, sidewalk and multi-use trail construction, and street resurfacing and repairs are funded by collections from a 1% special purpose local option sales tax (SPLOST) enacted as of January 1,2006.
 - The City is entering into a new radio communications program along with Cobb County and neighboring cities to ensure interoperability for emergency services and crisis management. This program will utilize the latest technology of digital equipment. \$1.68 million SPLOST funds are budgeted for this 800 MHz digital radio communications project.
 - 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.

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, 2006

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Marietta Welcome Center	Marietta Redevelopment Corporation
Assets:					
Cash and cash equivalents	\$ 14,084,017	\$ 17,903,833	\$ 31,987,850	\$ 87,164	\$ 15,104
Equity in pooled cash	1,918,761	3,643,882	5,562,643	-	-
Investments	11,869,455	19,985,995	31,855,454	-	-
Inventories	69,113	2,397,274	2,466,387	-	-
Receivables, net	9,718,464	12,952,005	22,670,469	1,268	2,093
Internal balances	1,772,277	(1,772,277)	-	-	-
Prepaid items	45,454	-	45,454	-	-
Restricted assets	858,887	6,272,975	7,131,862	-	-
Other assets, net	1,245,784	4,971,630	6,217,414	-	-
Capital assets, non depreciated	4,103,328	8,752,260	12,855,588	-	-
Capital assets, depreciated, net	48,934,433	93,198,533	142,132,966	16,687	-
Total assets	94,619,974	168,306,110	262,926,084	105,119	17,197
Liabilities:					
Accounts payable and other current liabilities	4,875,500	10,260,206	15,135,706	58,188	-
Liabilities payable from:					
Restricted assets	-	5,381,527	5,381,527	-	-
Noncurrent liabilities:					
Due within one year	6,427,842	1,775,942	8,203,784	-	-
Due in more than one year	65,418,847	31,248,109	96,666,956	-	-
Total liabilities	76,722,189	48,665,784	125,387,973	58,188	-
Net Assets					
Invested in capital assets, net of related debt	41,105,789	77,610,606	118,716,395	-	-
Restricted for:					
Debt service	2,206,406	772,412	2,978,818	-	-
Capital projects	4,351,952	-	4,351,952	-	-
Culture and recreation	870,998	-	870,998	-	-
Other purposes	-	5,584	5,584	-	-
Unrestricted	(30,637,360)	41,251,724	10,614,364	46,931	17,197
Total net assets	\$ 17,897,785	\$ 119,640,326	\$ 137,538,111	\$ 46,931	\$ 17,197

CITY OF MARIETTA, GEORGIA
STATEMENT OF ACTIVITIES
For the **Year Ended June 30, 2006**

Functions/Programs	Net (Expense) Revenue and Change in Net Assets								
	Expenses	Program Revenue			Primary Government			Component Units	
		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	\$ 7,270,281	\$ 9,907,005	\$ 49,778	\$ 1,727,380	\$ 4,413,882	\$ -	\$ 4,413,882	\$ -	\$ -
Public works	10,845,886	3,284,627	-	5,436,278	(2,124,981)	-	(2,124,981)	-	-
Culture and recreation	5,279,105	248,506	120,715	-	(4,909,884)	-	(4,909,884)	-	-
Public safety	25,171,969	121,250	392,210	117,743	(24,540,766)	-	(24,540,766)	-	-
Urban redevelopment and housing	11,234,909	1,070,269	6,992,520	-	(3,172,120)	-	(3,172,120)	-	-
Interest & fiscal charges on long-term debt	3,018,190	-	-	-	(3,018,190)	-	(3,018,190)	-	-
Total governmental activities	62,820,340	14,631,657	7,555,223	7,281,401	(33,352,059)	-	(33,352,059)	-	-
Business-type activities:									
Water & Sewer	21,738,497	26,766,387	-	2,633,117	-	7,661,007	7,661,007	-	-
Electric	78,307,081	89,317,524	-	-	-	11,010,443	11,010,443	-	-
Golf	2,302,256	1,857,203	-	-	-	(445,053)	(445,053)	-	-
Conference Center	2,759,624	1,677,432	-	649,562	-	(432,630)	(432,630)	-	-
Total business-type activities	105,107,458	119,618,546	-	3,282,679	-	17,793,767	17,793,767	-	-
Total Primary Government	\$ 167,927,798	\$ 134,250,203	\$ 7,555,223	\$ 10,564,080	\$ (33,352,059)	\$ 17,793,767	\$ (15,558,292)	\$ -	\$ -
Component Units:									
Marietta Welcome Center	324,353	96,000	238,850	-	-	-	-	10,497	-
Marietta Redevelopment Corporation	8,192	500	-	-	-	-	-	-	(7,692)
Total Component Units	\$ 332,545	\$ 96,500	\$ 238,850	\$ -	\$ -	\$ -	\$ -	\$ 10,497	\$ (7,692)
General Revenues:									
Property Taxes					11,398,799	-	11,398,799	-	-
Insurance premium tax					2,942,305	-	2,942,305	-	-
Alcohol taxes					861,353	-	861,353	-	-
Hotel, motel tax					2,150,995	-	2,150,995	-	-
Franchise taxes					5,182,993	-	5,182,993	-	-
Auto rental tax					551,863	-	551,863	-	-
Unrestricted investment earnings					1,010,915	1,736,225	2,747,140	-	203
Gain on sale of capital assets					-	55,187	55,187	-	-
Operating grants not restricted to a specific program					1,176,819	-	1,176,819	-	-
Contributions not restricted to a specific program					152,314	-	152,314	-	-
Transfers					7,743,458	(7,743,458)	-	-	-
Total general revenues and transfers					33,171,814	(5,952,046)	27,219,768	-	203
Change in net assets					(180,245)	11,841,721	11,661,476	10,497	(7,489)
Net assets - beginning, before restatement					17,492,419	107,798,605	125,291,024	36,434	24,686
Restatement					585,611	-	585,611	-	-
Net assets - beginning, after restatement					18,078,030	107,798,605	125,876,635	36,434	24,686
Net assets - ending					\$ 17,897,785	\$ 119,640,326	\$ 137,538,111	\$ 46,931	\$ 17,197

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General	HUD Housing Assistance	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,615,221	\$ 1,348,985	\$ 2,090,242	\$ 4,485,623	\$ 12,540,071
Cash with fiscal agent	-	-	-	858,887	858,887
Equity in pooled cash	928,262	-	57,907	849,592	1,835,761
Investments	9,073,648	-	18,881	675,716	9,768,245
Receivables, net	636,281	4,324	148,524	30,722	819,851
Prepaid items	45,454	-	-	-	45,454
Due from other funds	2,729,044	-	-	-	2,729,044
Due from other governments	250,304	35,616	22,658	3,111,461	3,420,039
Inventories	-	-	-	6,973	6,973
Total assets and other debits	\$ 18,278,214	\$ 1,388,925	\$ 2,338,212	\$ 10,018,974	\$ 32,024,324
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 1,358,669	\$ 155,238	\$ -	\$ 92,248	\$ 1,606,155
Retainage payable	-	-	-	70,599	70,599
Accrued liabilities	624,652	7,788	-	5,261	637,701
Due to other funds	127,968	7,903	-	58,926	194,797
Due to other governments	294,536	-	-	-	294,536
Deferred revenue	213,575	-	131,806	11,720	357,101
Total liabilities	2,619,400	170,929	131,806	238,754	3,160,889
Fund balances:					
Reserved for:					
Encumbrances	547,141	6,938	-	1,002,865	1,556,944
Culture and recreation	870,998	-	-	-	870,998
Debt service	-	-	2,206,406	-	2,206,406
Unreserved - designated, reported in:					
General fund	236,377	-	-	-	236,377
Special revenue funds	-	-	-	236,851	236,851
Unreserved - undesignated, reported in:					
General fund	14,004,298	-	-	-	14,004,298
Special revenue funds	-	1,211,058	-	5,144,158	6,355,216
Capital projects funds	-	-	-	3,396,346	3,396,346
Total fund balances	15,658,814	1,217,996	2,206,406	9,780,220	28,863,436
Total liabilities and fund balances	\$ 18,278,214	\$ 1,388,925	\$ 2,338,212	\$ 10,018,974	\$ 32,024,324

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.	52,268,900
Property tax revenue earned but unavailable is not reported in the funds.	349,764
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Receivable from other governments	5,338,123
Pension asset	905,540
Unamortized bond issue costs	340,244
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.	1,658,729
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds	(68,295,000)
Unamortized bond premium	(64,176)
Accrued compensated absences	(2,747,931)
Loans payable	(719,844)
Net assets of governmental activities	\$ 17,897,785

CITY OF MARIETTA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	HUD Housing Assistance	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 18,613,062	\$ -	\$ 4,232,044	\$ 207,441	\$ 23,052,547
Licenses and permits	6,306,258	-	-	-	6,306,258
Intergovernmental	1,879,435	6,534,463	3,657,380	5,773,966	17,845,244
Charges for services	3,753,752	-	-	160,397	3,914,149
Fines and forfeits	4,127,362	-	-	-	4,127,362
Investment earnings	628,621	29,715	152,349	153,667	964,352
Other	551,064	-	-	-	551,064
Total revenues	35,859,554	6,564,178	8,041,773	6,295,471	56,760,976
Expenditures:					
Current:					
General government	11,715,968	-	-	-	11,715,968
Public works	7,048,367	-	-	236,127	7,284,494
Culture and recreation	4,996,608	-	-	153,780	5,150,388
Public safety	23,861,145	-	-	55,202	23,916,347
Urban redevelopment and housing	-	6,268,444	-	802,803	7,071,247
Debt service:					
Principal retirement	42,776	-	4,810,000	-	4,852,776
Interest & fiscal charges	37,169	-	2,898,361	-	2,935,530
Bond issuance cost	-	-	-	119,830	119,830
Capital projects	-	-	-	2,358,450	2,358,450
Total expenditures	47,702,033	6,268,444	7,708,361	3,726,192	65,405,030
Excess (deficiency) of revenues over expenditures	(11,842,479)	295,734	333,412	2,569,279	(8,644,054)
Other financing sources (uses):					
Sale of capital assets	4,485,110	-	-	549,872	5,034,982
Transfers in	15,793,259	-	-	-	15,793,259
Transfers out	(4,528,047)	(8,977)	(25,192)	(3,773,549)	(8,335,765)
Bonds issued	-	-	-	8,400,000	8,400,000
Total other financing sources (uses)	15,750,322	(8,977)	(25,192)	5,176,323	20,892,476
Net change in fund balance	3,907,843	286,757	308,220	7,745,602	12,248,422
Fund balances at beginning of year	11,750,971	931,239	1,898,186	2,034,618	16,615,014
Fund balances at end of year	\$ 15,658,814	\$ 1,217,996	\$ 2,206,406	\$ 9,780,220	\$ 28,863,436

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 30,2006

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)	\$ 12,248,422
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 (\$8,515,223) exceeded depreciation (\$4,790,108) in the current period.	3,725,115
The net effect of miscellaneous transactions involving capital assets (sales) is to decrease net assets.	(9,773,011)
Receipt of long-term receivables is reported as revenue in the governmental funds.	(1,946,683)
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.	35,761
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	(8,400,000)
Principal payments	4,852,776
Bond issue cost	119,830
Pension contributions in excess of annual actuarial costs are recorded as expenditures in the governmental funds.	(362,157)
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	(150,318)
Amortization for bond issue costs and bond premium	(23,281)
Internal service funds are used by management to charge the costs of fleet management and self-insurance individual funds.	<u>(506,699)</u>
Change in net assets of governmental activities (page 17)	<u>\$ (180,245)</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2006

	Major			Totals	Governmental Activities* Internal Service Fund
	Board of Lights and Waterworks	Marietta Conference Center & Resort	City Golf Course		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 17,809,683	\$ 87,959	\$ 6,191	\$ 17,903,833	\$ 1,543,947
Equity in pooled cash	3,221,518	422,364	--	3,643,882	83,000
Investments	19,985,995	--	--	19,985,995	2,101,214
Restricted assets:					
Revenue bond debt service	--	885,864	--	885,864	--
Furniture and fixtures reserve	--	5,584	--	5,584	--
Receivables, net	12,898,513	27,269	18,290	12,944,072	132,079
Due from other funds	--	127,968	--	127,968	--
Due from other governments	7,933	--	--	7,933	8,365
Inventories, at cost	2,397,274	--	--	2,397,274	62,140
Prepaid expense	--	--	--	--	--
Total current assets	<u>56,320,916</u>	<u>1,557,008</u>	<u>24,481</u>	<u>57,902,405</u>	<u>3,930,749</u>
Noncurrent assets:					
Restricted assets:					
Investments	5,381,527	--	--	5,381,527	--
Total restricted assets	<u>5,381,527</u>	<u>--</u>	<u>--</u>	<u>5,381,527</u>	<u>--</u>
Property, plant and equipment:					
Land and land improvements	1,382,976	769,284	6,600,000	8,752,260	--
Buildings and improvements	14,867,838	23,326,210	1,907,765	40,101,813	397,138
Electrical plant in service	72,072,458	--	--	72,072,458	--
Water and sewer system	53,611,587	--	--	53,611,587	--
Machinery and equipment	29,563,586	6,984,151	3,414,659	39,962,396	966,583
	<u>171,498,445</u>	<u>31,079,645</u>	<u>11,922,424</u>	<u>214,500,514</u>	<u>1,363,721</u>
Less: accumulated depreciation	<u>(95,919,916)</u>	<u>(13,067,773)</u>	<u>(3,562,032)</u>	<u>(112,549,721)</u>	<u>(594,863)</u>
Net property, plant and equipment	<u>75,578,529</u>	<u>18,011,872</u>	<u>8,360,392</u>	<u>101,950,793</u>	<u>768,858</u>
Other assets:					
Unamortized costs	--	1,232,019	--	1,232,019	--
Inventories, at cost	--	90,558	--	90,558	--
Net pension asset	351,404	--	--	351,404	--
Investment	3,715,016	--	--	3,715,016	--
	<u>4,066,420</u>	<u>1,322,577</u>	<u>--</u>	<u>5,388,997</u>	<u>--</u>
Less: accumulated amortization	<u>--</u>	<u>(417,367)</u>	<u>--</u>	<u>(417,367)</u>	<u>--</u>
Net other assets	<u>4,066,420</u>	<u>905,210</u>	<u>--</u>	<u>4,971,630</u>	<u>--</u>
Total noncurrent assets	<u>85,026,476</u>	<u>18,917,082</u>	<u>8,360,392</u>	<u>112,303,950</u>	<u>768,858</u>
Total assets	<u>\$ 141,347,392</u>	<u>\$ 20,474,090</u>	<u>\$ 8,384,873</u>	<u>\$ 170,206,355</u>	<u>\$ 4,699,603</u>

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

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS (CONT'D)
 June 30, 2006

	Major			Totals	Governmental Activities - Internal Service Fund
	Board of Lights and Waterworks	Marietta Conference Center & Resort	City Golf Course		
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 9,302,613	\$ 22,076	\$ 107,692	\$ 9,432,381	\$ 358,905
Accrued salaries	248,907	--	--	248,907	11,823
Accrued sales tax	504,644	--	--	504,644	--
Customer deposits	--	--	--	--	--
Other accrued liabilities	--	21,621	--	21,621	--
Accrued compensated absences	319,852	--	--	319,852	12,722
Deferred revenue	--	52,654	--	52,654	--
Due to other funds	--	--	563,062	563,062	2,099,153
Claims and judgements payable	--	--	--	--	1,888,438
Capital lease obligations	--	--	520,157	520,157	--
Bonds payable	--	465,000	--	465,000	--
Accrued interest payable	--	113,452	357,480	470,932	--
Total current liabilities:	<u>10,376,016</u>	<u>674,803</u>	<u>1,548,391</u>	<u>12,599,210</u>	<u>4,371,041</u>
Long-term liabilities (net of current portion):					
Accrued compensated absences	417,803	--	--	417,803	7,016
Customer deposits	5,381,527	--	--	5,381,527	--
Capital lease obligations	--	--	2,881,143	2,881,143	--
Revenue bonds	--	25,350,000	--	25,350,000	--
Accrued interest payable	--	--	2,599,163	2,599,163	--
Total long-term liabilities	<u>5,799,330</u>	<u>25,350,000</u>	<u>5,480,306</u>	<u>36,629,636</u>	<u>7,016</u>
Total liabilities	<u>16,175,346</u>	<u>26,024,803</u>	<u>7,028,697</u>	<u>49,228,846</u>	<u>4,378,057</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	75,578,529	(2,927,015)	4,959,092	77,610,606	768,858
Restricted for:					
Debt Service	--	772,412	--	772,412	--
Other	--	5,584	--	5,584	--
Unrestricted	49,593,517	(3,401,694)	(3,602,916)	42,588,907	(447,312)
Total net assets	<u>\$ 125,172,046</u>	<u>\$ (5,550,713)</u>	<u>\$ 1,356,176</u>	<u>120,977,509</u>	<u>\$ 321,546</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,337,183)</u>	
Net assets of business-type activities				<u>\$ 119,640,326</u>	

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 For the Fiscal Year Ending June 30, 2006

	Major			Totals	Governmental Activities - Internal Service Funds
	Board of Lights and Waterworks	Marietta Conference Center & Resort	City Golf Course		
Operating revenues:					
Charges for services	\$ 114,669,395	\$ --	\$ 1,855,785	\$ 116,525,180	\$ 2,502,416
Contributions	--	--	--	--	8,486,198
Lease income	--	1,677,432	--	1,677,432	--
Other	1,391,183	--	--	1,391,183	589,900
Total operating revenues	116,060,578	1,677,432	1,855,785	119,593,795	11,578,507
Operating expenses:					
Personal services	12,081,801	--	--	12,081,801	634,952
Operating	79,824,262	26,437	1,355,793	81,206,492	3,724,788
Other	1,019,707	--	--	1,019,707	--
Benefits and claims	--	--	--	-	8,412,705
Depreciation	6,759,997	804,974	502,519	8,067,490	44,475
Total operating expenses	99,685,767	831,411	1,858,312	102,375,490	12,816,917
Operating income (loss)	16,374,811	846,021	(2,527)	17,218,305	(1,238,410)
Nonoperating revenues (expenses):					
Investment earnings	1,715,591	20,634	--	1,736,225	77,264
Intergovernmental revenue	--	649,562	--	649,562	--
Interest and fiscal charges	--	(1,875,964)	(409,327)	(2,285,291)	4,174
Amortization	--	(52,249)	(34,617)	(86,866)	--
Gain on sale of capital assets	55,187	--	--	55,187	--
Other	23,333	--	1,418	24,751	--
Total nonoperating revenues (expenses)	1,794,111	(1,258,017)	(442,526)	93,568	81,438
Contributed capital from developers	2,633,117	--	--	2,633,117	--
Income (loss) before transfers	20,802,039	(411,996)	(445,053)	19,944,990	(1,156,972)
Transfers					
Transfers in	2,673,827	1,053,841	449,677	4,177,345	578,000
Transfers out	(12,120,274)	--	(20,529)	(12,140,803)	(67,538)
Total transfers	(9,446,447)	1,053,841	429,148	(7,963,458)	510,462
Change in net assets	11,355,592	641,845	(15,905)	11,981,532	(646,510)
Net assets at beginning of year	113,816,454	(6,192,558)	1,372,081		968,056
Net assets at end of year	<u>\$ 125,172,046</u>	<u>\$ (5,550,713)</u>	<u>\$ 1,356,176</u>		<u>\$ 321,546</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(139,811)	
Change in net assets of business-type activities				<u>\$ 11,841,721</u>	

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2006

	MAJOR			TOTALS	Governmental Activities- Internal Service Funds
	Board of Lights and Waterworks	Marietta Conference Center & Resort	City Golf Course		
Cash flows from operating activities:					
Cash received from customers	\$ 118,180,145	\$ 58,234	\$ 1,872,898	\$ 120,111,277	\$ 10,962,813
Cash received from other operating activities	1,402,843	1,677,432	1,418	3,081,693	580,720
Cash payments goods and services	(79,408,160)	(405,693)	(1,281,052)	(81,094,905)	(3,156,871)
Cash payments for benefits and claims	-	-	-	-	(8,454,908)
Cash payments for employee services and fringe benefits	(11,793,629)	(267,031)	-	(12,060,660)	(629,042)
Net cash from (to) operating activities	<u>28,381,199</u>	<u>1,062,942</u>	<u>593,264</u>	<u>30,037,405</u>	<u>(697,288)</u>
Cash flows from noncapital financing activities:					
Transfers in	2,673,827	1,053,841	449,677	4,177,345	578,000
Transfers out	(12,120,274)	-	(20,529)	(12,140,803)	(67,538)
Tax revenues	-	649,562	-	649,562	-
Net cash from (to) noncapital financing	<u>(9,446,447)</u>	<u>1,703,403</u>	<u>429,148</u>	<u>(7,313,896)</u>	<u>510,462</u>
Cash flows from capital and related financing activities:					
Payments for capital acquisitions	(8,038,370)	(321,482)	(92,092)	(8,451,944)	(11,306)
Proceeds from asset sales	55,187	-	-	55,187	-
Payments on capital leases	-	-	(548,735)	(548,735)	-
Bond principal payments	-	(440,000)	-	(440,000)	-
Interest and fiscal charges	-	(1,914,042)	(382,066)	(2,296,108)	4,174
Net cash from (to) capital and related financing activities	<u>(7,983,183)</u>	<u>(2,675,524)</u>	<u>(1,022,893)</u>	<u>(11,681,600)</u>	<u>(7,132)</u>
Cash flows from investing activities:					
Rental income received (paid)	23,333	-	-	23,333	-
Investment income received (paid)	1,699,389	20,634	-	1,720,023	72,597
Investment (purchases) sales	(5,466,516)	(13,491)	-	(5,480,007)	(523,266)
Net cash from (to) investing activities	<u>(3,743,794)</u>	<u>7,143</u>	<u>-</u>	<u>(3,736,651)</u>	<u>(450,669)</u>
Net increase (decrease) in cash and cash equivalents	7,207,775	97,964	(481)	7,305,258	(644,627)
Cash and cash equivalents at beginning 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, beginning of year	<u>13,823,426</u>	<u>412,359</u>	<u>6,672</u>	<u>14,242,457</u>	<u>2,271,574</u>
Cash and cash equivalents at end of year:					
Cash	17,809,683	87,959	6,191	17,903,833	1,543,947
Equity in pooled cash	3,221,518	422,364	-	3,643,882	83,000
Total cash and cash equivalents, end of year	<u>\$ 21,031,201</u>	<u>\$ 510,323</u>	<u>\$ 6,191</u>	<u>\$ 21,547,715</u>	<u>\$ 1,626,947</u>

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, 2006

	MAJOR			TOTALS	Governmental Activities- Internal Service Funds
	Board of Lights and Waterworks	Marietta Conference Center & Resort	City Golf Course		
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 16,374,811	\$ 846,021	\$ (2,527)	\$ 17,218,305	\$ (1,238,410)
Adjustments to reconcile operating income to net cash from operating activities:					
Miscellaneous revenue	-	-	1,418	1,418	-
Depreciation	6,759,997	804,974	502,519	8,067,490	44,479
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	11,660	318,395	1,563	331,618	(5,664)
(Increase) decrease in contributions receivable	-	-	-	-	(26,740)
(Increase) decrease in utility accounts receivable	(225,056)	-	-	(225,056)	-
(Increase) decrease in due from other funds	3,730,706	228,194	15,550	3,974,450	251,104
(Increase) decrease in inventories	(105,726)	60,193	-	(45,533)	(24,219)
(Increase) decrease in prepaid expense	-	119,789	-	119,789	-
(Increase) decrease in net pension asset	140,538	-	-	140,538	-
(Increase) decrease in due from other governments	5,100	-	-	5,100	(2,570)
Increase (decrease) in accounts payable	1,004,853	(697,605)	78,734	385,982	35,092
Increase (decrease) in accrued salaries	80,145	(184,363)	-	(104,218)	2,523
Increase (decrease) in accrued commissions	-	-	-	-	-
Increase (decrease) in accrued sales tax	121,711	(51,227)	-	70,484	-
Increase (decrease) in accrued compensated absences	67,489	(82,668)	-	(15,179)	3,387
Increase (decrease) in other accrued expenses	-	(57,589)	-	(57,589)	-
Increase (decrease) in due to other funds	-	(31,748)	(3,993)	(35,741)	305,933
Increase (decrease) in interfund payable	-	(260,161)	-	(260,161)	-
Increase (decrease) in customer deposits	414,971	(1,917)	-	413,054	-
Increase (decrease) in claims and judgments payable	-	-	-	-	(42,203)
Increase (decrease) in other liabilities	-	52,654	-	52,654	-
Net cash from (to) operating activities	\$ 28,381,199	\$ 1,062,942	\$ 593,264	\$ 30,037,405	\$ (697,288)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2005, assets contributed by developer 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.

