



Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2007

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

For the Fiscal Year Ended June 30, 2007

**DEPARTMENT OF FINANCE
Monte Vavra
Finance Director**

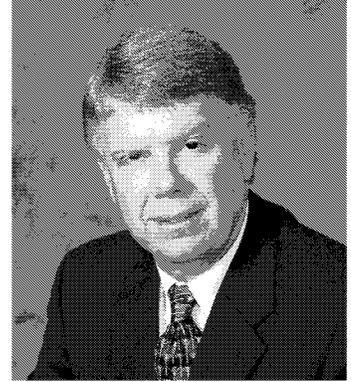
MAYOR AND CITY COUNCIL



Annette Paige Lewis
Councilmember, Ward 1



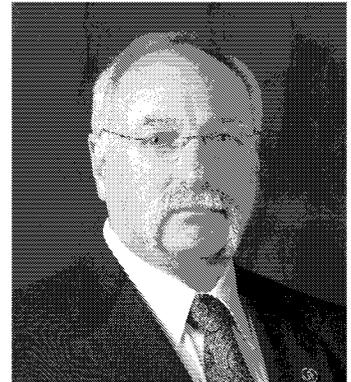
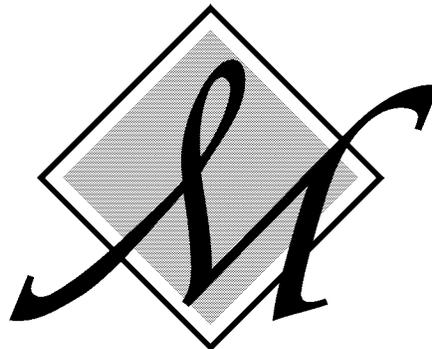
William B. Dunaway
Mayor



Griffin Chalfant
Councilmember, Ward 2



Holly Marie Walquist
Councilmember, Ward 3



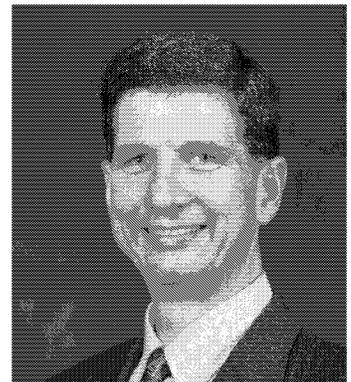
Irvan Alan Pearlberg (Van)
Councilmember, Ward 4



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, 2007

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INTRODUCTORY SECTION



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December 18, 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, 2007, 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, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Marietta's financial statements for the fiscal year ended June 30, 2007. 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 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 60,700 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 29.70 mills per thousand dollars (combined City, County, and School). Marietta will continue to promote a strong tourism program for the 5 historic districts, churches and homes as identified by the National Historic & Georgia Register. Our economic activity centers include multi-million dollar corporations such as YKK Corp of America, Solvay Pharmaceuticals, Matria Healthcare, 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 was estimated to be 60,758 on June 30, 2007.

Long-term financial planning

Unreserved, undesignated fund balance in the general fund (41.41 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 last year to improve the quality of life of our citizens as we continued to develop our City into the most livable community in the Atlanta metro region. In order to progress toward this goal, we undertook the following major initiatives:

Economic development and redevelopment was a major initiative area this past year. The economic development staff in conjunction with City Council was able to make great progress establishing a strong backbone for future redevelopment. The Marietta Redevelopment Corporation (MRC) is playing an important role in the redevelopment of our community. The MRC established the Marietta Fund for Neighborhood and Community Revitalization, initially capitalized by a private \$6 million line of credit and a \$2.1 million equity contribution from the Marietta City Council to undertake property assembly, disposition and redevelopment activities.

Redevelopment projects underway include residential, commercial and mixed-use developments. Meeting Park is an 11-acre development in the downtown that will include retail and office space, condominiums, town homes, and single-family homes for a total of 298 new households. Marietta Walk is a new mixed-use community currently underway on the former Johnny Walker site along Powder Springs Street. This development will include 121 new households as well as office and retail space. Marietta Mill Lofts, which consists of residential and office condominiums, is located in the downtown area overlooking Atlanta Street. Emerson Overlook is a mixed-use project in the downtown which will contain retail and office space as well as 37 residential condominiums. Manget at Historic Marietta is a residential community that will consist of 265 residential units including condominium flats, town homes, and single-family homes. The Village at Frasier Park is a residential town home community transformed from duplex units. Hunter Walk is a single-family infill project that provides finished homes or build-to-suit homes near the downtown transforming distressed areas into desirable areas for homebuyers. The developers of these communities have worked closely with the City Council and department staff members to incorporate green space, trees and landscaping, and recreational areas to provide an environment in which to live, work and play.