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.

During 2006, assets contributed by developers totaled \$2,633,117 in the Board of Lights and Waterworks.

CITY OF MARIETTA, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2006

	Pension Trust Fund
<u>Assets</u>	
Cash and cash equivalents	\$ 1,853,123
Prepaid expenses	332,524
Receivables:	
Accrued interest	297,675
Contributions	79,215
Total receivables	376,890
Investments, at fair value	
United States Government securities	17,593,907
Corporate notes and debentures	9,629,426
Common stock	38,278,530
Total investments	65,501,863
Total assets	68,064,400
<u>Liabilities</u>	
Accrued expenses	102,400
Total liabilities	102,400
Net assets:	
Held in trust for pension benefits (See required supplementary information)	\$ 67,962,000

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, 2006

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	<u>\$ 3,583,386</u>
Investment income (expenses):	
Net appreciation (depreciation) of fair value of investments	453,576
Interest and dividends	<u>1,971,579</u>
	2,425,155
Less investment expenses	<u>(361,236)</u>
Net investment income (expenses)	<u>2,063,919</u>
Total additions	<u>5,647,305</u>
Deductions:	
Pension benefits paid	5,812,212
Administrative fees	62,000
Transfer out	<u>4,498</u>
Total deductions	<u>5,878,710</u>
Change in net assets	<u>(231,405)</u>
Net assets - beginning of year	<u>68,193,405</u>
Net assets - end of year	<u><u>\$ 67,962,000</u></u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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, and sewer 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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(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.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(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 funds:

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.

HUD Housing Assistance Payments Program Special Revenue Fund- The HUD Housing Assistance Fund accounts for the receipts and disbursements of all monies received from the Department of Housing and Urban Development under the Housing Assistance Payments Program.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(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 Conference Center and Resort Fund accounts for the assets and debt 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).

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(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, Tax Allocation District Special Revenue Fund, the Local Option Sales Tax Capital Projects Fund, the Construction Capital Projects Fund and SPLOST 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 2006, approximately \$13 million in appropriations for expenditures were made in the governmental type funds.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(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. Fair value of the external investment pool, Georgia Fund I, is equal to the value of the pool shares. The Office of the Treasury and Fiscal Services is the oversight agency for Georgia Fund I.

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, 2006, there are no non-current portions of interfund balances.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

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

F. Short-Term / Long-Term Interfund Receivables/Payables (Cont'd)

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

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 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, 2006 are recorded as prepaid items. The consumption method is used to account for prepaid items within the City's Funds.

I. Restricted Assets

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.

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 fully implemented 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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

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

J. Capital Assets (Cont'd)

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.

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:

	<u>Board of Lights & Waterworks</u>	<u>City Golf Course</u>	<u>Marietta FiberNet</u>	<u>Marietta Conference Center & Resort</u>	<u>Motor Transport</u>	<u>Governmental Funds</u>
Buildings	50 years	40 years	--	40 years	--	40 years
Electric utility system	25-30 years	--	--	--	--	--
Machinery and equipment	12 years	15 years	7 years	5-7 years	5-25 years	5 years
Water and sewer utility system	40 years	--	--	--	--	--
Streets/Sidewalks/Storm sewers	--	--	--	--	--	20 years
Bridges	--	--	--	--	--	30 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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(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 30,2006, \$1,194,369 of the government's bank balance of \$13,286,533 was exposed to custodial credit risk as uninsured and uncollateralized deposits.

(3) INVESTMENTS

As of June 30,2006, 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	\$15,180,528	\$ -	\$ -	\$ -	\$15,180,528
Money Market Mutual Fund	AAAm	882,538				882,538
U.S. Agencies	AAA	<u>20,929,636</u>	<u>5,733,582</u>	<u>2,597,420</u>		<u>29,260,638</u>
Total Primary Government (non-fiduciary)		<u>\$36,992,702</u>	<u>\$ 5,733,582</u>	<u>\$2,597,420</u>	<u>\$ -</u>	<u>\$45,323,704</u>
FIDUCIARY FUND						
Common Stocks	n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$38,278,530
Money Market Mutual Fund	AAA	2,269,625				2,269,625
Corporate Bonds:	A	504,390		1,855,285	277,023	2,636,698
	A-		291,375	481,120		722,495
	A+	402,812	2,668,392	971,545	500,585	4,543,334
	AA		459,960	475,360		935,320
	AAA			741,579		741,579
Government Bonds:						
U.S. Treasury:	AA-		-	481,670		481,670
	AAA	2,098,150	7,265,090	4,068,868	1,776,732	15,208,840
U.S. Agencies	AAA		<u>17,457</u>	<u>714,459</u>	<u>1,171,481</u>	<u>1,903,397</u>
Total Fiduciary Fund		<u>\$ 5,274,977</u>	<u>\$10,702,274</u>	<u>\$ 9,789,886</u>	<u>\$ 3,725,821</u>	<u>\$67,771,488</u>

Investments of the primary government include \$6,272,975 grouped in restricted assets, and \$7,753,416 grouped in cash and cash equivalents, and excludes \$558,141 of certificates of deposits.

Investments of the fiduciary fund include \$2,269,265 grouped with the cash and cash equivalents.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(3) INVESTMENTS (Cont'd)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maximum maturity or average life by investment type of the investments of the primary government to 3 years. The City's investment policy limits the weighted average maturity of the fiduciary fund's fixed income portfolio to 10 years.

Credit Risk. The City does not have a formal policy addressing credit risk.

Custodial Credit Risk. This is the risk that in the event of failure by a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City limits their exposure to custodial credit risk by requiring all investment securities be secured through third-party custody and safekeeping procedures.

(4) RECEIVABLES

Receivables at June 30,2006 for the government's individual major funds and nonmajor, internal service, and trust funds in the aggregate consist of the following:

	Taxes and Fines	Accrued Interest	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 257,185	\$ 86,549	\$ 178,078	\$ 124,792	\$ (10,323)	\$ 636,281
Board of Lights and Waterworks Fund	--	130,201	13,017,223	249,089	(498,000)	12,898,513
Marietta Conference Center and Resort	--	--	--	27,269	--	27,269
Golf Fund	--	--	--	18,290	--	18,290
HUD Housing Assistance	--	--	--	4,324	--	4,324
Debt Service	157,530	172	--	--	(9,178)	148,524
Nonmajor and Other Funds	<u>17,817</u>	<u>15,509</u>	<u>--</u>	<u>129,589</u>	<u>(384)</u>	<u>162,801</u>
Total	<u>\$ 432,532</u>	<u>\$ 232,431</u>	<u>\$ 13,195,301</u>	<u>\$ 553,623</u>	<u>\$ (517,885)</u>	<u>\$ 13,896,002</u>

(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 30,2006 and investments held in a separate account as required by the Revenue Bond Ordinance.

Board of Lights and Waterworks:	
Customer deposits	\$5,381,527
Marietta Conference Center and Resort:	
Revenue bond debt service	885,864
Furniture and fixtures reserve	<u>5,584</u>
Total	<u>\$6,272,975</u>

The City's restricted assets in the nonmajor governmental funds includes \$858,887 of cash with a fiscal agent.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(6) CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 8,763,858</u>	<u>\$ 5,112,478</u>	<u>\$ (9,773,011)</u>	<u>\$ 4,103,325</u>
Capital assets, being depreciated:				
Buildings	31,420,771	518,209	--	31,938,980
Improvements other than buildings	3,984,214	--	--	3,984,214
Machinery and equipment	27,910,619	1,927,963	--	29,838,582
Infrastructure	<u>159,090,194</u>	<u>967,879</u>	<u>--</u>	<u>160,058,073</u>
Total capital assets being depreciated	222,405,798	3,414,051	--	225,819,849
Less accumulated depreciation for:				
Buildings	(10,683,910)	(754,599)	--	(11,483,509)
Improvements other than buildings	(748,462)	(241,956)	--	(990,418)
Machinery and equipment	(24,645,247)	(1,431,549)	--	(26,076,796)
Infrastructure	<u>(135,973,210)</u>	<u>(2,406,483)</u>	<u>--</u>	<u>(138,379,693)</u>
Total accumulated depreciation	(172,050,829)	(4,834,587)	--	(176,885,416)
Total capital assets, being depreciated, net	<u>50,354,967</u>	<u>(1,420,536)</u>	<u>--</u>	<u>48,934,433</u>
Governmental activities capital assets, net	<u>\$59,118,827</u>	<u>\$3,691,942</u>	<u>\$ (9,773,011)</u>	<u>\$ 53,037,758</u>

The beginning balances have been adjusted for the effect of the restatement as disclosed in Note 23 and also to correctly classify certain costs and accumulated depreciation amounts.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(6) CAPITAL ASSETS (Cont'd)

	Beginning Balance	Reclass	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 11,385,943	\$ (2,633,683)	\$ --	\$ --	\$ 8,752,260
Total capital assets, not being depreciated	<u>11,385,943</u>	<u>(2,633,683)</u>	<u>--</u>	<u>--</u>	<u>8,752,260</u>
Capital assets, being depreciated:					
Buildings and improvements	39,080,351	530,764	490,698	--	40,101,813
Plant in service and water/sewer system	117,549,492	--	8,134,553	--	125,684,045
Machinery and equipment	<u>35,399,667</u>	<u>2,102,919</u>	<u>2,459,810</u>	<u>--</u>	<u>39,962,396</u>
Total capital assets, being depreciated	<u>192,029,510</u>	<u>2,633,683</u>	<u>11,085,061</u>	<u>--</u>	<u>205,748,254</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,529,025)	--	(1,042,623)	--	(12,571,648)
Plant in service and water/sewer system	(60,376,617)	--	(4,063,612)	--	(64,440,229)
Machinery and equipment	<u>(32,576,589)</u>	<u>--</u>	<u>(2,961,255)</u>	<u>--</u>	<u>(35,357,844)</u>
Total accumulated depreciation	<u>(104,482,231)</u>	<u>--</u>	<u>(8,067,490)</u>	<u>--</u>	<u>(112,549,721)</u>
Total capital assets, being depreciated, net	<u>87,547,279</u>	<u>2,633,683</u>	<u>3,017,571</u>	<u>--</u>	<u>93,198,533</u>
Business-type activities capital assets, net	<u>\$ 98,933,222</u>	<u>\$ --</u>	<u>\$ 3,017,571</u>	<u>\$ --</u>	<u>\$101,950,793</u>
Depreciation expense was charged to functions/programs of the primary government as follows:					
Governmental activities					
General government					\$ 241,483
Public safety					1,498,672
Public Works, including depreciation of general infrastructure assets					2,785,251
Culture and recreation					264,702
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets					<u>44,479</u>
Total depreciation expense – governmental activities					<u>\$ 4,834,587</u>
Business-type activities:					
Water & Sewer					\$ 2,140,019
Electric					4,619,978
Conference Center					804,974
Golf					<u>502,519</u>
Total depreciation expense – business-type activities					<u>\$ 8,067,490</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(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, 2006:

\$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 (\$11,205,000 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, 2006 of \$1,845,000 to \$7,025,000 through August 1, 2019; interest at 4.0 to 5.0 percent (\$35,420,000 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 (\$13,270,000 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.	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	6,015,000	1,831,847	7,846,847
2012-2016	22,125,000	5,572,473	27,697,473
2017-2019	10,280,000	940,725	11,220,725
Total	<u>\$59,895,000</u>	<u>\$17,973,614</u>	<u>\$ 77,868,614</u>

\$2,206,406 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 \$9,395,000 at June 30, 2006.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

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

Tax Allocation District Bonds

During fiscal year 2006, the City issued \$8,400,000 in limited obligations bonds to undertake certain redevelopment projects within a tax allocation district established by the City. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but is secured solely by, and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Cobb County, and the Marietta City Schools Board of Education. The property tax increments are pledged until the payment in full of the bonds. The bonds are due in annual installments commencing December 15,2006 of \$499,195 to \$816,926 through December 15,2020; interest rate at 4.19%.

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

Year Ending June 30,	Principal	Interest	Total
2007	\$ --	\$ 362,146	\$ 362,146
2008	--	351,960	351,960
2009	449,195	351,960	851,155
2010	520,111	331,044	851,155
2011	541,904	309,251	851,155
2012-2016	3,069,740	1,186,033	4,255,773
2017- 2021	<u>3,769,050</u>	<u>486,724</u>	<u>4,255,774</u>
Total	<u>\$ 8,400,000</u>	<u>\$ 3,379,118</u>	<u>\$ 11,779,118</u>

Note Payable

The City entered into a note agreement with a third party for \$800,000 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
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	54,897	25,039	79,936
2012-2016	319,603	80,077	399,680
2017-2018	<u>151,204</u>	<u>7,967</u>	<u>159,171</u>
Total	<u>\$ 719,844</u>	<u>\$ 238,687</u>	<u>\$ 958,531</u>

Revenue Bonds:

Bonds payable in the Enterprise Funds at June 30,2006 is as follows:

Bonds Payable - current	\$ 465,000
Bonds Payable - noncurrent	<u>25,350,000</u>
	<u>\$25,815,000</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

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

Revenue Bonds (Continued)

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 1,2014 of \$1,085,000 to \$1,990,000 through July 1,2021 ; interest at a variable rate 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 \$1,295,000 through July 1,2014; interest at a variable rate reset on a weekly basis (\$8,500,000 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 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.

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

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 465,000	\$ 1,330,071	\$ 1,795,071
2008	940,000	1,245,113	2,185,113
2009	990,000	1,196,173	2,186,173
2010	1,045,000	1,143,973	2,188,973
2011	1,100,000	1,089,015	2,189,015
2012-2016	6,485,000	4,506,606	10,991,606
2017-2021	8,485,000	2,587,499	11,072,499
2022-2024	<u>6,305,000</u>	<u>373,489</u>	<u>6,678,489</u>
Total	<u>\$25,815,000</u>	<u>\$13,471,939</u>	<u>\$ 39,286,939</u>

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 30,2006:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$64,705,000	\$ --	\$(4,810,000)	\$59,895,000	\$ 5,015,000
Tax Allocation District Bonds	--	8,400,000	--	8,400,000	--
Unamortized bond premium	74,871	--	(10,695)	64,176	--
Note payable	762,620	--	(42,776)	719,844	44,965
Compensated absences	<u>2,613,964</u>	<u>1,472,795</u>	<u>(1,319,090)</u>	<u>2,767,669</u>	<u>1,367,877</u>
Governmental activity					
Long-term liabilities	<u>\$68,156,455</u>	<u>\$ 9,872,795</u>	<u>\$(6,182,561)</u>	<u>\$71,846,689</u>	<u>\$6,427,842</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

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

Business-type activities:

Bonds payable:					
Revenue bonds	\$26,255,000	\$ --	\$ (440,000)	\$ 25,815,000	\$ 465,000
Capital leases	4,261,588	--	(548,734)	3,712,854	520,158
Less deferred amounts on refunding	(346,170)	--	34,617	(311,553)	--
Compensated absences	752,834	350,444	(365,623)	737,655	319,852
Accrued interest payable	<u>3,080,912</u>	<u>469,448</u>	<u>(480,265)</u>	<u>3,070,095</u>	<u>470,932</u>
Business-type activity					
Long-term liabilities	<u>\$34,004,164</u>	<u>\$ 819,882</u>	<u>\$(1,800,005)</u>	<u>\$33,024,051</u>	<u>\$1,775,942</u>

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 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 \$9,244,866. Accumulated depreciation associated with these facilities is \$1,445,753.

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 \$130,733.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(8) LEASES (Cont'd)

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 30,2006:

Year Ending <u>June 30</u>	City <u>Golf Course</u>
2007	\$ 883,787
2008	883,786
2009	925,132
2010	835,000
2011	830,000
2012-2016	<u>4,155,000</u>
Total minimum lease payments	8,512,705
Less amounts representing interest	<u>(4,799,851)</u>
Present value of minimum lease payments	3,712,854
Less deferred loss on refunding	<u>(311,553)</u>
Total	<u>\$ 3,401,301</u>

(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 30,2006 and 2005 were \$1,785,238 and \$1,692,732, 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 and contribution requirements are established and amended by the authority of the City's governing body.

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

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 and contribution requirements are established and amended by the authority of the City's governing body.

The plan was amended initially on March 1, 1987. Each employee that was employed with the City of Marietta, Georgia on March 1, 1987 had the right to either retain coverage under the original plan provisions or to participate under the amended provisions of the plan. Each employee hired **after** March 1, 1987 participates

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(9) PENSIONS (Cont'd)

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.

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:

<u>Fiscal</u> <u>Year Ended</u>	<u>Required</u> <u>Contributions</u>	<u>Annual</u> <u>Actual</u> <u>Contributions</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Asset</u>
6130104	\$ 3,892,124	\$ 3,614,553	93%	\$ (2,642,265)
6130105	4,098,103	3,448,797	84%	(1,892,086)
6/30/06	4,042,935	3,583,386	89%	(1,351,553)

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	\$ 4,042,935
Interest on net pension asset	(155,666)
Adjustment to annual required contribution	236,650
Annual pension cost	4,123,919
Contributions made	(3,583,386)
(Increase) decrease in net pension asset	540,533
Net pension asset beginning of year	(1,892,086)
Net pension asset end of year	\$ (1,351,553)

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(9) PENSIONS (Cont'd)

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 13.93 percent was based on the 2006 fiscal year projected payroll determined through an actuarial valuation performed at July 1, 2005. Total contributions to the general pension plan for the fiscal year ended June 30, 2006 were \$3,583,386.

As of July 1, 2005, 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	329
Number of terminated employees entitled to benefits but not yet receiving them	286
Active employees:	
Fully Vested	426
Nonvested	<u>261</u>
Total plan participants	<u>1,302</u>

Actuarial assumptions used in the valuation at July 1,2005 include the following:

Amortization Method	<ul style="list-style-type: none"> The greater of <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Amortization period is closed. - 30 years
Investment Rate of Return	<ul style="list-style-type: none"> - 8.0%
Projected Salary Increase	<ul style="list-style-type: none"> - 4.0%
Inflation Rate	<ul style="list-style-type: none"> - 4.0%
Cost of Living	<ul style="list-style-type: none"> - 3.0%
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 30,2006, 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:

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(9) PENSIONS (Cont'd)

Peace Officers' Annuity and Benefit Fund and Georgia Firemen's Pension Fund - 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 \$139,302 to the Peace Officers' Annuity and Benefit Fund for the year ended June 30,2006. 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, 2006. 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, 2006. The City, as an agent for the Authority, and Remington Hotel Corporation entered into an agreement effective July 1, 2006 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 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. Future minimum rentals totaling \$4,456,250 are \$2,325,000 for the fiscal year 2007 and \$2,131,250 for fiscal year 2008. 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. All property, plant, and equipment in the Marietta Conference Center and Resort fund are included in the lease.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(10) COMMITMENTS AND CONTINGENCIES (Cont'd)

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 \$56,440,809 from the Authority during the year ended June 30,2006. 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.

The City also has active construction projects at June 30,2006.

(11) INTERFUND RECEIVABLES AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30,2006 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

PAYABLE	RECEIVABLE		Total
	GENERAL FUND	MCCR	
General Fund	\$	\$ 127,968	\$ 127,968
HUD Housing Assistance	7,903		7,903
Nonmajor Governmental	58,926		58,926
Golf Course	563,062		563,062
Internal Service	<u>2,099,153</u>	<u>-</u>	<u>2,099,153</u>
Total	<u>\$ 2,729,044</u>	<u>\$ 127,968</u>	<u>\$ 2,857,012</u>

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(12) TRANSFERS

Interfund transfers for the current year were as follows:

Transfer In To	Transfer Out From								Total
	General Fund	Nonmajor Governmental	Debt Service	HUD HAP	BLW	Internal Services	Golf Course	Fiduciary Fund	
Primary Government:									
General Fund	\$ -	\$ 3,773,147	23,756	8,465	\$ 11,900,274	\$ 64,016	\$ 19,359	\$ 4,242	\$ 15,793,259
Internal Services	358,000				220,000				578,000
BLW	2,666,529	402	1,436	512	-	3,522	1,170	256	2,673,827
MCCR	1,053,841							-	1,053,841
Golf Course	449,677								449,677
TOTAL	\$ 4,528,047	\$ 3,773,549	\$ 25,192	\$ 8,977	\$ 12,120,274	\$ 67,538	\$ 20,529	\$ 4,498	\$ 20,548,604

Transfers are used to 1) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, 2) move unrestricted BLW funds to the general fund to generate revenue to forestall the need for property tax increases, 3) to transfer revenues between various funds to the general fund and BLW fund for the indirect cost allocations to pay for services provided by either the general fund or BLW fund.

A one time transfer from the tax allocation district fund of \$3.7 million was made from the bond proceeds to repay the general fund for the write down of property purchased in the redevelopment district.

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 18, 2005 were due on October 21, 2005.

Liens were attached to property for unpaid taxes on March 13, 2006.

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, 2005 was \$2,024,460,648.

Based on the 2005 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 \$10,036,324 for the fiscal year ended June 30, 2006 were 99 percent of the tax levy.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30,2006

(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 30,2006:

Primary Government:	
General Fund	\$ 547,141
Special Revenue:	
CDBG	6,335
HUD Housing Assistance	6,938
Cemetery Maintenance	7,063
Tax Allocation District	19,425
Gone with the Wind Museum	61
Capital Projects Funds:	
Local Option Sales Tax	619,881
SPLOST	335,806
Construction	14,294
	<u>\$ 1,556,944</u>

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 30,2006 was \$2,206,406.

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

Primary Government:	
General Fund	<u>\$ 870,998</u>

(15) FUND BALANCE/NET ASSETS (DEFICIT)

Marietta Conference Center & Resort	<u>\$ (5,550,713)</u>
Gone With the Wind Museum	<u>\$ (36,445)</u>
HUD CDBG	<u>\$ (5,973)</u>
LLEBG	<u>\$ (356)</u>

Marietta Conference Center & Resort anticipates a recovery of this deficit with lease income.

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 and LLEBG Fund will receive grant funds in fiscal year 2006 to fund these deficits.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(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, 2006, there were 228 retirees eligible for the benefits. For the fiscal year ended 2006 the cost of providing these benefits totaled \$2,513,338.

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:

<u>Years of Service</u>	<u>Date of Hire</u>	
	<u>August 14, 1991 - November 14, 1996</u>	<u>After November 15, 1996</u>
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:

	<u>Year Ending</u> <u>June 30, 2006</u>	<u>Year Ending</u> <u>June 30, 2005</u>
Claims and judgments payable, beginning of fiscal year	\$ 1,930,641	\$ 2,359,948
Incurred claims	8,412,705	6,904,863
Claim payments	<u>(8,454,908)</u>	<u>(7,334,170)</u>
Claims and judgments payable, end of fiscal year	<u>\$ 1,888,438</u>	<u>\$ 1,930,641</u>

(18) INTRADEPARTMENTAL BILLINGS

Total operating revenues and total operating expenses in the Board of Lights and Waterworks Enterprise Fund includes \$142,186 of intra departmental billings for utility usage.

**CITY OF MARIETTA, GEORGIA
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 For the Fiscal Year Ended June 30,2006**

(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 30,2006, the City had contributed \$3,715,016 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 July 1,2006. The estimated liability of the Agreement at June 30,2006 is \$72,030.

(22) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the fiscal year ended June 30,2006:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
Public works	\$ 7,298,674	\$ 7,375,304	\$ (76,630)
HUD- Community Development Block Grant:			
Urban redevelopment and housing	\$ 227,645	\$ 234,772	\$ (7,127)

These over expenditures were funded by available fund balance.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2006

(23) RESTATEMENT

The net assets reported in the Governmental Activities column in the Government Wide Statements have been restated to correct **infrastructure** and related accumulated depreciation. Below is a summary of the restated accounts in the Government Wide Statements:

	Governmental Activities
Net Assets as previously reported	\$ 17,492,419
Restatement	585,611
Net Assets as adjusted	\$ 18,078,030
Net Change in Net Assets as previously reported for FY05	\$ 7,108,235
Effect of restatement	(1,560,191)
Net Change in Net Assets as restated for FY05	\$ 5,548,044

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%
07/1/05	73,865,152	110,169,518	67.0%	36,304,366	26,451,193	137.3%

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 30,2006

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 18,408,240	\$ 18,408,240	\$ 18,613,062	\$ 204,822
Licenses and permits	5,788,001	5,838,375	6,306,258	467,883
Intergovernmental	540,255	5,915,259	1,879,435	(4,035,824)
Charges for services	3,747,742	3,747,742	3,753,752	6,010
Fines and forfeits	3,860,500	3,860,500	4,127,362	266,862
Investment earnings		218,000	628,621	410,621
Other	626,536	531,273	551,064	19,791
Total revenues	32,971,274	38,519,389	35,859,554	(2,659,835)
Expenditures:				
Current:				
General government:				
General administration:				
Legislative	461,643	505,245	492,144	13,101
Judicial	1,024,635	1,038,006	991,834	46,172
Executive	624,267	677,669	628,615	49,054
Law	400,000	650,000	542,797	107,203
Financial administration	1,703,045	1,732,547	1,654,544	78,003
Human resources	721,915	740,675	712,247	28,428
Planning and zoning	1,767,211	11,371,515	6,785,555	4,585,960
Public works	7,048,747	7,298,674	7,375,304	(76,630)
Culture and recreation	5,017,122	5,432,802	5,167,613	265,189
Public safety:				
Police	12,524,082	12,921,536	12,665,959	255,577
Fire	10,538,144	11,312,148	11,149,644	162,504
Aurora/fire museum	10,000	10,000	2,973	7,027
Debt Service:				
Principal and interest	79,945	79,945	79,945	
Total expenditures	41,920,756	53,770,762	48,249,174	5,521,588
Excess (deficiency) of revenues over expenditures	(8,949,482)	(15,251,373)	(12,389,620)	2,861,753
Other financing sources (uses):				
Sales of capital assets	25,000	1,225,000	4,485,110	3,260,110
Transfers in	12,048,248	16,053,988	15,793,259	(260,729)
Transfers out	(3,160,766)	(4,372,607)	(4,528,047)	(155,440)
Total other financing sources (uses)	8,912,482	12,906,381	15,750,322	2,843,941
Net change in fund balance	\$ (37,000)	\$ (2,344,992)	3,360,702	\$ 5,705,694
Reconciliation to GAAP basis:				
Encumbrances outstanding at end of year			547,141	
Fund balances at beginning of year - GAAP basis			11,750,971	
Fund balances at end of year - GAAP basis			\$ 15,658,814	

CITY OF MARIETTA
 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, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	<u>\$ 9,904,992</u>	<u>\$ 9,904,992</u>	<u>\$ 6,534,463</u>	<u>\$ (3,370,529)</u>
Expenditures:				
Current:				
Urban redevelopment and housing	<u>9,904,992</u>	<u>9,899,201</u>	<u>6,275,382</u>	<u>3,623,819</u>
Total expenditures	<u>9,904,992</u>	<u>9,899,201</u>	<u>6,275,382</u>	<u>3,623,819</u>
Excess (deficiency) of revenues over expenditures		<u>5,791</u>	<u>259,081</u>	<u>253,290</u>
Other financing sources (uses):				
Transfers out		<u>(8,977)</u>	<u>(8,977)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,186)</u>	<u>250,104</u>	<u>\$ 253,290</u>
Reconciliation to GAAP basis:				
Encumbrances outstanding at end of year			<u>6,938</u>	
Unbudgeted investment earnings			<u>29,715</u>	
Fund balance at beginning of year - GAAP basis			<u>931,235</u>	
Fund balance at end of year - GAAP basis			<u>\$ 1,217,996</u>	

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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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,615,221	\$ 2,630,959
Equity in pooled cash	928,262	-
Investments	9,073,648	8,174,969
Receivables (net of allowance for estimated uncollectibles):		
Taxes and fines	246,862	207,202
Sanitation	178,078	171,747
Accrued interest	86,549	63,676
Other	124,792	101,495
Prepaid items	45,454	45,663
Due from component unit	-	8,000
Due from other funds	2,729,044	5,038,600
Due from other governments	250,304	262,173
	<u>\$ 18,278,214</u>	<u>\$ 16,704,484</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,358,669	\$ 1,241,978
Accrued salaries and employee benefits	624,652	437,400
Due to other funds	127,968	3,013,364
Due to component unit	-	66,333
Due to other governments	294,536	-
Deferred revenue	213,575	194,438
	<u>2,619,400</u>	<u>4,953,513</u>
Fund balance:		
Reserved for encumbrances	547,141	1,100,920
Reserved for culture and recreation	870,998	1,825,367
Unreserved:		
Designated	236,377	
Undesignated	14,004,298	8,824,684
	<u>15,658,814</u>	<u>11,750,971</u>
Total fund balance	<u>\$ 18,278,214</u>	<u>\$ 16,704,484</u>
Total liabilities and fund balance	<u>\$ 18,278,214</u>	<u>\$ 16,704,484</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 18,613,062	\$ 17,787,828
Licenses and permits	6,306,258	6,077,015
Intergovernmental	1,879,435	1,775,121
Charges for services	3,753,752	3,758,875
Fines and forfeits	4,127,362	3,789,735
Investment earnings	628,621	265,513
Other	551,064	540,224
Total revenues	<u>35,859,554</u>	<u>33,994,311</u>
Expenditures:		
Current:		
General government	11,715,968	8,527,905
Public works	7,048,367	7,855,801
Culture and recreation	4,996,608	4,598,954
Public safety	23,861,145	22,076,904
Debt service:		
Principal and interest	79,945	73,275
Total expenditures	<u>47,702,033</u>	<u>43,132,839</u>
Excess (deficiency) of revenues over expenditures	<u>(11,842,479)</u>	<u>(9,138,528)</u>
Other financing sources (uses):		
Sale of capital assets	4,485,110	239,437
Note payable	-	800,000
Transfers in	15,793,259	12,512,715
Transfers out	<u>(4,528,047)</u>	<u>(3,256,647)</u>
Total other financing sources (uses)	<u>15,750,322</u>	<u>10,295,505</u>
Net change in fund balance	3,907,843	1,156,977
Fund balance at beginning of year	<u>11,750,971</u>	<u>10,593,994</u>
Fund balance at end of year	<u>\$ 15,658,814</u>	<u>\$ 11,750,971</u>

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 30,2006

	Final Budget	Actual (1)	Variance with Final Budget- Positive(Negative)
Taxes:			
Real and personal property taxes	\$ 6,948,500	\$ 6,923,553	\$ (24,947)
Excise taxes - alcoholic beverages	858,000	861,353	3,353
Excise taxes - auto rental	550,000	551,863	1,863
Insurance premium tax	2,850,000	2,942,305	92,305
Hotel, motel tax	2,090,000	2,150,995	60,995
Franchise taxes	5,111,740	5,182,993	71,253
Total taxes	<u>18,408,240</u>	<u>18,613,062</u>	<u>204,822</u>
Licenses and permits:			
Business licenses	5,000,001	5,235,989	235,988
Building permits	90,000	118,535	28,535
Plumbing permits	36,000	56,590	20,590
Electrical permits	712,374	895,144	182,770
Total licenses and permits	<u>5,838,375</u>	<u>6,306,258</u>	<u>467,883</u>
Intergovernmental	<u>5,915,259</u>	<u>1,879,435</u>	<u>(4,035,824)</u>
Charges for services:			
Sanitation	3,262,442	3,280,250	17,808
Recreation	171,700	148,606	(23,094)
Other	313,600	324,896	11,296
Total charges for services	<u>3,747,742</u>	<u>3,753,752</u>	<u>6,010</u>
Fines and forfeits:			
Recorder's court	<u>3,860,500</u>	<u>4,127,362</u>	<u>266,862</u>
Investment earnings	<u>218,000</u>	<u>628,621</u>	<u>410,621</u>
Other	<u>531,273</u>	<u>551,064</u>	<u>19,791</u>
Total revenues	<u>\$ 38,519,389</u>	<u>\$ 35,859,554</u>	<u>\$ (2,659,835)</u>

(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, 2006

	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
Current:			
General government:			
General administration:			
Personal services	\$ 1,754,855	\$ 1,709,135	\$ 45,720
Operating services	1,116,065	946,255	169,810
Total general administration	<u>2,870,920</u>	<u>2,655,390</u>	<u>215,530</u>
Planning and zoning:			
Personal services	1,186,849	1,176,691	10,158
Operating services	768,617	452,460	316,157
Capital outlay	9,416,049	5,156,404	4,259,645
Total planning and zoning	<u>11,371,515</u>	<u>6,785,555</u>	<u>4,585,960</u>
Human resources:			
Personal services	620,620	608,209	12,411
Operating services	120,055	104,038	16,017
Total human resources	<u>740,675</u>	<u>712,247</u>	<u>28,428</u>
Financial administration:			
Personal services	1,536,769	1,488,869	47,900
Operating services	192,003	161,900	30,103
Capital outlay	3,775	3,775	-
Total financial administration	<u>1,732,547</u>	<u>1,654,544</u>	<u>78,003</u>
Total general government	<u>16,715,657</u>	<u>11,807,736</u>	<u>4,907,921</u>

CITY OF MARIETTA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES • BUDGET AND ACTUAL (BUDGETARY BASIS) (CONT'D)
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
Current:			
Public works:			
Personal services	\$ 4,687,182	\$ 4,576,753	\$ 110,429
Operating services	2,042,680	2,245,335	(202,655)
Capital outlay	568,812	553,216	15,596
Total public works	<u>7,298,674</u>	<u>7,375,304</u>	<u>(76,630)</u>
Culture and recreation:			
Personal services	1,769,654	1,054,676	714,978
Operating services	3,435,097	3,921,509	(486,412)
Capital outlay	228,051	191,428	36,623
Total culture and recreation	<u>5,432,802</u>	<u>5,167,613</u>	<u>265,189</u>
Public safety:			
Police:			
Personal services	10,043,597	10,022,162	21,435
Operating services	2,034,372	1,801,878	232,494
Capital outlay	843,567	841,915	1,648
Total police	<u>12,921,536</u>	<u>12,665,955</u>	<u>255,577</u>
Fire:			
Personal services	9,237,877	9,219,495	18,382
Operating services	1,420,098	1,404,659	15,439
Capital outlay	664,173	528,463	135,710
Total fire	<u>11,322,148</u>	<u>11,152,617</u>	<u>169,531</u>
Total public safety	<u>24,243,684</u>	<u>23,942,829</u>	<u>300,855</u>
	<u>\$ 53,690,817</u>	<u>\$ 48,169,229</u>	<u>\$ 5,521,588</u>

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NONMAJOR COMBINING STATEMENTS

CITY OF MARIETTA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2006

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 3,502,189	\$ 983,434	\$ 4,485,623
Cash with fiscal agent	858,887	-	858,887
Equity in pooled cash	417,258	432,334	849,592
Investments	673,511	2,205	675,716
Receivables, net	24,945	5,777	30,722
Due from other governments	12,646	3,098,815	3,111,461
Inventories	6,973	-	6,973
	<u>\$ 5,496,409</u>	<u>\$ 4,522,565</u>	<u>\$ 10,018,974</u>
<u>Liabilities and fund balances</u>			
Liabilities:			
Accounts payable	\$ 6,609	\$ 85,639	\$ 92,248
Retainage payable	-	70,599	70,599
Accrued liabilities	5,261	-	5,261
Due to other funds	58,926	-	58,926
Deferred revenue	11,720	-	11,720
	<u>82,516</u>	<u>156,238</u>	<u>238,754</u>
Fund balances:			
Reserved for:			
Encumbrances	32,884	969,981	1,002,865
Unreserved - designated for:			
Completion of projects	236,851	-	236,851
Unreserved - undesignated, reported in:			
Special revenue funds	5,144,158	-	5,144,158
Capital projects funds	-	3,396,346	3,396,346
	<u>5,413,893</u>	<u>4,366,327</u>	<u>9,780,220</u>
Total fund balances	<u>\$ 5,413,893</u>	<u>\$ 4,366,327</u>	<u>\$ 9,780,220</u>
Total liabilities and fund balances	<u>\$ 5,496,409</u>	<u>\$ 4,522,565</u>	<u>\$ 10,018,974</u>

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, 2006

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ 207,441	\$ -	\$ 207,441
Intergovernmental	433,256	5,340,710	5,773,966
Charges for services	160,397	-	160,397
Investment earnings	132,193	21,474	153,667
Other	-	-	-
Total revenues	<u>933,287</u>	<u>5,362,184</u>	<u>6,295,471</u>
Expenditures:			
Current:			
Public works	236,127	-	236,127
Culture and recreation	153,780	-	153,780
Public safety	55,202	-	55,202
Urban redevelopment and housing	802,803	-	802,803
Debt service:			
Bond issuance cost	119,830	-	119,830
Capital projects	-	2,358,450	2,358,450
Total expenditures	<u>1,367,742</u>	<u>2,358,450</u>	<u>3,726,192</u>
Excess (deficiency) of revenues over expenditures	<u>(434,455)</u>	<u>3,003,734</u>	<u>2,569,279</u>
Other financing sources (uses):			
Transfers out	(3,773,549)	-	(3,773,549)
Sale of capital assets	-	549,872	549,872
Bonds issued	8,400,000	-	8,400,000
Total other financing sources (uses)	<u>4,626,451</u>	<u>549,872</u>	<u>5,176,323</u>
Net change in fund balance	4,191,996	3,553,606	7,745,602
Fund balances at beginning of year	<u>1,221,897</u>	<u>812,721</u>	<u>2,034,618</u>
Fund balances at end of year	<u>\$ 5,413,893</u>	<u>\$ 4,366,327</u>	<u>\$ 9,780,220</u>

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.

TAX ALLOCATION DISTRICT – To account for the receipts and disbursements of incremental real and personal property tax collections in the tax allocation district. Intergovernmental revenue is the incremental tax revenue received from Cobb County and Marietta City schools.

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, 2006
With Comparative Totals for June 30, 2005

	Major		Nonmajor Funds	
	HUD Housing Assistance	HUD CDBG	Tax Allocation District	Marietta Housing Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,348,985	\$ -	\$ 3,180,476	\$ -
Cash with fiscal agent	-	-	858,887	-
Equity in pooled cash	-	-	166,327	799
Investments	-	-	-	-
Receivables, net	4,324	-	3,324	-
Due from other funds	-	-	-	-
Due from other governments	35,616	9,903	1,877	-
Inventories	-	-	-	-
Total assets	<u>\$ 1,388,925</u>	<u>\$ 9,903</u>	<u>\$ 4,210,891</u>	<u>\$ 799</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 155,238	\$ -	\$ 1,020	\$ -
Accrued salaries and employee benefits	7,788	2,935	-	-
Due to other funds	7,903	12,941	-	-
Deferred revenue	-	-	3,324	-
Total liabilities	<u>170,929</u>	<u>15,876</u>	<u>4,344</u>	<u>-</u>
Fund balance:				
Reserved for encumbrances	6,938	6,335	19,425	-
Reserved for rollovers	-	-	-	-
Unreserved - designated	-	-	-	-
Unreserved - undesignated	<u>1,211,058</u>	<u>(12,308)</u>	<u>4,187,122</u>	<u>799</u>
Total fund balance (deficit)	<u>1,217,996</u>	<u>(5,973)</u>	<u>4,206,547</u>	<u>799</u>
Total liabilities and fund balance	<u>\$ 1,388,925</u>	<u>\$ 9,903</u>	<u>\$ 4,210,891</u>	<u>\$ 799</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONT'D)
June 30, 2006
With Comparative Totals for June 30, 2005

Nonmajor Funds					Nonmajor Funds Subtotal	Totals	
Cemetery Maintenance	LLEBG	Gone with the Wind Museum	Tree Preservation	-		2006	2005
\$ 321,298	\$ -	\$ 415	\$ -	\$ -	\$ 3,502,189	\$ 4,851,174	\$ 1,510,152
-	-	-	-	-	858,887	858,887	-
13,897	2,740	-	233,495	-	417,258	417,258	274,557
673,511	-	-	-	-	673,511	673,511	737,250
14,109	12	7,500	-	-	24,945	29,269	23,632
-	-	-	-	-	-	-	-
866	-	-	-	-	12,646	48,262	659,828
-	-	6,973	-	-	6,973	6,973	8,983
<u>\$ 1,023,681</u>	<u>\$ 2,752</u>	<u>\$ 14,888</u>	<u>\$ 233,495</u>	<u>\$ -</u>	<u>\$ 5,496,409</u>	<u>\$ 6,885,334</u>	<u>\$ 3,214,402</u>
\$ 241	\$ -	\$ 5,348	\$ -	\$ -	\$ 6,609	\$ 161,847	\$ 254,830
2,326	-	-	-	-	5,261	13,049	7,617
-	-	45,985	-	-	58,926	66,829	765,504
5,288	3,108	-	-	-	11,720	11,720	33,315
<u>7,855</u>	<u>3,108</u>	<u>51,333</u>	<u>-</u>	<u>-</u>	<u>82,516</u>	<u>253,445</u>	<u>1,061,266</u>
7,063	-	61	-	-	32,884	39,822	68,756
-	-	-	-	-	-	-	-
-	3,356	-	233,495	-	236,851	236,851	236,851
1,008,763	(3,712)	(36,506)	-	-	5,144,158	6,355,216	1,847,529
<u>1,015,826</u>	<u>(356)</u>	<u>(36,445)</u>	<u>233,495</u>	<u>-</u>	<u>5,413,893</u>	<u>6,631,889</u>	<u>2,153,136</u>
<u>\$ 1,023,681</u>	<u>\$ 2,752</u>	<u>\$ 14,888</u>	<u>\$ 233,495</u>	<u>\$ -</u>	<u>\$ 5,496,409</u>	<u>\$ 6,885,334</u>	<u>\$ 3,214,402</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Major		Nonmajor Funds		
	HUD Housing Assistance	HUD CDBG	Tax Allocation District	Marietta Housing Fund	Cemetery Maintenance
Revenues:					
Taxes	\$ -	\$ -	\$ 20,172	\$ -	\$ 187,269
Intergovernmental	6,534,463	228,753	152,314	-	-
Investment earnings	29,715	-	94,742	-	36,155
Licenses and permits	-	-	-	-	-
Charges for service	-	-	-	-	-
Total revenues	<u>6,564,178</u>	<u>228,753</u>	<u>267,228</u>	<u>-</u>	<u>223,424</u>
Expenditures:					
Current:					
Public works			-		236,127
Public safety					
Urban redevelopment and housing	6,268,444	228,437	574,366		
Culture and recreation					
Debt Service:					
Bond issuance costs			119,830		
Total expenditures	<u>6,268,444</u>	<u>228,437</u>	<u>694,196</u>	<u>-</u>	<u>236,127</u>
Excess (deficiency) of revenues over expenditures	<u>295,734</u>	<u>316</u>	<u>(426,968)</u>		<u>(12,703)</u>
Other financing sources (uses):					
Transfers in (out)	(8,977)	(316)	(3,766,485)		
Bonds issued			8,400,000		
Total other financing sources (uses)	<u>(8,977)</u>	<u>(316)</u>	<u>4,633,515</u>		
Net change in fund balance	<u>286,757</u>	<u>-</u>	<u>4,206,547</u>	<u>-</u>	<u>(12,703)</u>
Fund balances (deficit) at beginning of year	<u>931,239</u>	<u>(5,973)</u>	<u>-</u>	<u>799</u>	<u>1,028,529</u>
Fund balances (deficit) at end of year	<u>\$ 1,217,996</u>	<u>\$ (5,973)</u>	<u>\$ 4,206,547</u>	<u>\$ 799</u>	<u>\$ 1,015,826</u>

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

Nonmajor Funds			Nonmajor Funds Subtotal	Totals	
LLEBG	Gone with the Wind Museum	Tree Preservation		2006	2005
\$ -	\$ -	\$ -	\$ 207,441	\$ 207,441	\$ 175,651
52,189	-	-	433,256	6,967,719	7,571,771
1,222	74	-	132,193	161,908	29,426
-	-	-	-	-	237,380
-	160,397	-	160,397	160,397	159,662
<u>53,411</u>	<u>160,471</u>	<u>-</u>	<u>933,287</u>	<u>7,497,465</u>	<u>8,173,890</u>
-	-	-	236,127	236,127	256,595
55,202	-	-	55,202	55,202	22,256
-	-	-	802,803	7,071,247	7,301,653
-	153,780	-	153,780	153,780	209,040
-	-	-	-	-	-
-	-	-	119,830	119,830	-
<u>55,202</u>	<u>153,780</u>	<u>-</u>	<u>1,367,742</u>	<u>7,636,186</u>	<u>7,789,544</u>
<u>(1,791)</u>	<u>6,691</u>	<u>-</u>	<u>(434,455)</u>	<u>(138,721)</u>	<u>384,346</u>
-	(6,748)	-	(3,773,549)	(3,782,526)	(286,969)
-	-	-	8,400,000	8,400,000	-
-	(6,748)	-	4,626,451	4,617,474	(286,969)
<u>(1,791)</u>	<u>(57)</u>	<u>-</u>	<u>4,191,996</u>	<u>4,478,753</u>	<u>97,377</u>
<u>1,435</u>	<u>(36,388)</u>	<u>233,495</u>	<u>1,221,897</u>	<u>2,153,136</u>	<u>2,055,759</u>
<u>\$ (356)</u>	<u>\$ (36,445)</u>	<u>\$ 233,495</u>	<u>\$ 5,413,893</u>	<u>\$ 6,631,889</u>	<u>\$ 2,153,136</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,348,985	\$ 1,236,979
Due from other governments	35,616	536,348
Other receivables	4,324	-
	<u>1,388,925</u>	<u>1,773,327</u>
Total assets	<u>\$ 1,388,925</u>	<u>\$ 1,773,327</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 155,238	\$ 225,627
Accrued salaries and employee benefits	7,788	4,368
Due to other funds	7,903	612,093
	<u>170,929</u>	<u>842,088</u>
Total liabilities	<u>170,929</u>	<u>842,088</u>
Fund balance:		
Reserved for encumbrances	6,938	5,220
Unreserved - undesignated	1,211,058	926,019
	<u>1,217,996</u>	<u>931,239</u>
Total fund balance	<u>1,217,996</u>	<u>931,239</u>
Total liabilities and fund balance	<u>\$ 1,388,925</u>	<u>\$ 1,773,327</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	\$ 6,534,463	\$ 7,303,411
Investment earnings	29,715	3,317
Total revenues	<u>6,564,178</u>	<u>7,306,728</u>
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	365,758	284,378
Operating	264,169	178,591
Capital outlay	5,680	24,415
Housing assistance payments	<u>5,632,837</u>	<u>6,539,348</u>
Total expenditures	<u>6,268,444</u>	<u>7,026,736</u>
Excess of revenues over expenditures	<u>295,734</u>	<u>279,992</u>
Other financing sources (uses):		
Transfers out	<u>(8,977)</u>	<u>(309,196)</u>
Total other financing sources (uses)	<u>(8,977)</u>	<u>(309,196)</u>
Net change in fund balance	<u>286,757</u>	<u>(29,204)</u>
Fund balance at beginning of year	<u>931,239</u>	<u>960,443</u>
Fund balance at end of year	<u>\$ 1,217,996</u>	<u>\$ 931,239</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 HUD - COMMUNITY DEVELOPMENT BLOCK GRANT
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Due from other governments	\$ 9,903	\$ 122,614
Total assets	\$ 9,903	\$ 122,614
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 20,975
Accrued salaries and employee benefits	2,935	2,242
Due to other funds	12,941	105,370
Total liabilities	15,876	128,587
Fund balance:		
Reserved for encumbrances	6,335	52,373
Unreserved - undesignated	(12,308)	(58,346)
Total fund balance	(5,973)	(5,973)
Total liabilities and fund balance	\$ 9,903	\$ 122,614

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	<u>\$ 228,753</u>	<u>\$ 229,106</u>
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	140,407	135,731
Operating services	4,465	4,831
Capital outlay	<u>83,565</u>	<u>94,201</u>
Total expenditures	<u>228,437</u>	<u>234,763</u>
Excess (deficiency) of revenues over expenditures	<u>316</u>	<u>(5,657)</u>
Other financing sources (uses)		
Transfers out	<u>(316)</u>	<u>(316)</u>
Total other financing sources (uses)	<u>(316)</u>	<u>(316)</u>
Net change in fund balance		(5,973)
Fund balance (deficit) at beginning of year	<u>(5,973)</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (5,973)</u>	<u>\$ (5,973)</u>

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 30,2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental	<u>\$ 175,588</u>	<u>\$ 228,753</u>	<u>\$ 53,165</u>
Expenditures - urban redevelopment and housing:			
Current:			
Personal services	150,947	140,407	10,540
Operating services	10,208	4,465	5,743
Capital outlay	<u>66,490</u>	<u>89,900</u>	<u>(23,410)</u>
Total expenditures	<u>227,645</u>	<u>234,772</u>	<u>(7,127)</u>
Excess (deficiency) of revenues over expenditures	<u>(52,057)</u>	<u>(6,019)</u>	<u>46,038</u>
Other financing sources (uses)			
Transfers out	<u>(316)</u>	<u>(316)</u>	<u>-</u>
Net change in fund balance	<u>\$ (52,373)</u>	<u>(6,335)</u>	<u>\$ 46,038</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		6,335	
Fund balance (deficit) at beginning of year - GAAP basis		<u>(5,973)</u>	
Fund balance (deficit) at end of year - GAAP basis		<u>\$ (5,973)</u>	

CITY OF MARIETTA
TAX ALLOCATION DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30,2006

	Budget	Actual	Variance with Final Budget - Positive(Negative)
Revenues:			
Taxes	<u>\$ 5,000</u>	<u>\$ 20,172</u>	<u>\$ 15,172</u>
Total revenues	<u>5,000</u>	<u>20,172</u>	<u>15,172</u>
Expenditures- urban redevelopment and housing:			
Current:			
Operating services	1,060,000	541,791	518,209
Capital outlay	1,735,894	52,000	1,683,894
Debt Service	<u>90,000</u>	<u>119,830</u>	<u>(29,830)</u>
Total expenditures	<u>2,885,894</u>	<u>713,621</u>	<u>2,172,273</u>
Excess (deficiency) of revenues over expenditures	<u>(2,880,894)</u>	<u>(693,449)</u>	<u>2,187,445</u>
Other financing sources (uses)			
Transfer out	(5,519,106)	(3,766,485)	1,752,621
Bonds issued	<u>8,400,000</u>	<u>8,400,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>3,940,066</u>	<u>\$ 3,940,066</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		19,425	
Unbudgeted intergovernmental revenue		152,314	
Unbudgeted investment earnings		94,742	
Fund balance (deficit) at beginning of year		<u>-</u>	
Fund balance (deficit) at end of year		<u>\$ 4,206,547</u>	

CITY OF MARIETTA, GEORGIA
MARIETTA HOUSING FUND
SPECIAL, REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Equity in pooled cash	<u>\$ 799</u>	<u>\$ 799</u>
Total assets	<u><u>\$ 799</u></u>	<u><u>\$ 799</u></u>
<u>FUND BALANCE</u>		
Fund balance:		
Unreserved - undesignated	<u>\$ 799</u>	<u>\$ 799</u>
Total fund balance	<u><u>\$ 799</u></u>	<u><u>\$ 799</u></u>

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, 2006 and 2005

	2006	2005
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	799	14,654
Fund balance at end of year	\$ 799	\$ 799

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 CEMETERY MAINTENANCE
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 321,298	\$ 272,723
Equity in pooled cash	13,897	8,609
Investments	673,511	737,250
Receivables (net of allowance for estimated uncollectibles):		
Taxes	5,971	4,979
Interest	8,138	8,271
Due from other governments	866	866
 Total assets	 \$ 1,023,681	 \$ 1,032,698
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 241	\$ 41
Accrued salaries and employee benefits	2,326	1,007
Deferred revenue	5,288	3,121
 Total liabilities	 7,855	 4,169
Fund balance:		
Reserved for encumbrances	7,063	11,163
Unreserved - undesignated	1,008,763	1,017,366
 Total fund balance	 1,015,826	 1,028,529
 Total liabilities and fund balance	 \$ 1,023,681	 \$ 1,032,698

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 187,269	\$ 175,651
Investment earnings	36,155	20,472
Total revenues	<u>223,424</u>	<u>196,123</u>
Expenditures - public works:		
Current:		
Personal services	76,522	75,176
Operating services	159,605	163,144
Capital outlay	<u>-</u>	<u>18,275</u>
Total expenditures	<u>236,127</u>	<u>256,595</u>
Excess (deficiency) of revenues over expenditures	(12,703)	(60,472)
Fund balance at beginning of year	<u>1,028,529</u>	<u>1,089,001</u>
Fund balance at end of year	<u>\$ 1,015,826</u>	<u>\$ 1,028,529</u>

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ 181,000	\$ 187,269	\$ 6,269
Investment earnings	<u>71,267</u>	<u>36,155</u>	<u>(35,112)</u>
Total revenues	<u>252,267</u>	<u>223,424</u>	<u>(28,843)</u>
Expenditures - public works:			
Current:			
Personal services	77,214	76,522	692
Operating services	<u>175,053</u>	<u>166,668</u>	<u>8,385</u>
Total expenditures	<u>252,267</u>	<u>243,190</u>	<u>9,077</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	(19,766)	<u>\$ (19,766)</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		7,063	
Fund balances at beginning of year - GAAP basis		<u>1,028,529</u>	
Fund balance at end of year - GAAP basis		<u>\$ 1,015,826</u>	

CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Equity in pooled cash	\$ 2,740	\$ 31,654
Receivables, net	12	-
	<u>\$ 2,752</u>	<u>\$ 31,654</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 25
Deferred revenue	3,108	30,194
	<u>3,108</u>	<u>30,219</u>
Total liabilities		
Fund balance:		
Unreserved - designated	3,356	3,356
Unreserved - undesignated	(3,712)	(1,921)
	<u>(356)</u>	<u>1,435</u>
Total fund balance		
Total liabilities and fund balance	<u>\$ 2,752</u>	<u>\$ 31,654</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Intergovernmental	\$ 52,189	\$ 19,293
Investment earnings	1,222	470
Total revenues	<u>53,411</u>	<u>19,763</u>
Expenditures - public safety:		
Current:		
Operating services	3,191	20,277
Capital outlay	<u>52,011</u>	<u>1,979</u>
Total expenditures	<u>55,202</u>	<u>22,256</u>
Excess (deficiency) of revenues over expenditures	<u>(1,791)</u>	<u>(2,493)</u>
Other financing sources (uses):		
Transfers in		<u>2,992</u>
Net change in fund balance	(1,791)	499
Fund balance at beginning of year	<u>1,435</u>	<u>936</u>
Fund balance (deficit) at end of year	<u>\$ (356)</u>	<u>\$ 1,435</u>

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, 2006

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 75,903	\$ 52,189	\$ (23,714)
Total revenues	<u>75,903</u>	<u>52,189</u>	<u>(23,714)</u>
Expenditures - public safety:			
Current:			
Operating services	3,268	3,191	77
Capital outlay	<u>75,991</u>	<u>52,011</u>	<u>23,980</u>
Total expenditures	<u>79,259</u>	<u>55,202</u>	<u>24,057</u>
Excess (deficiency) of revenues over expenditures	<u>(3,356)</u>	<u>(3,013)</u>	<u>343</u>
Net change in fund balance	<u>\$ (3,356)</u>	<u>(3,013)</u>	<u>\$ 343</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		1,222	
Fund balance at beginning of year - GAAP basis		<u>1,435</u>	
Fund balance (deficit) at end of year - GAAP basis		<u>\$ (356)</u>	

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Investment earnings	\$ -	\$ 4,713
Intergovernmental	-	19,961
Total revenues	<u> </u>	<u>24,674</u>
Expenditures - culture and recreation:		
Capital outlay	<u> </u>	<u>52,099</u>
Total expenditures	<u> </u>	<u>52,099</u>
Excess (deficiency) of revenues over expenditures	<u> </u>	<u>(27,425)</u>
Fund balance at beginning of year	<u> </u>	<u>27,425</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
GONE WITH THE WIND MUSEUM
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 415	\$ 450
Receivables, net	7,500	10,382
Inventories	<u>6,973</u>	<u>8,983</u>
Total assets	<u>\$ 14,888</u>	<u>\$ 19,815</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 5,348	\$ 8,162
Due to other funds	<u>45,985</u>	<u>48,041</u>
Total liabilities	<u>51,333</u>	<u>56,203</u>
Fund balance (deficit):		
Reserved for encumbrances	61	-
Unreserved - undesignated	<u>(36,506)</u>	<u>(36,388)</u>
Total fund balance (deficit)	<u>(36,445)</u>	<u>(36,388)</u>
Total liabilities and fund balance	<u>\$ 14,888</u>	<u>\$ 19,815</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Charges for services	\$ 160,397	\$ 159,662
Investment earnings	74	454
Total revenues	<u>160,471</u>	<u>160,116</u>
Expenditures - culture and recreation:		
Current:		
Personal services	81,806	75,537
Operating services	71,974	77,515
Total expenditures	<u>153,780</u>	<u>153,056</u>
Excess (deficiency) of revenues over expenditures	<u>6,691</u>	<u>7,060</u>
Other financing sources (uses):		
Transfers out	<u>(6,748)</u>	<u>(6,748)</u>
Total other financing sources (uses)	<u>(6,748)</u>	<u>(6,748)</u>
Net change in fund balance	(57)	312
Fund balance (deficit) at beginning of year	<u>(36,388)</u>	<u>(36,700)</u>
Fund balance (deficit) at end of year	<u>\$ (36,445)</u>	<u>\$ (36,388)</u>

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 (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance with Final Budget - Positive(Negative)
Revenues:			
Charges for services	\$ 179,700	\$ 160,397	\$ (19,303)
Investment earnings	(300)	74	374
Total revenues	<u>179,400</u>	<u>160,471</u>	<u>(18,929)</u>
Expenditures:			
Personal services	83,536	81,806	1,730
Operating services	89,116	72,035	17,081
Total expenditures	<u>172,652</u>	<u>153,841</u>	<u>18,811</u>
Excess (deficiency) of revenues over expenditures	<u>6,748</u>	<u>6,630</u>	<u>(118)</u>
Other financing sources (uses)			
Transfer out	<u>(6,748)</u>	<u>(6,748)</u>	
Net change in fund balance	<u>\$</u>	(118)	<u>\$ (118)</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		61	
Fund balance (deficit) at beginning of year		<u>(36,388)</u>	
Fund balance (deficit) at end of year		<u>\$ (36,445)</u>	

CITY OF MARIETTA, GEORGIA
 TREE PRESERVATION
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 233,495	\$ 233,495
Total assets	\$ 233,495	\$ 233,495
<u>FUNDBALANCE</u>		
Fund balance:		
Unreserved - designated	233,495	233,495
Total fund balance	\$ 233,495	\$ 233,495

CITY OF MARIETTA, GEORGIA
 TREE PRESERVATION
 SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 For the Fiscal Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Charges for services	<u>\$ -</u>	<u>\$ 237,381</u>
Total revenues	<u>-</u>	<u>237,381</u>
Expenditures - culture and recreation:		
Current:		
Operating services	<u>-</u>	<u>3,886</u>
Total expenditures	<u>-</u>	<u>3,886</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>233,495</u>
Net change in fund balance		233,495
Fund balance at beginning of year	<u>233,495</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 233,495</u></u>	<u><u>\$ 233,495</u></u>

See accompanying notes to financial statements.

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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, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,090,242	\$ -
Equity in pooled cash	57,907	333,028
Investments	18,881	1,558,251
Receivables (net of allowance for estimated uncollectibles):		
Taxes	148,352	123,831
Accrued interest	172	-
Due from other governments	22,658	22,658
 Total assets	 \$ 2,338,212	 \$ 2,037,768
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	-	240
Due to other funds	-	23,481
Deferred revenue	131,806	115,861
 Total liabilities	 131,806	 139,582
Fund balance:		
Reserved for debt service	2,206,406	1,898,186
 Total liabilities and fund balance	 \$ 2,338,212	 \$ 2,037,768

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 4,232,044	\$ 3,935,419
Intergovernmental revenue	3,657,380	3,646,180
Investment earnings	<u>152,349</u>	<u>75,176</u>
Total revenue	<u>8,041,773</u>	<u>7,656,771</u>
Expenditures:		
Debt service:		
Principal retirement	4,810,000	4,620,000
Interest on bonds	2,898,361	3,071,571
Fiscal agent fees and bond issuance costs	<u>1,802</u>	<u>1,802</u>
Total expenditures	<u>7,708,361</u>	<u>7,693,373</u>
Excess (deficiency) of revenues over expenditures	<u>333,412</u>	<u>(36,602)</u>
Other financing sources (uses):		
Transfers out	<u>(25,192)</u>	<u>(23,482)</u>
Total other financing sources (uses)	<u>(25,192)</u>	<u>(23,482)</u>
Net change in fund balance	<u>308,220</u>	<u>(60,084)</u>
Fund balance at beginning of year	<u>1,898,186</u>	<u>1,958,270</u>
Fund balance at end of year	<u>\$ 2,206,406</u>	<u>\$ 1,898,186</u>

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 30,2006

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Taxes	\$ 4,048,579	\$ 4,232,044	\$ 183,465
Intergovernmental	3,657,380	3,657,380	-
Investment earnings	35,500	152,349	116,849
Total revenues	<u>7,741,459</u>	<u>8,041,773</u>	<u>300,314</u>
Expenditures:			
Debt Service:			
Principal retirement	4,810,000	4,810,000	-
Interest and fiscal charges	2,899,559	2,898,361	1,198
Total expenditures	<u>7,709,559</u>	<u>7,708,361</u>	<u>1,198</u>
Excess (deficiency) of revenues over expenditures	<u>31,900</u>	<u>333,412</u>	<u>301,512</u>
Other financing sources (uses):			
Transfers out	<u>(25,192)</u>	<u>(25,192)</u>	<u>-</u>
Total other financing sources (uses)	<u>(25,192)</u>	<u>(25,192)</u>	<u>-</u>
Net change in fund balance	<u>\$ 6,708</u>	308,220	<u>\$ 301,512</u>
Fund balance at beginning of year		<u>1,898,186</u>	
Fund balance at end of year		<u>\$ 2,206,406</u>	

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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.

SPLOST FUND – To account for the proceeds received from Cobb County Special Purpose Local Option Sales Tax collections to be used for transportation, sidewalks, and public safety radio system improvements within the city.

**CITY OF MARIETTA, GEORGIA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2006 and 2005**

	Local Option	Construction	SPLOST	Totals	
	Sales Tax	Fund	Fund	2006	2005
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,052	\$ 14,223	\$ 968,159	\$ 983,434	\$ 15,169
Equity in pooled cash	432,222	112	-	432,334	289,598
Investments	2,205	-	-	2,205	2,299
Receivables, net	2,716	40	3,021	5,777	27
Due from other governments	751,074	-	2,347,741	3,098,815	3,175,216
Total assets	\$ 1,189,269	\$ 14,375	\$ 3,318,921	\$ 4,522,565	\$ 3,482,301
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 55,050	\$ -	\$ 30,589	\$ 85,639	\$ 201,878
Retainage payable	70,599	-	-	70,599	28,782
Due to other funds	-	-	-	-	2,438,920
Total liabilities	125,649	-	30,589	156,238	2,669,580
Fund balances:					
Reserved for encumbrances	619,881	14,294	335,806	969,981	815,627
Unreserved - undesignated	443,739	81	2,952,526	3,396,346	(2,906)
Total fund balances	1,063,620	14,375	3,288,332	4,366,327	812,721
Total liabilities and fund balances	\$ 1,189,269	\$ 14,375	\$ 3,318,921	\$ 4,522,565	\$ 3,482,301

CITY OF MARIETTA, GEORGIA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2006
 With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Local Option	Construction	SPLOST	Totals	
	Sales Tax	Fund	Fund	2006	2005
Revenues:					
Investment earnings	\$ 14,092	\$ 935	\$ 6,447	\$ 21,474	\$ 5,467
Intergovernmental	1,719,905	-	3,620,805	5,340,710	2,992,394
Miscellaneous revenue	-	-	-	-	749
Total revenues	<u>1,733,997</u>	<u>935</u>	<u>3,627,252</u>	<u>5,362,184</u>	<u>2,998,610</u>
Expenditures:					
Current:					
Capital outlay	<u>2,018,613</u>	<u>917</u>	<u>338,920</u>	<u>2,358,450</u>	<u>3,646,725</u>
Total expenditures	<u>2,018,613</u>	<u>917</u>	<u>338,920</u>	<u>2,358,450</u>	<u>3,646,725</u>
Excess (deficiency) of revenues over expenditures	<u>(284,616)</u>	<u>18</u>	<u>3,288,332</u>	<u>3,003,734</u>	<u>(648,115)</u>
Other financing sources (uses):					
Transfers out	-	-	-	-	(300,000)
Sale of capital assets	<u>549,872</u>	<u>-</u>	<u>-</u>	<u>549,872</u>	<u>-</u>
Net change in fund balance	<u>265,256</u>	<u>18</u>	<u>3,288,332</u>	<u>3,553,606</u>	<u>(948,115)</u>
Fund balances at beginning of year	<u>798,364</u>	<u>14,357</u>	<u>-</u>	<u>812,721</u>	<u>1,760,836</u>
Fund balances at end of year	<u>\$ 1,063,620</u>	<u>\$ 14,375</u>	<u>\$ 3,288,332</u>	<u>\$ 4,366,327</u>	<u>\$ 812,721</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 LOCAL OPTION SALES TAX
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,052	\$ 853
Equity in pooled cash	432,222	273,749
Investments	2,205	2,295
Receivables:		
Accrued interest	2,716	27
Due from other governments	751,074	3,175,216
Total assets	\$ 1,189,269	\$ 3,452,140
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 55,050	\$ 196,478
Retainage payable	70,599	18,378
Due to other funds	-	2,438,920
Total liabilities	125,649	2,653,776
Fund balance:		
Reserved for encumbrances	619,881	800,577
Unreserved - undesignated	443,739	(2,213)
Total fund balance	1,063,620	798,364
Total liabilities and fund balance	\$ 1,189,269	\$ 3,452,140

See accompanying 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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Investment earnings	\$ 14,092	\$ 1,489
Intergovernmental	1,719,905	2,992,394
Miscellaneous revenue	-	749
Total revenues	<u>1,733,997</u>	<u>2,994,632</u>
Expenditures:		
Capital outlay	<u>2,018,613</u>	<u>3,502,136</u>
Total expenditures	<u>2,018,613</u>	<u>3,502,136</u>
Excess (deficiency) of revenues over expenditures	<u>(284,616)</u>	<u>(507,504)</u>
Other financing sources (uses):		
Sale of capital assets	549,872	-
Transfers out	-	(300,000)
Net change in fund balance	<u>265,256</u>	<u>(807,504)</u>
Fund balance at beginning of year	<u>798,364</u>	<u>1,605,868</u>
Fund balance at end of year	<u>\$ 1,063,620</u>	<u>\$ 798,364</u>

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 30,2006

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental	\$ 3,000,000	\$ 1,719,905	\$ (1,280,095)
Total revenues	<u>3,000,000</u>	<u>1,719,905</u>	<u>(1,280,095)</u>
Expenditures:			
Capital outlay	<u>4,899,000</u>	<u>2,638,494</u>	<u>2,260,506</u>
Total expenditures	<u>4,899,000</u>	<u>2,638,494</u>	<u>2,260,506</u>
Net change in fund balance	<u>\$ (1,899,000)</u>	<u>(918,589)</u>	<u>\$ 3,540,601</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		14,092	
Unbudgeted transfers in		549,872	
Encumbrances outstanding at end of year		619,881	
Fund balance at beginning of year - GAAP basis		<u>798,364</u>	
Fund balance at end of year - GAAP basis		<u>\$ 1,063,620</u>	

CITY OF MARIETTA, GEORGIA
CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
June 30, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Cash and cash equivalents	\$ 14,223	\$ 14,312
Equity in pooled cash	112	15,849
Accrued interest receivable	40	-
Total assets	\$ 14,375	\$ 30,161
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 5,400
Retainage payable	-	10,404
Total liabilities	-	15,804
Fund balance:		
Reserved for encumbrances	14,294	15,050
Unreserved * undesignated	81	(693)
Total fund balance	14,375	14,357
Total liabilities and fund balance	\$ 14,375	\$ 30,161

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Investment earnings	<u>\$ 935</u>	<u>\$ 3,978</u>
Expenditures:		
Capital outlay	<u>917</u>	<u>144,585</u>
Net change in fund balance	<u>18</u>	<u>(140,611)</u>
Fund balance at beginning of year	<u>14,357</u>	<u>154,968</u>
Fund balance at end of year	<u><u>\$ 14,375</u></u>	<u><u>\$ 14,357</u></u>

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 30,2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
Expenditures:			
Capital outlay	<u>\$ 25,453</u>	<u>\$ 15,211</u>	<u>\$ 10,242</u>
Excess (deficiency) of revenues over expenditures	<u>(25,453)</u>	<u>(15,211)</u>	<u>10,242</u>
Net change in fund balance	<u><u>\$ (25,453)</u></u>	<u>(15,211)</u>	<u><u>\$ 10,242</u></u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		935	
Encumbrances outstanding at end of year		14,294	
Fund balance at beginning of year - GAAP basis		<u>14,357</u>	
Fund balance at end of year - GAAP basis		<u><u>\$ 14,375</u></u>	

CITY OF MARIETTA, GEORGIA
SPECIAL 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 30,2006

	Budget	Actual	Variance with Final Budget- Positive(Negative)
Revenues:			
Intergovernmental	\$ 1,924,006	\$ 3,620,805	\$ 1,696,795
Total revenues	<u>1,924,006</u>	<u>3,620,805</u>	<u>1,696,795</u>
Expenditures:			
Current:			
Capital outlay	1,063,068	674,726	388,342
Total expenditures	<u>1,063,068</u>	<u>674,726</u>	<u>388,342</u>
Net change in fund balance	<u>\$ 860,938</u>	2,946,079	<u>\$ 2,085,141</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		6,447	
Encumbrances outstanding at end of year		335,806	
Fund balance at beginning of year - GAAP basis		<u> </u>	
Fund balance at end of year - GAAP basis		<u>\$ 3,288,332</u>	

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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 CONFERENCE CENTER AND RESORT FUND – To account for the assets 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, 2006
With Comparative Totals for June 30, 2005

	Board of	City Golf	Marietta	Totals	
	Lights and Watervorks	Course	Conference Center & Resort	2006	2005
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 17,809,683	\$ 6,191	\$ 87,959	\$ 17,903,833	\$ 11,640,075
Equity in pooled cash	3,221,518	-	422,364	3,643,882	2,602,382
Investments	19,985,995	-	-	19,985,995	14,993,408
Restricted assets:					
Revenue bond debt service	-	-	885,864	885,864	872,630
Furniture and fixtures reserve	-	-	5,584	5,584	5,327
Receivables, net	12,898,513	18,290	27,269	12,944,072	13,018,234
Due from other funds	-	-	127,968	127,968	4,118,616
Due from other governments	7,933	-	-	7,933	13,033
Inventories, at cost	2,397,274	-	-	2,397,274	2,442,299
Prepaid expense	-	-	-	-	119,789
Total current assets	56,320,916	24,481	1,557,008	57,902,405	49,825,793
Noncurrent assets:					
Restricted assets:					
Investments	5,381,527	-	-	5,381,527	4,966,556
Total restricted assets	5,381,527	-	-	5,381,527	4,966,556
Property, plant and equipment:					
Land and land improvements	1,382,976	6,600,000	769,284	8,752,260	11,385,943
Buildings and improvements	14,867,838	1,907,765	23,326,210	40,101,813	39,080,351
Electrical plant in service	72,072,458	-	-	72,072,458	68,997,027
Water and sewer system	53,611,587	-	-	53,611,587	48,552,465
Machinery and equipment	29,563,586	3,414,659	6,984,151	39,962,396	35,399,667
	171,498,445	11,922,424	31,079,645	214,500,514	203,415,453
Less: accumulated depreciation	(95,919,916)	(3,562,032)	(13,067,773)	(112,549,721)	(104,482,231)
Net property, plant and equipment	75,578,529	8,360,392	18,011,872	101,950,793	98,933,222
Other assets:					
Unamortized costs	-	-	1,232,019	1,232,019	1,232,019
Inventories, at cost	-	-	90,558	90,558	-
Net pension asset	351,404	-	-	351,404	491,942
Investment	3,715,016	-	-	3,715,016	3,656,058
	4,066,420	-	1,322,577	5,388,997	5,380,019
Less: accumulated amortization	-	-	(417,367)	(417,367)	(365,118)
Net other assets	4,066,420	-	905,210	4,971,630	5,014,901
Total noncurrent assets	85,026,476	8,360,392	18,917,082	112,303,950	108,914,679
Total assets	\$ 141,347,392	\$ 8,384,873	\$ 20,474,090	\$ 170,206,355	\$ 158,740,472

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, 2006
With Comparative Totals for June 30, 2005

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2006	2005
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 9,302,613	\$ 107,692	\$ 22,076	\$ 9,432,381	\$ 9,046,399
Accrued salaries	248,907	-	-	248,907	353,125
Accrued sales tax	504,644	-	-	504,644	434,160
Customer deposits	-	-	-	-	260,161
Other accrued liabilities	-	-	21,621	21,621	79,210
Accrued compensated absences	319,852	-	-	319,852	365,687
Deferred revenue	-	-	52,654	52,654	-
Due to other funds	-	563,062	-	563,062	598,803
Capital lease obligations	-	520,157	-	520,157	548,739
Other	-	-	-	-	1,917
Bonds payable	-	-	465,000	465,000	440,000
Accrued interest payable	-	357,480	113,452	470,932	480,265
Total current liabilities	10,376,016	1,548,391	674,803	12,599,210	12,608,466
Long-term liabilities (net of current portion):					
Accrued compensated absences	417,803	-	-	417,803	387,147
Customer deposits	5,381,527	-	-	5,381,527	4,966,556
Capital lease obligations	-	2,881,143	-	2,881,143	3,366,679
Revenue bonds	-	-	25,350,000	25,350,000	25,815,000
Accrued interest payable	-	2,599,163	-	2,599,163	2,600,647
Total long-term liabilities	5,799,330	5,480,306	25,350,000	36,629,636	37,136,029
Total liabilities	16,175,346	7,028,697	26,024,803	49,228,846	49,744,495
NET ASSETS					
Invested in capital assets, net of related debt	75,578,529	4,959,092	(2,927,015)	77,610,606	73,676,327
Restricted for:					
Debt Service	-	-	772,412	772,412	872,630
Other	-	-	5,584	5,584	105,327
Unrestricted	49,593,517	(3,602,916)	(3,401,694)	42,588,907	34,341,693
Total net assets	\$ 125,172,046	\$ 1,356,176	\$ (5,550,713)	\$ 120,977,509	\$ 108,995,977

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2006	2005
Operating revenues:					
Charges for services	\$ 114,669,395	\$ 1,855,785	\$ -	\$ 116,525,180	\$ 122,276,696
Lease income	-	-	1,677,432	1,677,432	-
Other	1,391,183	-	-	1,391,183	1,939,607
Total operating revenues	116,060,578	1,855,785	1,677,432	119,593,795	124,216,303
Operating expenses:					
Personal services	12,081,801	-	-	12,081,801	15,472,672
Operating	79,824,262	1,355,793	26,437	81,206,492	83,628,073
Other	1,019,707	-	-	1,019,707	473,824
Depreciation	6,759,997	502,519	804,974	8,067,490	8,125,755
Total operating expenses	99,685,767	1,858,312	831,411	102,375,490	107,700,328
Operating income (loss)	16,374,811	(2,527)	846,021	17,218,305	16,515,975
Nonoperating revenues (expenses):					
Investment earnings	1,715,591		20,634	1,736,225	756,524
Intergovernmental revenue			649,562	649,562	627,096
Interest and fiscal charges		(409,327)	(1,875,964)	(2,285,291)	(2,309,373)
Amortization		(34,617)	(52,249)	(86,866)	(86,866)
Gain (loss) on sale of capital assets	55,187			55,187	(15,842,246)
Other	23,333	1,418		24,751	47,906
Total nonoperating revenues (expenses)	1,794,111	(442,526)	(1,258,017)	93,568	(16,806,959)
Capital contributions from developers	2,633,117			2,633,117	82,180
Income (loss) before transfers	20,802,039	(445,053)	(411,996)	19,944,990	(208,804)
Transfers:					
Transfers in	2,673,827	449,677	1,053,841	4,177,345	4,064,786
Transfers out	(12,120,274)	(20,529)	-	(12,140,803)	(12,643,527)
Total transfers	(9,446,447)	429,148	1,053,841	(7,963,458)	(8,578,741)
Change in net assets	11,355,592	(15,905)	641,845	11,981,532	(8,787,545)
Net assets at beginning of year	113,816,454	1,372,081	(6,192,558)	108,995,977	117,783,522
Net assets at end of year	\$ 125,172,046	\$ 1,356,176	\$ (5,550,713)	\$ 120,977,509	\$ 108,995,977

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2006

With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks		Course	Conference Center & Resort	2006
Cash flows from operating activities:					
Cash received from customers	\$ 118,180,145	\$ 1,872,898	\$ 58,234	\$ 120,111,277	\$ 122,619,492
Cash received from other operating activities	1,402,843	1,418	-	1,404,261	1,871,664
Cash received from lease	-	-	1,677,432	1,677,432	-
Cash payments goods and services	(79,408,160)	(1,281,052)	(405,693)	(81,094,905)	(95,106,942)
Cash payments for employee services and fringe benefits	(11,793,629)	-	(267,031)	(12,060,660)	(17,458,760)
Net cash from (to) operating activities	28,381,199	593,264	1,062,942	30,037,405	11,925,454
Cash flows from noncapital financing activities:					
Transfers in	2,673,827	449,677	1,053,841	4,177,345	3,390,753
Transfers out	(12,120,274)	(20,529)	-	(12,140,803)	(1,962,479)
Tax revenues	-	-	649,562	649,562	627,096
Net cash from (to) noncapital financing activities	(9,446,447)	429,148	1,703,403	(7,313,896)	2,055,370
Cash flows from capital and related financing activities:					
Payments for capital acquisitions	(8,038,370)	(92,092)	(321,482)	(8,451,944)	(10,252,889)
Payments on capital leases	-	(548,735)	-	(548,735)	(578,251)
Proceeds from fixed asset sales	55,187	-	-	55,187	54,329
Proceeds from sale of MFN	-	-	-	-	7,545,185
Bond principal payments	-	-	(440,000)	(440,000)	(415,000)
Interest and fiscal charges	-	(382,066)	(1,914,042)	(2,296,108)	(2,230,844)
Net cash from (to) capital and related financing activities	(7,983,183)	(1,022,893)	(2,675,524)	(11,681,600)	(5,877,470)
Cash flows from investing activities:					
Rental income received (paid)	23,333	-	-	23,333	46,667
Investment income received (paid)	1,699,389	-	20,634	1,720,023	746,877
Investment (purchases) sales	(5,466,516)	-	(13,491)	(5,480,007)	(3,925,652)
Net cash from (to) investing activities	(3,743,794)	-	7,143	(3,736,651)	(3,132,108)
Net increase (decrease) in cash and cash equivalents	7,207,775	(481)	97,964	7,305,258	4,971,246
Cash and cash equivalents at beginning 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, beginning of year	13,823,426	6,672	412,359	14,242,457	9,271,211
Cash and cash equivalents at end of year:					
Cash	17,809,683	6,191	87,959	17,903,833	11,640,075
Equity in pooled cash	3,221,518	-	422,364	3,643,882	2,602,382
Total cash and cash equivalents, end of year	\$ 21,031,201	\$ 6,191	\$ 510,323	\$ 21,547,715	\$ 14,242,457

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2006	2005
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 16,374,811	\$ (2,527)	\$ 846,021	\$ 17,218,305	\$ 16,515,975
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	6,759,997	502,519	804,974	8,067,490	8,112,315
Amortization	-	-	-	-	13,444
Miscellaneous	-	1,418	-	1,418	1,239
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	11,660	1,563	318,395	331,618	91,744
(Increase) decrease in utility accounts receivable	(225,056)	-	-	(225,056)	(119,718)
(Increase) decrease in due from other funds	3,730,706	15,550	228,194	3,974,450	(4,463,394)
(Increase) decrease in inventories	(105,726)	-	60,193	(45,533)	(94,590)
(Increase) decrease in prepaid expense	-	-	119,789	119,789	(138,112)
(Increase) decrease in net pension asset	140,538	-	-	140,538	212,677
(Increase) decrease in due from other governments	5,100	-	-	5,100	99
Increase (decrease) in accounts payable	1,004,853	78,734	(697,605)	385,982	1,056,909
Increase (decrease) in accrued salaries	80,145	-	(184,363)	(104,218)	(214,231)
Increase (decrease) in accrued sales tax	121,711	-	-	121,711	(61,608)
Increase (decrease) in accrued commissions	-	-	(51,227)	(51,227)	(12,044)
Increase (decrease) in accrued compensated absences	67,489	-	(82,668)	(15,179)	19,915
Increase (decrease) in other accrued expenses	-	-	(57,589)	(57,589)	(1,523)
Increase (decrease) in due to other funds	-	(3,993)	(31,748)	(35,741)	(9,336,888)
Increase (decrease) in interfund payable	-	-	(260,161)	(260,161)	-
Increase (decrease) in customer deposits	414,971	-	(1,917)	413,054	342,106
Increase (decrease) in other liabilities	-	-	52,654	52,654	1,139
Net cash from (to) operating activities	\$ 28,381,195	\$ 593,264	\$ 1,062,942	\$ 30,037,401	\$ 11,925,454

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.

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

During 2006, assets contributed by developers totaled \$2,633,117 in the Board of Lights and Waterworks.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 17,809,683	\$ 11,221,044
Equity in pooled cash	3,221,518	2,602,382
Investments	19,985,995	14,893,408
Receivables:		
Accrued interest	130,201	113,999
Utility accounts (net of allowance for estimated uncollectibles of \$498,000 and \$498,000)	12,519,223	12,294,167
Other	249,089	260,745
Due from other funds	-	3,730,700
Due from other governments	7,933	13,033
Inventories	2,397,274	2,291,548
Total current assets	<u>56,320,916</u>	<u>47,421,036</u>
Noncurrent assets:		
Restricted assets:		
Certificate of deposit	-	100,000
Investments	5,381,527	4,966,550
	<u>5,381,527</u>	<u>5,066,550</u>
Property, plant and equipment:		
Land	1,382,976	1,382,976
Buildings and improvements	14,867,838	14,377,140
Electrical plant in service	72,072,458	68,997,027
Water and sewer system	53,611,587	48,552,465
Machinery and equipment	29,563,586	27,517,350
	<u>171,498,445</u>	<u>160,826,958</u>
Less: accumulated depreciation	<u>(95,919,916)</u>	<u>(89,159,919)</u>
Net property, plant and equipment	<u>75,578,529</u>	<u>71,667,039</u>
Other assets:		
Net pension asset	351,404	491,942
Investment	3,715,016	3,656,058
Total other assets	<u>4,066,420</u>	<u>4,148,000</u>
Total noncurrent assets	<u>85,026,476</u>	<u>80,881,596</u>
Total assets	<u>\$ 141,347,392</u>	<u>\$ 128,302,631</u>

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 (CONTD)
 June 30, 2006 and 2005

<u>LIABILITIES</u>	<u>2006</u>	<u>2005</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 9,302,613	\$ 8,297,766
Accrued salaries and employee benefits	248,907	168,762
Accrued sales tax	504,644	382,933
Accrued compensated absences	319,852	283,015
Total current liabilities	<u>10,376,016</u>	<u>9,132,474</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	417,803	387,147
Customer deposits	5,381,527	4,966,556
Total long-term liabilities (net of current portion)	<u>5,799,330</u>	<u>5,353,703</u>
Total liabilities	<u>16,175,346</u>	<u>14,486,177</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	75,578,529	71,667,035
Restricted	-	100,000
Unrestricted	49,593,517	42,049,415
Total net assets	<u>\$ 125,172,046</u>	<u>\$ 113,816,454</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 114,669,395	\$ 110,000,362
Other	<u>1,391,183</u>	<u>1,939,607</u>
Total operating revenues	<u>116,060,578</u>	<u>111,939,969</u>
Operating expenses:		
Personal services	12,081,801	11,476,083
Operating	79,824,262	76,355,045
Other	1,019,707	1,051,172
Depreciation	<u>6,759,997</u>	<u>6,369,903</u>
Total operating expenses	<u>99,685,767</u>	<u>95,252,203</u>
Operating income	<u>16,374,811</u>	<u>16,687,766</u>
Nonoperating revenues (expenses):		
Investment earnings	1,715,591	748,891
Gain (loss) on sale of assets	55,187	54,329
Other	<u>23,333</u>	<u>46,667</u>
Total nonoperating revenues (expenses)	<u>1,794,111</u>	<u>849,887</u>
Capital contributions from developers	<u>2,633,117</u>	<u>82,180</u>
Income before transfers	<u>20,802,035</u>	<u>17,619,833</u>
Transfers:		
Transfers in	2,673,827	2,679,749
Transfers out	<u>(12,120,274)</u>	<u>(12,493,452)</u>
Total transfers in/ (out)	<u>(9,446,447)</u>	<u>(9,813,703)</u>
Change in net assets	<u>11,355,592</u>	<u>7,806,130</u>
Net assets at beginning of year	<u>113,816,454</u>	<u>106,010,324</u>
Net assets at end of year	<u>\$ 125,172,046</u>	<u>\$ 113,816,454</u>

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, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	\$ 118,180,145	\$ 110,036,170
Cash received from other operating activities	1,402,843	1,871,664
Cash payments goods and services	(79,408,160)	(79,637,499)
Cash payments for employee services and fringe benefits	(11,793,629)	(13,408,245)
Net cash from (to) operating activities	<u>28,381,199</u>	<u>18,862,090</u>
Cash flows from noncapital financing activities:		
Transfers in	2,673,827	2,679,749
Transfers out	(12,120,274)	(1,166,940)
Net cash from (to) noncapital financing activities	<u>(9,446,447)</u>	<u>1,512,809</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(8,038,370)	(9,646,701)
Proceeds from sale of assets	55,187	54,329
Net cash from (to) capital and related financing activities	<u>(7,983,183)</u>	<u>(9,592,372)</u>
Cash flows from investing activities:		
Rental income received	23,333	46,667
Interest received	1,699,389	739,244
Investment (purchases) sales	(5,466,516)	(3,888,225)
Net cash from (to) investing activities	<u>(3,743,794)</u>	<u>(3,102,314)</u>
Net increase (decrease) in cash and cash equivalents	7,207,775	7,680,213
Cash and cash equivalents at beginning of year:		
Cash	11,221,044	5,481,113
Equity in pooled cash	2,602,382	662,100
Total cash and cash equivalents, beginning of year	<u>13,823,426</u>	<u>6,143,213</u>
Cash and cash equivalents at end of year:		
Cash	17,809,683	11,221,044
Equity in pooled cash	3,221,518	2,602,382
Total cash and cash equivalents, end of year	<u>\$ 21,031,201</u>	<u>\$ 13,823,426</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 16,374,811	\$ 16,687,766
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	6,759,997	6,369,903
Change in assets and liabilities:		
(Increase) decrease in other receivable	11,660	(68,042)
(Increase) decrease in utility accounts receivable	(225,056)	(259,352)
(Increase) decrease in due from other funds	3,730,706	(4,443,414)
(Increase) decrease in inventories	(105,726)	(96,547)
(Increase) decrease in due from other governments	5,100	99
(Increase) decrease in net pension asset	140,538	212,677
Increase (decrease) in accounts payable	1,004,853	316,274
Increase (decrease) in accrued salaries	80,145	(166,891)
Increase (decrease) in accrued sales tax	121,711	(45,887)
Increase (decrease) in accrued compensated absences	67,489	14,457
Increase (decrease) in customer deposits	414,971	341,047
Net cash from operating activities	<u>\$ 28,381,199</u>	<u>\$ 18,862,090</u>

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 reclassified to transfers.

During 2006, assets contributed by developers totaled \$2,633,117.

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services:		
Electric	\$ 88,209,068	\$ 85,336,525
Water and sewer	<u>26,460,327</u>	<u>24,663,837</u>
Total charges for services	114,669,395	110,000,362
Other	<u>1,391,183</u>	<u>1,939,607</u>
Total operating revenues	<u>116,060,578</u>	<u>111,939,969</u>
Operating expenses by function:		
Administrative:		
Personal services	3,077,315	2,971,493
Operating	3,556,100	3,071,672
Other	1,019,707	1,063,151
Depreciation	<u>2,662,444</u>	<u>2,488,931</u>
Total administrative	<u>10,315,566</u>	<u>9,595,247</u>
Electric:		
Personal services	6,823,948	6,395,180
Operating	60,346,995	57,652,186
Depreciation	<u>2,791,205</u>	<u>2,668,188</u>
Total electric	<u>69,962,148</u>	<u>66,715,554</u>
Water and Sewer:		
Personal services	2,180,538	2,109,410
Operating	15,921,167	15,619,208
Depreciation	<u>1,306,348</u>	<u>1,212,784</u>
Total water and sewer	<u>19,408,053</u>	<u>18,941,402</u>
Total operating expenses	<u>99,685,767</u>	<u>95,252,203</u>
Operating income	<u>\$ 16,374,811</u>	<u>\$ 16,687,766</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 6,191	\$ 6,672
Accounts receivable	18,290	3,655
Due from other funds	-	31,748
Total current assets	<u>24,481</u>	<u>42,075</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	6,600,000	9,244,866
Buildings and improvements	1,907,765	1,377,001
Machinery and equipment	3,414,659	1,208,465
	<u>11,922,424</u>	<u>11,830,332</u>
Less: accumulated depreciation	<u>(3,562,032)</u>	<u>(3,059,513)</u>
Net property, plant and equipment	<u>8,360,392</u>	<u>8,770,819</u>
Total noncurrent assets	<u>8,360,392</u>	<u>8,770,819</u>
Total assets	<u>8,384,873</u>	<u>8,812,894</u>
<u>LIABILITIES</u>		
Liabilities:		
Current liabilities:		
Accounts payable	107,692	28,958
Due to other funds	563,062	567,055
Capital lease obligations	520,157	548,739
Accrued interest payable	357,480	328,735
Total current liabilities	<u>1,548,391</u>	<u>1,473,487</u>
Long-term liabilities (net of current portion):		
Capital lease obligations (net of deferred loss of \$311,553 and \$346,170)	2,881,143	3,366,679
Accrued interest payable	2,599,163	2,600,647
Total long-term liabilities	<u>5,480,306</u>	<u>5,967,326</u>
Total liabilities	<u>7,028,697</u>	<u>7,440,813</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	4,959,092	4,855,401
Unrestricted	<u>(3,602,916)</u>	<u>(3,483,320)</u>
Total net assets	<u>\$ 1,356,176</u>	<u>\$ 1,372,081</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	<u>\$ 1,855,785</u>	<u>\$ 1,797,875</u>
Operating expenses:		
Operating	1,355,793	1,276,621
Depreciation	<u>502,519</u>	<u>341,135</u>
Total operating expenses	<u>1,858,312</u>	<u>1,617,760</u>
Operating income (loss)	<u>(2,527)</u>	<u>180,115</u>
Nonoperating revenues (expenses):		
Interest expense	(409,327)	(414,501)
Amortization of deferred loss	(34,617)	(34,617)
Other	<u>1,418</u>	<u>1,239</u>
Total nonoperating revenues (expenses)	<u>(442,526)</u>	<u>(447,879)</u>
Income (loss) before operating transfers	<u>(445,053)</u>	<u>(267,764)</u>
Transfers:		
Transfers in	449,677	391,004
Transfers out	<u>(20,529)</u>	<u>(20,614)</u>
Total transfers	<u>429,148</u>	<u>370,390</u>
Change in net assets	(15,905)	102,626
Net assets at beginning of year	<u>1,372,081</u>	<u>1,269,455</u>
Net assets at end of year	<u><u>\$ 1,356,176</u></u>	<u><u>\$ 1,372,081</u></u>

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	\$ 1,872,898	\$ 1,801,119
Cash payments for goods and services	(1,281,052)	(1,277,593)
Cash received from other operating activities	1,418	1,239
Net Cash from (to) operating activities	<u>593,264</u>	<u>524,765</u>
Cash flows from noncapital financing activities:		
Transfers in	449,077	391,004
Transfers out	(20,529)	-
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(92,092)	(4,500)
Payments on capital leases	(548,735)	(578,251)
Interest and fiscal charges	(382,066)	(332,861)
Net cash from (to) capital related financing activities	<u>(1,022,893)</u>	<u>(915,612)</u>
Net increase (decrease) in cash and cash equivalents	(481)	157
Cash and cash equivalents at beginning of year	<u>6,672</u>	<u>6,515</u>
Cash and cash equivalents at end of year	<u>\$ 6,191</u>	<u>\$ 6,672</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ (2,527)	\$ 180,115
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	502,519	341,139
Miscellaneous revenue	1,418	1,239
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	1,563	(3,265)
(Increase) decrease in due from other funds	15,550	5,270
Increase (decrease) in due to other funds	(3,993)	2,489
Increase (decrease) in accounts payable	78,734	(2,222)
Net cash from (to) operating activities	<u>\$ 593,264</u>	<u>\$ 524,764</u>

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 CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 87,959	\$ 412,359
Equity in pooled cash	422,364	-
Restricted assets, investments:		
Revenue bond debt service	885,864	872,630
Furniture and fixtures reserve	5,584	5,327
Accounts receivable	27,269	345,664
Due from other funds	127,968	356,162
Inventory	-	150,751
Prepaid expenses	-	119,789
	<u>1,557,008</u>	<u>2,262,682</u>
Total current assets		
Noncurrent assets:		
Property, plant and equipment:		
Land	769,284	758,101
Buildings and improvements	23,326,210	23,326,210
Machinery and equipment	6,984,151	6,673,852
	<u>31,079,645</u>	<u>30,758,163</u>
Less: accumulated depreciation	<u>(13,067,773)</u>	<u>(12,262,799)</u>
Net property, plant and equipment	<u>18,011,872</u>	<u>18,495,364</u>
Other assets:		
Inventory	90,558	-
Unamortized bond costs	1,232,019	1,232,019
Less: accumulated amortization	<u>(417,367)</u>	<u>(365,118)</u>
Net other assets	<u>905,210</u>	<u>866,901</u>
Total noncurrent assets	<u>18,917,082</u>	<u>19,362,265</u>
Total assets	<u>20,474,090</u>	<u>21,624,947</u>

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, 2006 and 2005

<u>LIABILITIES</u>	<u>2006</u>	<u>2005</u>
Liabilities:		
Current liabilities:		
Accounts payable	22,076	719,681
Accrued salaries		184,363
Accrued sales tax		51,227
Customer deposits		260,161
Accrued compensated absences		82,668
Deferred revenue	52,654	-
Other accrued liabilities	21,621	79,210
Due to other funds		31,748
Other		1,917
Accrued interest payable	113,452	151,530
Bonds payable	465,000	440,000
Total current liabilities	<u>674,803</u>	<u>2,002,505</u>
Long-term liabilities (net of current portion):		
Revenue bonds	25,350,000	25,815,000
Total long-term liabilities	<u>25,350,000</u>	<u>25,815,000</u>
Total liabilities	<u>26,024,803</u>	<u>27,817,505</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	(2,927,015)	(2,846,113)
Restricted for:		
Debt Service	772,412	721,100
Other	5,584	5,327
Unrestricted	(3,401,694)	(4,072,872)
Total net assets	<u>\$ (5,550,713)</u>	<u>\$ (6,192,558)</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ -	\$ 9,343,330
Lease income	<u>1,677,432</u>	<u>-</u>
Total operating revenues	<u>1,677,432</u>	<u>9,343,330</u>
Operating expenses:		
Personal services	-	3,738,581
Operating	26,437	4,802,963
Depreciation	<u>804,974</u>	<u>828,367</u>
Total operating expenses	<u>831,411</u>	<u>9,369,911</u>
Operating income (loss)	<u>846,021</u>	<u>(26,581)</u>
Nonoperating revenues (expenses) :		
Investment earnings	20,634	
Intergovernmental tax revenue	649,562	627,096
Interest and fiscal charges	(1,875,964)	(1,894,872)
Amortization	<u>(52,249)</u>	<u>(52,249)</u>
Total nonoperating revenues (expense)	<u>(1,258,017)</u>	<u>(1,320,025)</u>
Income (loss) before operating transfers	<u>(411,996)</u>	<u>(1,346,606)</u>
Transfers:		
Transfers in	<u>1,053,841</u>	<u>320,000</u>
Total transfers	<u>1,053,841</u>	<u>320,000</u>
Change in net assets	641,845	(1,026,606)
Net assets at beginning of year	<u>(6,192,558)</u>	<u>(5,165,952)</u>
Net assets at end of year	<u>\$ (5,550,713)</u>	<u>\$ (6,192,558)</u>

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, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	\$ 58,234	\$ 9,507,440
Cash received from lease	1,677,432	-
Cash payments goods and services	(405,693)	(4,596,726)
Cash payments for employee services and fringe benefits	(267,031)	(3,775,631)
Net cash from (to) operating activities	<u>1,062,942</u>	<u>1,135,083</u>
Cash flows from noncapital financing activities:		
Transfers in	1,053,841	320,000
Tax revenues	649,562	627,096
Net cash from (to) noncapital financing	<u>1,703,403</u>	<u>947,096</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(321,482)	-
Bond principal payments	(440,000)	(415,000)
Interest and fiscal charges	(1,914,042)	(1,897,983)
Net cash from (to) capital and related financing activities	<u>(2,675,524)</u>	<u>(2,312,983)</u>
Cash flows from investing activities:		
Investment income received	20,634	-
Investment(purchases) sales	(13,491)	(37,427)
Net cash from (to) investing activities	<u>7,143</u>	<u>(37,427)</u>
Net increase (decrease) in cash and cash equivalents	97,964	(268,231)
Cash and cash equivalents at beginning of year	412,359	680,590
Total cash and cash equivalents, end of year	<u>\$ 510,323</u>	<u>\$ 412,359</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 846,021	\$ (26,581)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	804,974	828,367
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	318,395	163,051
(Increase) decrease in due from other funds	228,194	(25,250)
(Increase) decrease in inventories	60,193	(14,831)
(Increase) decrease in prepaid expense	119,789	(20,766)
Increase (decrease) in accounts payable	(697,605)	288,439
Increase (decrease) in accrued salaries	(184,363)	(55,619)
Increase (decrease) in accrued sales tax	(51,227)	(15,721)
Increase (decrease) in accrued compensated absences	(82,668)	18,569
Increase (decrease) in other accrued expenses	(57,589)	(1,523)
Increase (decrease) in due to other funds	(31,748)	(5,270)
Increase (decrease) in interfund payable	(260,161)	-
Increase (decrease) in deferred revenue	52,654	-
Increase (decrease) in customer deposits	(1,917)	1,095
Increase (decrease) in other liabilities	-	1,135
Net cash from (to) operating activities	<u>\$ 1,062,942</u>	<u>\$ 1,135,083</u>

See accompanying notes to financial statements.

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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, 2006
With Comparative Totals for June 30, 2005

	Self- Insurance	Motor Transport	Totals	
			2006	2005
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,543,847	\$ 100	\$ 1,543,947	\$ 1,415,096
Equity in pooled cash	-	83,000	83,000	856,478
Investments	2,101,214	-	2,101,214	1,577,948
Receivables, net	132,079	-	132,079	95,008
Due from other governments	-	8,365	8,365	5,795
Due from other funds	-	-	-	251,104
Inventories	-	62,140	62,140	37,921
Total current assets	<u>3,777,140</u>	<u>153,605</u>	<u>3,930,745</u>	<u>4,239,350</u>
Property, plant and equipment:				
Buildings and improvements		397,138	397,138	397,138
Machinery and equipment		966,583	966,583	955,277
Less: accumulated depreciation		(594,863)	(594,863)	(550,384)
Net property, plant and equipment		<u>768,858</u>	<u>768,858</u>	<u>802,031</u>
Total assets	<u>3,777,140</u>	<u>922,463</u>	<u>4,699,603</u>	<u>5,041,381</u>
LIABILITIES				
Current liabilities:				
Accounts payable	297,180	61,725	358,905	323,813
Claims and judgements payable	1,888,438	-	1,888,438	1,930,641
Accrued salaries	-	11,823	11,823	9,300
Accrued compensated absences	-	12,722	12,722	10,285
Due to other funds	1,261,647	837,506	2,099,153	1,793,220
Total current liabilities	<u>3,447,265</u>	<u>923,776</u>	<u>4,371,041</u>	<u>4,067,259</u>
Long-term liabilities (net of current portion):				
Accrued compensated absences		7,016	7,016	6,060
Total liabilities	<u>3,447,265</u>	<u>930,792</u>	<u>4,378,057</u>	<u>4,073,325</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	768,858	768,858	802,031
Unrestricted	329,875	(777,187)	(447,312)	166,025
Total net assets	<u>\$ 329,875</u>	<u>\$ (8,329)</u>	<u>\$ 321,546</u>	<u>\$ 968,056</u>

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Self- Insurance	Motor Transport	Totals	
			2006	2005
Operating revenues:				
Charges for services	\$ -	\$ 2,502,416	\$ 2,502,416	\$ 2,080,716
Contributions	8,486,191	-	8,486,191	8,037,120
Other	589,900	-	589,900	307,374
Total operating revenues	<u>9,076,091</u>	<u>2,502,416</u>	<u>11,578,507</u>	<u>10,425,210</u>
Operating expenses:				
Personal services	-	634,952	634,952	593,406
Operating services	1,652,192	2,072,589	3,724,781	3,172,146
Depreciation	-	44,479	44,479	36,489
Benefits and claims	8,412,705	-	8,412,705	6,904,863
Total operating expenses	<u>10,064,897</u>	<u>2,752,020</u>	<u>12,816,917</u>	<u>10,706,904</u>
Operating income (loss)	<u>(988,806)</u>	<u>(249,604)</u>	<u>(1,238,410)</u>	<u>(281,694)</u>
Nonoperating revenues (expenses) :				
Investment earnings	77,264	4,174	81,438	60,559
Interest expense				<u>(17,780)</u>
Total nonoperating revenues (expenses)	<u>77,264</u>	<u>4,174</u>	<u>81,438</u>	<u>42,779</u>
Transfers:				
Transfers in	495,000	83,000	578,000	-
Transfers out	<u>(53,858)</u>	<u>(13,680)</u>	<u>(67,538)</u>	<u>(62,374)</u>
Total transfers	<u>441,142</u>	<u>69,320</u>	<u>510,462</u>	<u>(62,374)</u>
Change in net assets	<u>(470,400)</u>	<u>(176,110)</u>	<u>(646,510)</u>	<u>(301,289)</u>
Net assets at beginning of year	<u>800,275</u>	<u>167,781</u>	<u>968,056</u>	<u>1,269,345</u>
Net assets at end of year	<u>\$ 329,875</u>	<u>\$ (8,329)</u>	<u>\$ 321,546</u>	<u>\$ 968,056</u>

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, 2006
With Comparative Totals for the Fiscal Year Ended June 30, 2005

	Self- Insurance	Motor Transport	Totals	
			2006	2005
Cash flows from operating activities:				
Cash received from contributions and services provided	\$ 8,459,451	\$ 2,503,362	\$ 10,962,813	\$ 10,114,680
Cash payments goods and services	(1,301,460)	(1,855,411)	(3,156,871)	(2,158,259)
Cash payments for employee services and fringe benefits	-	(629,042)	(629,042)	(611,843)
Cash received (payments) for benefits and claims	(8,454,908)	-	(8,454,908)	(7,334,170)
Cash received from other operating activities	580,720	-	580,720	288,698
Other			-	141
Net cash from (to) operating activities	<u>(716,197)</u>	<u>18,905</u>	<u>(697,288)</u>	<u>299,247</u>
Cash flows from noncapital financing activities:				
Transfers in (out)	<u>441,142</u>	<u>69,320</u>	<u>510,462</u>	
Cash flows from capital and related financing activities:				
Payments for capital acquisitions	-	(11,306)	(11,306)	(7,425)
Interest payments	-	4,174	4,174	(17,780)
Net cash from (to) capital related financing activities		<u>(7,132)</u>	<u>(7,132)</u>	<u>(25,205)</u>
Cash flows from investing activities:				
Interest received	72,597		72,597	60,591
Investments (purchased) sold	<u>(523,266)</u>		<u>(523,266)</u>	<u>34,841</u>
Net cash from (to) investing activities	<u>(450,669)</u>		<u>(450,669)</u>	<u>95,432</u>
Net increase (decrease) in cash and cash equivalents	(725,724)	81,097	(644,627)	369,474
Cash and cash equivalents at beginning of year	<u>2,269,571</u>	<u>2,003</u>	<u>2,271,574</u>	<u>1,902,100</u>
Cash and cash equivalents at end of year	<u>\$ 1,543,847</u>	<u>\$ 83,100</u>	<u>\$ 1,626,947</u>	<u>\$ 2,271,574</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (938,806)	\$ (249,604)	\$ (1,238,410)	(281,694)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation		44,479	44,479	36,489
Change in assets and liabilities:				
(Increase) decrease in other receivables	(9,180)	3,516	(5,664)	(18,535)
Increase (decrease) in contributions receivable	(26,740)	-	(26,740)	(3,854)
(Increase) decrease in due from other funds	251,104	-	251,104	(251,104)
(Increase) decrease in due from other governments		(2,570)	(2,570)	698
(Increase) decrease in inventories		(24,219)	(24,219)	7,188
Increase (decrease) in accounts payable	28,967	6,125	35,092	192,316
Increase (decrease) in accrued salaries		2,523	2,523	(9,766)
Increase (decrease) in accrued compensated absences		3,387	3,387	(8,671)
Increase (decrease) in due to other funds	70,661	235,272	305,933	1,065,487
Increase (decrease) in claims and judgments payable	<u>(42,303)</u>		<u>(42,303)</u>	<u>(429,307)</u>
Net cash from (to) operating activities	<u>\$ (716,197)</u>	<u>\$ 18,909</u>	<u>\$ (697,288)</u>	<u>\$ 299,247</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,543,847	\$ 1,414,996
Equity in pooled cash	-	854,575
Investments	2,101,214	1,577,948
Receivables:		
Accrued interest	9,720	5,053
Contributions	98,160	71,420
Other	24,199	15,019
Due from other funds	-	251,104
 Total assets	 <u>3,777,140</u>	 <u>4,190,115</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	297,180	268,213
Claims and judgements payable	1,888,438	1,930,641
Due to other funds	1,261,647	1,190,986
 Total liabilities	 <u>3,447,265</u>	 <u>3,389,840</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 329,875</u>	<u>\$ 800,275</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Contributions	\$ 8,486,191	\$ 8,037,120
Other	<u>589,900</u>	<u>303,717</u>
Total operating revenues	<u>9,076,091</u>	<u>8,340,837</u>
Operating expenses:		
Operating services	1,652,192	1,611,182
Benefits and claims	<u>8,412,705</u>	<u>6,904,863</u>
Total operating expenses	<u>10,064,897</u>	<u>8,516,045</u>
Operating income (loss)	<u>(988,806)</u>	<u>(175,208)</u>
Nonoperating revenues:		
Investment earnings	<u>77,264</u>	<u>60,559</u>
Income before transfers	<u>(911,542)</u>	<u>(114,649)</u>
Transfers:		
Transfers in	495,000	-
Transfers out	<u>(53,858)</u>	<u>(48,118)</u>
Total transfers	441,142	(48,118)
Change in net assets	(470,400)	(162,767)
Net assets at beginning of year	<u>800,275</u>	<u>963,042</u>
Net assets at end of year	<u>\$ 329,875</u>	<u>\$ 800,275</u>

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, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received from contributions	\$ 8,459,451	\$ 8,033,266
Cash received from other operating activities	580,720	288,698
Cash payments for operating services	(1,301,460)	(715,655)
Cash payments for benefits and claims	(8,454,908)	(7,334,170)
Net Cash from (to) operating activities	<u>(716,197)</u>	<u>272,139</u>
Cash flows from noncapital financing activities:		
Transfers in	<u>441,142</u>	
Cash flows from investing activities:		
Interest received	72,597	60,591
Investments (purchased) sold	(523,266)	34,841
Net cash from (to) investing activities	<u>(450,669)</u>	<u>95,432</u>
Net increase (decrease) in cash and cash equivalents	(725,724)	367,571
Cash and cash equivalents at beginning of year	<u>2,269,571</u>	<u>1,902,000</u>
Cash and cash equivalents at end of year	<u>\$ 1,543,847</u>	<u>\$ 2,269,571</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income (loss)	\$ (988,806)	\$ (175,208)
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	(251,104)
(Increase) decrease in contributions receivable	(26,740)	(3,854)
(Increase) decrease in other receivables	(9,180)	(15,019)
Increase (decrease) in accounts payable	28,967	170,376
Increase (decrease) in due to other funds	70,661	976,255
Increase (decrease) in claims and judgments payable	(42,203)	(429,307)
Net cash from (to) operating activities	<u>\$ (716,197)</u>	<u>\$ 272,139</u>

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

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 100
Equity in pooled cash	83,000	1,903
Other receivables	-	3,516
Due from other governments	8,365	5,795
Inventories	62,140	37,921
Total current assets	<u>153,605</u>	<u>49,235</u>
Property, plant and equipment:		
Buildings and improvements	397,138	397,138
Machinery and equipment	966,583	955,277
Less: accumulated depreciation	<u>(594,863)</u>	<u>(550,384)</u>
Net property, plant and equipment	<u>768,858</u>	<u>802,031</u>
Total assets	<u>922,463</u>	<u>851,266</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	61,725	55,600
Accrued salaries and employee benefits	11,823	9,300
Due to other funds	837,506	602,234
Accrued compensated absences	<u>12,722</u>	<u>10,285</u>
Total current liabilities	<u>923,776</u>	<u>677,419</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	<u>7,016</u>	<u>6,066</u>
Total liabilities	<u>930,792</u>	<u>683,485</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	768,858	802,031
Unrestricted	<u>(777,187)</u>	<u>(634,250)</u>
Total net assets	<u>\$ (8,329)</u>	<u>\$ 167,781</u>

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, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating revenues:		
Charges for services	\$ 2,502,416	\$ 2,080,716
Other	-	3,657
Total operating revenues	<u>2,502,416</u>	<u>2,084,373</u>
Operating expenses:		
Personal services	634,952	593,406
Operating services	2,072,585	1,560,964
Depreciation	44,475	36,489
Total operating expenses	<u>2,752,020</u>	<u>2,190,859</u>
Operating income (loss)	<u>(249,604)</u>	<u>(106,486)</u>
Nonoperating revenues (expenses) :		
Interest expense	-	(17,780)
Interest income	4,174	-
Total nonoperating revenues (expenses)	<u>4,174</u>	<u>(17,780)</u>
Transfers:		
Transfers in	83,000	
Transfers out	<u>(13,680)</u>	<u>(14,256)</u>
Change in net assets	(176,110)	(138,522)
Net assets at beginning of year	<u>167,781</u>	<u>306,303</u>
Net assets at end of year	<u>\$ (8,329)</u>	<u>\$ 167,781</u>

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, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Cash received for services provided	\$ 2,503,362	\$ 2,081,414
Cash payments for goods and services	(1,855,411)	(1,442,604)
Cash payments for employee services and fringes	(629,042)	(611,843)
Other	-	141
Net Cash from (to) operating activities	<u>18,909</u>	<u>27,108</u>
Cash flows from noncapital financing activities:		
Transfer in	<u>69,320</u>	
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(11,306)	(7,425)
Interest payments	<u>4,174</u>	<u>(17,780)</u>
Net cash from (to) capital and related financing activities	<u>(7,132)</u>	<u>(25,205)</u>
Net increase (decrease) in cash and cash equivalents	81,097	1,903
Cash and cash equivalents at beginning of year	<u>2,002</u>	<u>100</u>
Cash and cash equivalents at end of year	<u>\$ 83,100</u>	<u>\$ 2,003</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ (249,604)	\$ (106,486)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	44,479	36,489
Change in assets and liabilities:		
(Increase) decrease in other receivables	3,516	(3,516)
(Increase) decrease in due from other governments	(2,570)	698
(Increase) decrease in inventories	(24,219)	7,188
Increase (decrease) in accounts payable	6,125	21,940
Increase (decrease) in accrued salaries	2,523	(9,766)
Increase (decrease) in accrued compensated absences	3,387	(8,671)
Increase (decrease) in due to other funds	<u>235,272</u>	<u>89,232</u>
Net cash from (to) operating activities	<u>\$ 18,905</u>	<u>\$ 27,108</u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2005, \$14,256 of transfers out were noncash transfers.

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STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City of Marietta's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City of Marietta's most significant local source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City of Marietta's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City of Marietta's financial report relates to the services the City provides and the activities it performs.

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

CITY OF MARIETTA, GEORGIA
Net Assets by Component (Unaudited)
Last five fiscal years
(accrual basis of accounting)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 36,465,036	\$ 37,994,135	\$ 40,080,663	\$ 52,779,866	\$ 41,105,789
Restricted	4,284,364	4,747,065	5,798,631	3,723,545	7,429,356
Unrestricted	<u>(33,150,035)</u>	<u>(38,495,527)</u>	<u>(35,495,110)</u>	<u>(39,010,992)</u>	<u>(30,637,360)</u>
Total governmental activities net assets	<u>\$ 7,599,365</u>	<u>\$ 4,245,673</u>	<u>\$ 10,384,184</u>	<u>\$ 17,492,419</u>	<u>\$ 17,897,785</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 62,746,146	\$ 58,350,375	\$ 78,986,306	\$ 73,676,327	77,610,606
Restricted	-	988,076	840,530	977,957	777,996
Unrestricted	<u>58,435,288</u>	<u>56,268,396</u>	<u>36,489,959</u>	<u>33,144,321</u>	<u>41,251,724</u>
Total business-type activities net assets	<u>\$ 121,181,434</u>	<u>\$ 115,606,847</u>	<u>\$ 116,316,795</u>	<u>\$ 107,798,605</u>	<u>\$ 119,640,326</u>
Primary government					
Invested in capital assets, net of related debt	\$ 99,211,182	\$ 96,344,510	\$ 119,066,969	\$ 126,456,193	\$ 118,716,395
Restricted	4,284,364	5,735,141	6,639,161	4,701,502	8,207,352
Unrestricted	<u>25,285,253</u>	<u>17,772,869</u>	<u>994,849</u>	<u>(5,866,671)</u>	<u>10,614,364</u>
Total Primary government net assets, before restatements	<u>\$ 128,780,799</u>	<u>\$ 119,852,520</u>	<u>\$ 126,700,979</u>	<u>\$ 125,291,024</u>	<u>\$ 137,538,111</u>
Restatement for infrastructure and related accumulated depreciation	-	-	-	585,611	-
Total Primary government net assets, as restated	<u>\$ 128,780,799</u>	<u>\$ 119,852,520</u>	<u>\$ 126,700,979</u>	<u>\$ 125,876,635</u>	<u>\$ 137,538,111</u>

Note: Fiscal year 2002 the City implemented GASB 34 reporting format. Previous years not available.

CITY OF MARIETTA, GEORGIA
Changes in Net Assets (Unaudited)
Last five fiscal years
(accrual basis of accounting)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses					
Governmental activities:					
General government	\$ 7,272,726	\$ 6,892,923	\$ 6,795,976	\$ 4,894,998	\$ 7,270,281
Public works	6,739,482	7,248,042	8,120,071	9,130,758	10,845,886
Culture and recreation	4,625,123	5,489,588	4,238,849	4,859,976	5,279,105
Public safety	22,339,112	22,689,033	23,162,365	22,871,162	25,171,969
Urban redevelopment and housing	5,615,386	6,256,477	6,991,371	7,301,650	11,234,909
Interest and fiscal charges on long-term debt	4,115,517	4,583,900	3,357,519	3,109,268	3,018,190
Total governmental activities expenses	50,707,346	53,159,963	52,666,151	52,167,812	62,820,340
Business-type activities:					
Water & sewer	19,563,148	22,978,757	19,992,150	21,073,686	21,738,497
Electric	80,395,950	75,976,256	77,025,533	74,257,492	78,307,081
Golf	2,141,851	2,008,413	2,100,474	2,066,878	2,302,256
Fiber optic	8,461,643	8,753,884	9,464,158	1,460,454	0 (1)
Conference center	13,251,793	13,834,535	11,414,588	11,317,032	2,759,624
Total business-type activities expenses	123,814,385	123,551,845	119,996,903	110,175,542	105,107,458
Total Primary Government expenses	\$ 174,521,731	\$ 176,711,808	\$ 172,663,054	\$ 162,343,354	\$ 167,927,798
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 7,242,972	\$ 7,246,693	\$ 7,506,910	\$ 9,354,010	\$ 9,907,005
Public works	2,060,894	3,035,540	3,137,059	3,275,190	3,284,627
Culture and recreation	333,409	438,032	313,245	258,192	248,506
Public safety	529,124	89,512	276,890	96,975	121,250
Urban redevelopment and housing	349,169	466,146	568,440	1,090,320	1,070,269
Operating grants and contributions	6,193,422	6,902,214	7,550,859	8,795,814	7,555,223
Capital grants and contributions	2,551,500	1,985,281	11,933,376	5,833,603	7,281,401
Total governmental activities program revenues	19,260,490	20,163,418	31,286,779	28,704,104	29,468,281
Business-type activities:					
Charges for services:					
Water & sewer	22,613,910	23,561,197	24,125,227	25,090,551	26,766,387
Electric	83,823,429	84,509,940	82,709,681	86,896,085	89,317,524
Golf	1,609,542	1,548,715	1,711,458	1,799,114	1,857,203
Fiber optic	8,119,916	6,203,317	6,745,390	1,135,129	-
Conference center	10,392,010	9,535,056	8,976,919	9,343,330	1,677,432
Operating grants and contributions					
Capital grants and contributions	1,540,382	1,023,388	1,764,631	709,276	3,282,679
Total business-type activities program revenues	128,099,189	126,381,613	126,033,306	124,973,485	122,901,225
Total Primary Government program revenues	\$ 147,359,679	\$ 146,545,031	\$ 157,320,085	\$ 153,677,589	\$ 152,369,506
Net (expense)/revenue					
Governmental activities	\$ (31,446,856)	\$ (32,996,545)	\$ (21,379,372)	\$ (23,463,708)	\$ (33,352,059)
Business-type activities	4,284,804	2,829,768	6,036,403	14,797,943	17,793,767
Total Primary Government net expense	\$ (27,162,052)	\$ (30,166,777)	\$ (15,342,969)	\$ (8,665,765)	\$ (15,558,292)

CITY OF MARIETTA, GEORGIA
Changes in Net Assets (Unaudited)
Last five fiscal years
(accrual basis of accounting)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 9,404,794	\$ 9,418,677	\$ 10,958,814	\$ 10,559,446	\$ 11,398,799
Insurance premium tax	2,133,966	2,341,448	2,523,528	2,734,817	2,942,305
Alcohol taxes	868,053	846,831	847,700	842,738	861,353
Hotel, motel tax	2,309,916	2,105,653	2,009,839	2,067,734	2,150,995
Franchise taxes	5,198,857	5,020,828	4,857,710	5,069,809	5,182,993
Auto rental tax	527,429	539,024	519,884	579,170	551,863
Unrestricted investment earnings	1,258,543	634,407	183,944	436,137	1,010,915
Gains on sale of capital assets	83,541	46,046	46,140	47,179	
Operating grants not restricted					1,176,819
Contributions not restricted					152,314
Transfers	8,769,197	8,689,939	5,570,324	8,234,913	7,743,458
Total governmental activities	30,554,296	29,642,853	27,517,883	30,571,943	33,171,814
Business-type activities					
Unrestricted investment earnings	1,267,968	272,044	151,013	756,524	1,736,225
Gains on sale of capital assets	0	13,540	92,856	(15,842,246)	55,187
Transfers	(8,769,197)	(8,689,939)	(5,570,324)	(8,230,411)	(7,743,458)
Total business-type activities	(7,501,229)	(8,404,355)	(5,326,455)	(23,316,133)	(5,952,046)
Total primary government	\$ 23,053,067	\$ 21,238,498	\$ 22,191,428	\$ 7,255,810	\$ 27,219,768
Changes in Net Assets					
Governmental activities	\$ (892,560)	\$ (3,353,692)	\$ 6,138,511	\$ 7,108,235	\$ (180,245)
Business type activities	(3,216,425)	(5,574,567)	709,948	(8,518,190)	11,841,721
Total primary government	\$ (4,108,985)	\$ (8,928,279)	\$ 6,848,459	\$ (1,409,955)	\$ 11,661,476

Note: Fiscal year 2002 the City implemented GASB 34 reporting format. Previous years not available.

(1) The City sold the FiberNet operations on August 31, 2004, Fiscal year 2005 includes two months operations.

CITY OF MARIETTA, GEORGIA
Fund Balances of Governmental Funds (Unaudited)
Last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ 682,242	\$ 1,547,863	\$ 1,120,585	\$ 314,783	\$ 2,619,214	\$ 2,824,053	\$ 2,618,300	\$ 3,541,471	\$ 2,926,287	\$ 1,418,139
Unrestricted	12,204,487	12,627,842	15,283,245	15,357,327	14,401,649	12,456,974	11,067,315	7,052,523 (2)	8,824,684	14,240,675 (3)
Total general fund	<u>\$ 12,886,729</u>	<u>\$ 14,175,705</u>	<u>\$ 16,403,830</u>	<u>\$ 15,672,110</u>	<u>\$ 17,020,863</u>	<u>\$ 15,281,027</u>	<u>\$ 13,685,615</u>	<u>\$ 10,593,994</u>	<u>\$ 11,750,971</u>	<u>\$ 15,658,814</u>
All other governmental funds										
Reserved	\$ 18,310,783 (1)	\$ 9,123,552	\$ 9,910,823	\$ 7,799,021	\$ 7,295,816	\$ 6,063,784	\$ 4,827,189	\$ 3,794,278	\$ 2,782,569	\$ 2,880,403
Unreserved, reported in:										
Special revenue funds	666,930	1,036,460	1,173,718	1,403,664	1,619,326	1,713,180	1,848,752	1,980,587	2,084,380	6,592,067 (4)
Capital projects funds								(2,906)	3,732,152 (5)	
Total all other governmental funds	<u>\$ 18,977,713</u>	<u>\$ 10,160,012</u>	<u>\$ 11,084,541</u>	<u>\$ 9,202,685</u>	<u>\$ 8,915,142</u>	<u>\$ 7,776,964</u>	<u>\$ 6,675,941</u>	<u>\$ 5,774,865</u>	<u>\$ 4,864,043</u>	<u>\$ 13,204,622</u>

(1) Includes 1997 public safety construction bond funds

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

(3) The unrestricted fund balance of the general fund increased due to sale of property City had acquired for redevelopment projects.

(4) Includes 2005 TAD bond proceeds

(5) Includes the 2005 SPLOST tax revenues

CITY OF MARIETTA, GEORGIA
 Changes in Fund Balances of Governmental Funds (Unaudited)
 Last ten fiscal years
 (modified accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues										
Taxes	\$14,595,257	\$16,447,540	\$17,537,255	\$14,092,755	\$13,639,470	\$14,382,122	\$14,160,753	\$16,129,207	\$24,891,288	\$23,052,547
Licenses and permits	10,874,812	10,843,557	11,688,006	11,842,975	11,964,581	12,188,318	12,546,419	12,814,047	6,314,395	6,306,258
Intergovernmental	5,586,658	3,750,220	4,431,355	8,560,142	10,541,323	10,802,296	12,794,367	15,251,038	12,993,072	17,845,244
Charges for services	2,573,955	2,165,679	2,389,318	2,444,572	2,489,411	2,502,163	3,669,682	3,667,691	3,918,537	3,914,149
Fines and forfeits	1,631,676	1,712,202	2,336,854	2,474,198	2,613,043	2,501,532	2,119,515	2,151,560	3,789,735	4,127,362
Investment earnings	1,921,971	1,720,050	1,413,622	1,697,091	1,868,450	1,085,352	556,459	155,504	375,582	964,352
Other	359,139	408,061	182,337	588,928	733,421	283,283	309,749	428,813	1,340,973	551,064
Total revenues	<u>37,543,270</u>	<u>37,047,309</u>	<u>39,958,747</u>	<u>41,700,661</u>	<u>43,849,699</u>	<u>43,745,066</u>	<u>46,156,944</u>	<u>50,617,860</u>	<u>53,623,582</u>	<u>56,760,976</u>
Expenditures										
General government	6,747,073	7,076,654	6,495,089	6,850,376	7,323,277	6,419,304	5,209,312	2,476,031	5,418,240	11,715,968
Public works	4,882,583	4,758,511	4,950,394	5,435,823	6,259,310	6,149,003	6,032,895	7,576,582	6,712,946	7,284,494
Culture and recreation	2,626,850	2,750,983	3,355,529	4,533,859	3,552,807	3,251,382	5,132,803	3,326,108	4,807,994	5,150,388
Urban redevelopment and housing	2,799,769	2,932,588	3,296,814	4,091,907	4,613,434	5,531,052	6,246,521	6,998,078	7,181,872	7,071,247
Public safety	16,471,466	17,070,015	18,391,589	20,441,755	20,567,812	19,463,643	20,433,348	24,413,923	20,858,758	23,916,347
Capital	8,818,837	14,746,534	6,494,607	4,241,074	2,282,757	6,567,510	5,061,572	5,120,264	9,516,023	2,358,450
Intergovernmental	-	-	49,940,447	-	-	-	-	-	-	-
Debt service										
Principal	1,580,000	1,670,000	1,765,000	2,255,000	3,205,000	3,185,000	5,585,000	7,640,000	4,657,380	4,852,776
Interest	2,397,315	2,382,136	2,288,382	4,786,637	4,276,012	4,108,381	4,581,910	3,353,311	3,107,466	2,935,530
Fiscal agent fees and bond issuance costs	-	-	185,000	-	-	7,136	177,928	4,208	1,802	119,830
Total expenditures	<u>46,323,893</u>	<u>53,367,421</u>	<u>97,162,851</u>	<u>52,686,431</u>	<u>52,080,409</u>	<u>54,682,411</u>	<u>58,481,269</u>	<u>60,906,485</u>	<u>62,262,481</u>	<u>65,405,030</u>
Excess of revenues over (under) expenditures	(8,780,623)	(16,340,112)	(57,204,104)	(10,985,770)	(8,230,710)	(10,937,345)	(12,304,345)	(10,288,625)	(8,638,899)	(8,644,054)
Other financing sources (uses)										
Transfers in	11,663,759	11,051,159	12,138,912	11,057,678	11,533,179	11,312,473	11,480,033	10,046,820	12,815,707	15,793,259
Transfers out	(2,993,240)	(2,393,990)	(1,959,923)	(2,699,484)	(2,302,030)	(3,336,683)	(2,790,094)	(3,797,032)	(4,170,090)	(8,335,765)
Sale of capital assets	-	154,218	52,322	14,000	60,771	83,541	46,015	46,140	239,437	5,034,982
Bond proceeds/refunding bonds issued	-	-	50,125,447	-	-	-	21,231,956	-	-	8,400,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(20,360,000)	-	-	-
Total other financing sources (uses)	<u>8,670,519</u>	<u>8,811,387</u>	<u>60,356,758</u>	<u>8,372,194</u>	<u>9,291,920</u>	<u>8,059,331</u>	<u>9,607,910</u>	<u>6,295,928</u>	<u>8,885,054</u>	<u>20,892,476</u>
Net change in fund balances	<u>\$ (110,104)</u>	<u>\$ (7,528,725)</u>	<u>\$ 3,152,654</u>	<u>\$ (2,613,576)</u>	<u>\$ 1,061,210</u>	<u>\$ (2,878,014)</u>	<u>\$ (2,696,435)</u>	<u>\$ (3,992,697)</u>	<u>\$ 246,155</u>	<u>\$ 12,248,422</u>
Debt service as a percentage of noncapital expenditures	10.60%	10.49%	4.67%	14.49%	15.02%	13.88%	17.97%	19.59%	14.64%	14.19%

CITY OF MARIETTA, GEORGIA
General Governmental Tax Revenues by Sources (Unaudited)
Last ten fiscal years
(modified accrual basis of accounting)

Year Ended June 30	Property Tax	Intangible Tax	Alcoholic Beverage Excise Tax	Hotel Motel Tax	Real Estate Transfer Tax	Other	Total
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	11,944,176
2000	7,861,679	154,535	860,722	2,773,870	64,087	597,167	12,312,060
131 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 (1)	10,507,706	284,215	847,700	2,009,839	99,110	519,884	14,268,454
2005 (2)	15,306,659	230,896	842,738	2,067,734	136,880	3,313,987	21,898,894
2006 (2)	16,546,032	257,488	861,353	2,150,995	149,332	3,087,347	23,052,547

(1) 1997 - 2005: Includes General, Special Revenue, Debt Service Funds and discretely presented component unit: Marietta Welcome Center and Visitors Bureau, Inc.

2006 - Includes all governmental funds.

(2) Beginning in fiscal year 2005, franchise taxes are included in Property Tax revenue and insurance premium taxes are included in Other revenue, which was previously reported in Licenses & Permits revenue in prior years.

CITY OF MARIETTA, GEORGIA
Assessed Value and Estimated Actual Value of Taxable Property (Unaudited)
Last ten fiscal years

Digest Year	Real Property (1)	Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Motor Vehicles/Homes	Personal Property	Public Utilities					
1996	\$1,095,449,040	\$155,097,160	\$261,999,777	\$24,259,456	\$22,888,000	\$1,513,917,433	5.36	\$3,784,793,583	40.00%
1997	1,134,653,395	94,803,334 (2)	295,276,210	25,257,850	22,618,000	1,527,372,785	5.01	3,818,431,963	40.00%
1998	1,183,625,941	147,787,659	328,804,279	23,782,509	23,508,400	1,660,491,988	4.61	4,151,229,970	40.00%
1999	1,349,905,975	158,753,428	327,301,417	25,408,274	24,172,000	1,837,197,094	4.26	4,592,992,735	40.00%
2000	1,425,404,919	175,625,779	327,116,080	29,966,697	25,126,000	1,932,987,475	4.25	4,832,468,688	40.00%
2001	1,494,023,175	171,693,737	301,835,529	31,394,374	26,379,506	1,972,567,309	4.186	4,931,418,273	40.00%
2002	1,745,314,574	168,311,224	297,553,461	36,728,896	74,975,895 (3)	2,172,932,260	4.186	5,432,330,650	40.00%
2003	1,788,218,138	156,996,283	308,502,425	34,685,490	92,338,297	2,196,064,039	4.686	5,490,160,098	40.00%
2004	1,860,715,202	151,204,522	289,628,328	33,045,200	117,344,645	2,217,248,607	4.686	5,543,121,518	40.00%
2005	2,024,460,648	163,927,353	294,707,607	32,891,832	130,666,229	2,385,321,211	4.686	5,963,303,028	40.00%

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

(2) State law changed procedure of paying motor vehicle tax

(3) Floating homestead exemption went into effect.

CITY OF MARIETTA, GEORGIA
Property Tax Rates
Direct and Overlapping Governments (Unaudited) (2)
Last ten fiscal years

Fiscal Year	City of Marietta				Cobb County			Marietta City Schools	Total Direct & Overlapping Rates	Downtown Marietta Development Authority (1)
	Operating Millage	Debt Service Millage	Cemetery Maintenance Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage		Operating Millage
1996	2.32	2.96	0.08	5.36	7.02	0.78	7.80	15.47	28.63	3.00
1997	2.07	2.86	0.08	5.01	6.87	0.78	7.65	15.47	28.13	3.00
1998	2.07	2.46	0.08	4.61	6.57	0.78	7.35	15.47	27.43	3.00
1999	2.07	2.11	0.08	4.26	6.57	0.63	7.20	15.47	26.93	3.00
2000	2.07	2.10	0.08	4.25	6.57	0.50	7.07	15.47	26.79	3.00
2001	2.04	2.07	0.08	4.19	6.57	0.50	7.07	15.47	26.73	3.00
2002	2.04	2.07	0.08	4.19	6.80	0.27	7.07	17.97	29.23	2.60
2003	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	29.73	2.60
2004	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	29.73	2.60
2005	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	29.73	2.38

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

(2) Table excludes .25 Mill State tax levy

CITY OF MARIETTA, GEORGIA
Principal Taxpayers (Unaudited)
June 30, 2006

Taxpayer (1)	Type of Business	2006		1997			
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bell South Telecom. (Public Utilities)	Telephone	\$22,062,551	1	0.92%	\$15,433,317	1	1.00%
Bell Ferry Corporation	Real Estate	\$11,680,000	2	0.49%	\$12,960,000	2	0.85%
Tyco Healthcare Group LP	Healthcare	\$10,134,732	3	0.42%			
Atlanta Parkway Investment Group	Real Estate	\$10,002,221	4	0.42%			
Atlanta Parkway Investment Group	Real Estate	\$10,000,003	5	0.42%			
Stewart & Stevenson Tug	Commercial	\$9,069,544	6	0.38%			
Caswyck Town Center LLC	Commercial	\$9,000,000	7	0.38%			
Mathews C W Contracting Co, Inc.	Commercial	\$8,267,090	8	0.35%			
Bel-Eqr IV Limited Patnership	Real Estate	\$7,200,000	9	0.30%			
Wellstar Health System, Inc.	Hospital	\$6,977,560	10	0.29%			
LaSalie Fund III	Real Estate				\$10,209,101	3	0.67%
Two Park, Inc	Real Estate				\$9,187,122	4	0.60%
C. W. Mathews Contracting Co.	Contractor				\$8,474,027	5	0.55%
A T & T Tridom	Telephone				\$8,405,041	6	0.55%
Inbrand Corporation	Manufacturer				\$8,353,880	7	0.55%
Focus/Ridge LP	Real Estate				\$7,082,400	8	0.46%
Sierra Capital Realty Trust VI	Real Estate				\$6,237,634	9	0.41%
Rhone-Poulenc	Chemicals				\$6,158,530	10	0.40%
Totals		<u>\$104,393,701</u>		<u>4.38%</u>	<u>\$92,501,052</u>		<u>6.04%</u>

CITY OF MARIETTA, GEORGIA
Property Tax Levies and Collections (Unaudited)
Last ten fiscal years

Tax Digest Year	Total Tax Levy for Fiscal Year	Subsequent Years Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$6,993,549	(\$31,510)	\$6,962,040	\$6,903,506	98.71%	\$58,460	\$6,961,966	100.00%
1997	6,917,820	(12,947)	6,904,873	6,827,079	98.69%	77,794	6,904,873	100.00%
1998	6,711,797	4,575	6,716,372	6,648,881	99.06%	67,491	6,716,372	100.00%
1999	6,913,330	13,766	6,927,096	6,853,712	99.14%	19,227	6,872,939	99.22%
2000	7,187,928	(7,916)	7,180,013	7,043,100	97.99%	121,638	7,164,738	99.79%
2001	7,216,601	14,196	7,230,797	7,104,677	98.45%	108,047	7,212,724	99.75%
2002	8,126,201	51,602	8,177,802	7,997,857	98.42%	149,936	8,147,793	99.63%
2003	9,277,950	(61,149)	9,216,800	9,120,751	98.31%	66,365	9,187,116	99.68%
2004	9,430,498	(15,978)	9,414,520	9,348,551	99.13%	19,258	9,367,809	99.50%
2005	10,136,294	0	10,136,294	10,036,324	99.01%	0	10,036,324	99.01%

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CITY OF MARIETTA, GEORGIA
Ratios of Outstanding Debt by Type (Unaudited)
Last ten fiscal years

Fiscal Year	Governmental Activities			Business Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Capital Leases	Marietta						
				Conference Center Revenue Bonds	Golf Course Revenue Bonds	Capital Leases				
1997	\$43,900,000	--	--	\$25,810,000	\$8,599,737	\$729,402	\$79,039,139	7.07%	\$1,496	
1998	42,230,000	--	--	25,240,000	8,041,982	954,176	76,466,158	6.44%	1,409	
1999	90,430,000	--	--	24,990,000	7,776,906	786,764	123,983,670	9.84%	2,229	
2000	88,175,000	--	--	24,530,000	7,068,675	685,807	120,459,482	8.98%	2,103	
2001	84,970,000	--	--	24,040,000	6,395,357	462,664	115,868,021	8.16%	1,971	
2002	81,785,000	--	--	23,515,000	5,757,091	214,343	111,271,434	7.65%	1,851	
2003	76,965,000	--	--	22,955,000	5,153,829	208,635	105,282,464	7.20%	1,749	
2004	69,325,000	--	--	26,670,000	4,583,140	256,699	100,834,839	6.86%	1,675	
2005	64,705,000	--	762,620	26,255,000	4,044,323	217,265	95,984,208	6.48%	1,595	
2006	59,895,000	8,400,000	719,844	25,815,000	3,536,585	176,269	98,542,698	6.48%	1,637	

CITY OF MARIETTA, GEORGIA
Ratios of General Bonded Debt Outstanding (Unaudited)
Last ten fiscal years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1997	\$43,900,000	1,617,464	\$42,282,536	1.12%	\$799
1998	42,230,000	1,892,186	40,337,814	1.06%	742
1999	90,430,000	1,964,281	88,465,719	2.13%	1,585
2000	88,175,000	1,775,655	86,399,345	1.88%	1,508
2001	84,970,000	1,831,837	83,138,163	1.72%	1,415
2002	81,785,000	1,796,097	79,988,903	1.62%	1,328
2003	76,965,000	2,000,172	74,964,828	1.38%	1,245
2004	69,325,000	1,958,270	67,366,730	1.23%	1,119
2005	64,705,000	1,898,186	62,806,814	1.13%	1,043
2006	59,895,000	2,206,406	57,688,594	0.97%	958

CITY OF MARIETTA, GEORGIA
Direct and Overlapping Governmental Activities Debt (Unaudited)
As of June 30, 2006

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct General Obligation Debt	\$59,895,000	100.00%	<u>\$ 59,895,000</u>
Overlapping General Obligation Debt:			
Cobb County including TAX Anticipation Notes	122,595,000	11.86%	14,539,767
Cobb County Board of Education	127,665,000	11.86%	<u>15,141,069</u>
Total Overlapping General Obligation Debt			<u>29,680,836</u>
Total Direct and Overlapping General Obligation Debt			<u>\$ 89,575,836</u>
Overlapping Guaranteed Revenue Debt:			
City of Marietta Capital Lease	719,844	100.00%	\$ 719,844
Downtown Marietta Development Authority:			
Golf Course	3,536,585	100.00%	3,536,585
Conference Center	25,815,000	100.00%	25,815,000
Cobb Administrative Building Project	3,160,000	11.86%	374,776
Cobb County Recreation Authority	3,990,000	11.86%	473,214
Cobb County Solid Waste Management	17,565,000	11.86%	<u>2,083,209</u>
Total Overlapping Guaranteed Revenue Debt			<u>\$ 33,002,626</u>
Total Direct, Overlapping and Overlapping Guaranteed Revenue Debt			<u>\$ 122,578,464</u>
Debt Per Capita			
Direct General Obligation Debt			\$ 995
Overlapping General Obligation Debt			\$ 493
Overlapping Guaranteed Revenue Debt			<u>\$ 548</u>
Total Debt Per Capita			<u>\$ 2,036</u>

CITY OF MARIETTA, GEORGIA
Legal Debt Margin Information (Unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit: 10 percent of assessed value	\$153,680,543	\$154,999,079	\$168,400,039	\$186,136,909	\$195,811,348	\$199,894,682	\$224,790,816	\$228,840,234	\$233,459,325	\$251,598,744
Total net debt applicable to limit	<u>43,900,000</u>	<u>42,230,000</u>	<u>90,430,000</u>	<u>88,175,000</u>	<u>84,970,000</u>	<u>81,785,000</u>	<u>76,965,000</u>	<u>69,325,000</u>	<u>64,705,000</u>	<u>59,895,000</u>
Legal Debt margin	<u>\$109,780,543</u>	<u>\$112,769,079</u>	<u>\$77,970,039</u>	<u>\$97,961,909</u>	<u>\$110,841,348</u>	<u>\$118,109,682</u>	<u>\$147,825,816</u>	<u>\$159,515,234</u>	<u>\$168,754,325</u>	<u>\$191,703,744</u>
Total net debt applicable to the limit as a percentage of debt limit	28.57%	27.25%	53.70%	47.37%	43.39%	40.91%	34.24%	30.29%	27.72%	23.81%

Legal Debt Margin Calculation for Fiscal Year 2006

Total taxable assessed value	\$2,385,321,211
Add back: exempt real property	<u>130,666,229</u>
Total assessed value	\$2,515,987,440
Debt limit (10% of total assessed value)	251,598,744
Debt applicable to limit:	
General obligation bonds	<u>59,895,000</u>
Legal debt margin	<u><u>\$191,703,744</u></u>

CITY OF MARIETTA, GEORGIA
Pledged-Revenue Coverage (Unaudited)
Last ten fiscal years

Fiscal Year	<u>Marietta Conference Center Bonds, Series 1996 A, 1996 B, and 2003 (1)</u>				<u>Tax Allocation District CCSR Series 2005 (2)</u>			
	<u>Operating Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>	<u>TAD Revenues</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
1997	\$ 11,191,752	\$ -	\$ 1,691,604	6.61606	-	-	-	-
1998	12,339,936	390,000	1,814,423	5.597807	-	-	-	-
1999	13,453,915	430,000	1,789,731	6.061057	-	-	-	-
2000	13,895,505	460,000	1,756,152	6.270106	-	-	-	-
2001	13,273,286	490,000	1,715,922	6.017115	-	-	-	-
2002	10,392,010	525,000	1,641,762	4.796101	-	-	-	-
2003	9,535,056	560,000	1,838,201	3.97592	-	-	-	-
2004	8,976,919	600,000	1,831,343	3.692165	-	-	-	-
2005	9,343,330	415,000	1,784,392	4.248142	-	-	-	-
2006	1,677,432	440,000	1,796,035	0.750181	172,486	*	*	*

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

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

* First Tax allocation bond principal payment is due in FY2009, first interest payment is due in FY2007.

CITY OF MARIETTA, GEORGIA
Demographic and Economic Statistics (Unaudited)
Last ten fiscal years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1997	52,900	\$1,117,724	\$21,129	29.7	6,631	3.9%
1998	54,362	1,189,930	21,889	29.8	6,764	3.5
1999	55,824	1,264,358	22,649	29.9	6,928	3.2
2000	57,286	1,341,008	23,409	30.0	7,325	3.8
2001 (1)	58,748	1,419,880	24,169	30.1	7,460	4.4
2002	60,210	1,457,865	24,213	30.2	7,524	6.0
2003	60,208	1,463,115	24,301	30.4	7,552	5.8
2004	60,204	1,470,964	24,433	30.6	7,316	5.6
2005	60,197	1,481,328	24,608	31.0	7,558	4.6
2006 (2)	60,189	1,520,795	25,267	32.3	7,818	3.9

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(1) Bureau of Census

(2) Claritas

All other years estimated by the Marietta Redevelopment Authority Staff

CITY OF MARIETTA, GEORGIA
Principal Employers (Unaudited)
Last ten fiscal years

Employer	2006			1997		
	Employees ¹	Rank	Percentage of Total City Employment ²	Employees ³	Rank	Percentage of Total City Employment ²
Wellstar Kennestone Hospital	3,700	1	10%			
YKK Corp of America	2,500	2	7%			
Matria Healthcare	2,300	3	7%			
Solvay Pharmaceuticals	1,660	4	5%	950	2	3%
Columbian Chemical Company	1,400	5	4%			
Tip Top Poultry, Inc.	1,300	6	4%			
Marietta City Schools	1,276	7	4%	838	3	3%
Power Industry Consultants	1,060	8	3%			
Cobb County Government	1,041	9	3%	690	5	2%
Cobb County Board of Education	997	10	3%			
AT&T				1,600	1	5%
White Water/American Adventures				800	4	2%
Yellow Freight System, Inc.				631	6	2%
Wendy's Old Fashioned Hamburgers				600	7	2%
City of Marietta				520	8	2%
Dixon Tom-A-Toe Cos., Inc				500	9	2%
Cobb Electric Membership Corp.				480	10	1%

Source: ¹ City of Marietta Business License Department

² Georgia Department of Labor

³ Meag Power

CITY OF MARIETTA, GEORGIA
Full-time City Government Employees by Function (Unaudited)
Last ten fiscal years

Full-time Employees as of June 30

Function	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
Elected officials	8	8	8	8	8	8	8	8	8	8
City clerk	2	3	3	3	3	3	3	3	3	3
Municipal court	10	13	13	14	14	14	12	12	15	16
City manager	5	7	6	6	6	6	5	6	5	6
Mayor staff	1	1	1	1	1	1	1	1	1	1
Finance	23	23	25	24	27	24	23	24	21	25
Personnel	7	8	8	8	9	9	6	8	8	9
Development services	22	23	23	23	20	25	23	25	24	30
Public works										
Admin. & engineering	9	13	14	13	13	7	8	7	7	7
Code enforcement	7	7	7	7	7	9	7	7	6	8
Sanitation	41	41	41	45	45	42	37	42	42	41
Streets & Traffic	43	43	43	43	43	43	35	41	39	41
Public safety										
Police										
Officers	134	135	135	136	139	141	136	136	136	134
Civilians	16	20	24	27	28	20	28	26	17	31
Fire										
Firefighters & officers	124	127	129	127	135	131	119	127	122	134
Civilians	4	4	4	4	4	5	4	3	3	4
Culture and recreation										
Recreation	15	15	13	14	12	11	12	12	10	9
Property maintenance	32	35	42	44	52	38	38	20	19	16
Cemetery maintenance	1	1	1	3	3	3	3	3	3	3
BLW Board	6	6	6	6	6	6	6	6	6	6
Electric	141	136	135	130	124	132	134	137	127	130
MIS/GIS	17	19	19	19	19	19	19	20	19	21
Water/sewer	31	33	34	27	36	36	36	39	38	38
FiberNet ¹	0	0	0	0	0	26	26	24	0	0
Fleet maintenance	14	14	14	12	12	12	12	14	14	14
Total	713	735	748	744	766	771	741	751	693	735

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

Source: City of Marietta.

CITY OF MARIETTA, GEORGIA
Operating Indicators by Function (Unaudited)
Last ten fiscal years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Murder	2	5	3	5	5	2	5	6	1	6
Robbery	164	168	185	181	175	164	212	206	201	197
Agravated assault	428	361	300	164	247	131	177	186	141	131
Auto theft	722	758	541	465	576	340	397	427	439	405
Burglary	865	690	613	584	532	552	635	609	483	419
Larceny	4,292	3,167	2,482	2,347	2,391	1,929	2,158	2,207	1,803	1,929
Fire										
Calls for service	8,000	8,688	10,772	11,718	11,626	11,467	11,736	11,736	12,266	12,633
Fires	657	374	672	645	469	443	388	381	227	220
Structure fires	88	101	216	211	140	197	176	75	80	75
EMS calls	3,800	4,627	4,320	4,556	4,603	4,498	4,617	4,945	3,487	3,500
Fire investigations	95	53	*	78	52	47	30	48	45	42
Plan reviews of commercial property	*	*	*	492	488	482	508	624	624	640
Public Works/Engineering/Inspections										
Highways and streets										
Street resurfacing (miles)	*	13	4	5	4	8	4	3	2.5	2.8
Pedestrian signals installed	*	4	3	3	10	8	6	10	9	9
Signalized intersections installed/upgraded	*	6	9	9	10	3	10	10	7	10
Engineering/building inspections										
Site plans reviewed	96	87	74	64	39	60	50	47	47	52
Grading permits issued	56	48	34	339	252	176	250	278	312	318
Permits issued (building and trade)	2,066	3,939	5,673	4,750	4,195	4,354	4,300	4,194	4,456	4,725
Inspections	6,715	11,293	14,289	14,096	11,554	11,708	12,000	10,500	11,295	11,525
Sanitation										
Tons of residential waste landfilled	8,912	12,250	12,500	12,431	13,927	13,822	12,500	14,700	14,983	15,300
Tons of residential waste recycled	6,594	4,980	4,412	7,124	5,176	6,010	4,500	6,030	6,527	6,825

* Information not readily available

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

CITY OF MARIETTA, GEORGIA
Operating Indicators by Function (Unaudited)
Last ten fiscal years

		Fiscal Year									
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Parks, recreation, and facilities											
Parks and recreation											
	Senior games participants	220	247	272	279	302	280	300	320	309	320
	Summer day camp participants	1,088	1,019	1,080	1,075	880	694	544	580	517	790
	Youth basketball participants	641	650	675	800	780	720	620	590	480	490
	Youth track participants	*	*	*	177	148	128	100	100	112	108
	Adult basketball teams	*	20	20	18	26	20	18	6	14	11
	Concerts on the Square	15	15	15	15	15	15	16	16	17	17
	Festivals on the Square	4	4	4	4	4	4	4	4	4	4
Facilities											
	Inspections	*	*	650	6,404	6,923	7,441	3,470	3,470	3,470	3,571
	Work orders	1,295	1,245	1,696	1,653	1,684	1,981	2,198	2,598	2,598	2,870
	Vandalism incidents	*	*	132	183	215	244	183	173	173	189
45	Development Services										
	Code compliance inspections	1,684	2,195	1,272	6,010	6,758	6,930	8,164	9,760	8,670	10,200
	Code enforcement cases	*	*	*	*	*	*	3,515	3,344	3,564	3,600
	Citations issued	*	*	30	68	88	78	62	35	22	40
	Sign permits issued	267	262	360	270	204	198	264	300	250	330
	Rezoning applications processed	56	42	50	38	32	60	30	50	36	30
	Variance applications processed	55	37	60	47	74	67	71	100	68	80
	Plats reviewed	14	17	30	65	128	44	122	127	119	140
Building permits reviewed	1,912	1,343	2,000	870	720	691	693	700	768	800	
Personnel											
	Number of open positions	245	200	205	140	189	191	195	217	235	210
	Number of applications received	2,169	1,800	1,500	1,095	2,145	2,430	2,525	3,553	5,043	4,500
	Pension applications received and approved	22	39	25	30	23	23	23	25	39	40
Finance											
	Tax payments processed	17,820	18,565	18,126	22,687	21,967	21,967	19,880	19,899	20,000	19,225
	Value of tax payments (millions)	*	*	*	*	32.4	36.2	45.6	47.2	46.9	51.5
	Property tax exemption forms	*	*	*	700	850	850	8,874	8,874	7,799	8,000
	Purchase orders processed	1,222	1,738	2,019	1,975	2,300	2,300	2,700	2,500	2,500	2,375
	Active vendors	*	*	*	5,965	6,200	6,200	6,300	6,300	6,300	6,375
	Business licenses issued	6,497	*	*	8,272	8,008	8,365	8,815	8,898	8,854	8,558

* Information not readily available

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

CITY OF MARIETTA, GEORGIA
Operating Indicators by Function (Unaudited)
Last ten fiscal years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Municipal Court										
Traffic citations issued	17,979	21,222	17,979	21,381	22,508	19,011	19,403	18,684	14,056	16,922
Red light citations issued	*	*	*	*	*	*	*	4,510	35,010	37,001
Parking citations issued	*	*	2,085	3,992	4,121	4,308	3,855	4,171	4,628	4,768
Cases filed	*	*	*	20,960	17,318	15,226	15,490	15,053	13,297	14,228
Non-jury trials	*	*	*	883	1,144	1,047	853	924	923	997
New probationers	*	*	*	700	810	707	673	631	578	528
Electric										
New customer work orders	*	*	344	266	300	300	300	300	429	415
Lighting repair work orders	*	*	2,117	2,021	1,900	1,851	1,970	1,970	1,970	1,769
Line clearance (miles)	*	*	23	49	55	55	55	84	68	75
Trees removed on system	*	*	234	446	450	450	217	240	208	250
Meter site audits	*	*	*	*	*	400	425	335	335	384
Transformer infrared scanning	*	*	*	*	*	165	125	130	130	218
Electric customers	39,098	39,203	44,445	44,909	44,691	44,467	44,843	46,073	45,543	44,338
Kilowatt hours sold (millions)	916	970	997	1,013	1,072	1,048	1,082	1,074	1,036	1,075
Water & sewer										
New meter installs	*	*	*	235	170	136	116	144	146	150
Large water main replacements (feet)	*	*	*	0	0	0	2,050	16,050	3,250	3,150
Water line replacements (feet)	*	*	*	3,560	5,500	0	5,802	14,330	11,920	17,455
Sewer main rehabilitation (feet)	*	*	*	3,500	5,000	0	2,420	9,191	3,087	15,100
Major sanitary sewer overflows	*	*	*	*	*	*	*	3	2	0
Backflow device inspections	*	*	*	*	*	*	*	180	186	274
Utility locates	*	*	*	*	*	*	*	3,617	3,510	4,000
Gallons of grease removed from traps	*	*	*	*	*	*	*	411,728	640,951	500,000
Valves exercised	*	*	*	*	*	*	900	110	140	600
Plan reviews	*	*	*	*	*	*	66	73	62	70
Job orders completed	*	*	*	11,660	11,785	11,250	10,200	11,679	11,857	12,000
Water customers	*	*	*	*	17,665	18,194	18,325	18,218	18,276	18,249
Water gallons sold (million)	3,409	3,409	4,089	3,463	3,708	3,446	3,415	3,160	3,156	3,357
Sewer customers	*	*	*	*	16,783	16,584	16,741	16,768	16,726	16,654
Sewer gallons (millions)	3,203	3,182	3,425	3,346	3,737	3,156	3,093	2,960	2,962	3,044

* Information not readily available

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

CITY OF MARIETTA, GEORGIA
 Capital Asset Statistics by Function (Unaudited)
 Last ten fiscal years

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	42	51	58	68	68	72	82	80	87	98
Fire Stations	6	6	6	6	6	6	6	6	6	6
Sanitation										
Collection trucks	14	14	14	15	15	15	15	15	15	15
Highways and streets										
Streets(miles)	208.2	210.1	212.9	215.1	215.3	215.8	217.0	217.6	219.6	220.2
Streetlights	**	**	**	**	**	**	**	**	**	6,787
Traffic signals	96	98	99	99	99	100	102	104	106	108
Culture and recreation										
Parks acreage	276.5	276.5	277	277	248	279	288	288	288	288
Parks	18	18	18	18	18	18	19	19	19	19
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	27	27	27	27
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles) *	240	250	260	265	275	280	290	300	305	314.4
Fire hydrants *	1,800	1,832	1,850	1,900	2,000	2,100	2,150	2,200	2,250	2,315
Water pump stations	2	2	2	2	2	3	3	3	3	3
Wastewater										
Sanitary sewer mains (miles)*	170	180	190	205	215	230	240	255	265	275.5
Storm sewers(miles)	213.6	215.5	218.3	220.5	220.7	221.2	222.4	223.0	225.0	225.6
Wastewater pump stations	3	3	3	3	1	1	1	1	1	1
Electric										
Number of distribution stations	17	17	18	19	19	19	20	20	20	20
Miles of service lines	**	**	**	**	**	**	561	562	569	572
Conference Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1

Sources: Various city departments
 Note: * Fiscal Years 97 - 2005 estimates
 ** not readily available