In total there are 12 redevelopment projects currently underway within three-quarters of a mile of the Square. Four hundred and ninety-six rental units have been torn down, and they are being replaced by 906 new owner-occupied homes and 195,000 square feet of retail and office space. Private investment in this area of the downtown will be over \$344 million compared to only \$8 million from 1993 to 2003.

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 neighborhoods surrounding our downtown. The City has made a concerted effort to improve the design of these MINT houses, and they are now leading redevelopment on the streets on which they are built.

The Office of Economic Development provided assistance for two companies who chose to locate in the City. W.W. Grainger, an electrical supply company constructed a 27,000 sq. ft. building on a two-acre site near South Marietta Parkway and Fairground Street. EPI, a nationally recognized printing company, consolidated their corporate offices and production operations into a 266,000 sq. ft. Class A office and industrial building. When EPI completes their move, approximately 300 people will be employed at this location. The office and industrial occupancy rate remains strong in Marietta. West Oak Industrial Park continues to be a premier location for industrial manufacturing companies who want to expand or relocate to Marietta.

Marietta's commitment to upgrading and replacing the water and sewer systems has been evident in projects completed in 2007 including the Whitlock Avenue 20-inch Water Main Replacement, the Noses Creek Basin Sewer Line Replacement, and the Sope Basin at Rigby Sewer Line Replacement Projects. In addition there are now over 6,000 feet of large water main replacements, 1,600 feet of water distribution line replacements, and 2,900 feet of sewer line replacements presently in design. System reliability and infrastructure improvements will continue to be realized due to the ability to achieve departmental goals set for critical areas of operation.

In fiscal year 2007 Marietta's utility company, the Board of Lights and Water (BLW) continued with its Automatic Meter Reading (AMR) project. This project includes changing out all residential electric meters and the majority of commercial electric meters. The majority of large water meters have been converted to AMR. Instead of a meter reader employee manually reading a meter on the customer's property, we are now able to read meters electronically via radio frequency with our drive-by system. This technology reduces the number of human errors and improves the accuracy of our power and water bills.

The BLW also began a massive capital improvement program designed to upgrade and enhance services in preparation for our substantial downtown redevelopment and the requirements of our SPLOST program. This new infrastructure will bring in additional revenue and allow the City to grow for decades to come.

Major Transportation and Road Improvement Projects got underway as a result of the voters passing the Special Purpose Local Sales Tax (SPLOST) which began January 1, 2006. Engineering and design work, right-of-way appraisals, and property acquisition are underway along major corridors such as Powder Springs Street, Fairground Street, and Roswell Street, and at intersections such as Powers Ferry Road at South Marietta Parkway and Lower Roswell Road at Rowell Road. The annual street resurfacing project continues as does our general street and drainage rehabilitation program.

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 SPLOST funds. This significant public investment is already bringing forward private investment in the corridor.

Major technology enhancements and solutions have been deployed during the past year to our IT infrastructure. We took on responsibility for the non-emergency radio system, which will save the city \$1.4 million over the next ten years. In the process we brought automatic vehicle location (AVL) capabilities to 130 vehicles. We completely replaced the data communications network, including the indoor wireless network and installed security around the devices. In conjunction with this project, we installed an all-new VoIP telephone system and replaced telephones on every desktop. This conversion will also save the City hundreds of thousands of dollars.

Park improvements can be found at Lewis Park where new tennis court lights have been installed. Also at Lewis Park, the City created an off-leash dog play area, which includes a doggie bag station and disposal facilities, and increased signage. We created a separate entrance from the ball field, and retained a large designated area for a people-only playing field. At Glover Park in Marietta Square, the first year of a three-phase project got underway to replace the brickwork at the fountain and the surrounding pavers to maintain a safe surface and keep it as a showplace for Marietta. At Wildwood Park, considerable clearing and restorative work was accomplished with an emphasis on preserving its natural resources while rendering it safe and family-friendly. A process to create a parks master plan was started with completion expected in the months to come.

The Franklin Road Weed and Seed Program got underway this year. This is a federally-funded grant program that assists local governments to reduce crime and revitalize neighborhoods. The City hired a Site Coordinator to oversee the program that will unite its residents with law enforcement organizations, civic organizations, and community leaders to improve the safety and security of the neighborhood and quality of life for citizens and businesses. In conjunction with this program, the Marietta Police Department conducted one of its largest safety checkpoints on Franklin Road in March as part of the City's overall plan to improve the area. In a six-hour operation, there were 73 physical arrests, four weapons recovered, one stolen vehicle located and recovered, and 184 citations written.

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, 2006. This represented the twentieth consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting from the GFOA a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated July 1, 2006 for fiscal year 2007. 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 "Lori Duncan".

Lori Duncan
Acting 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, 2006

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.



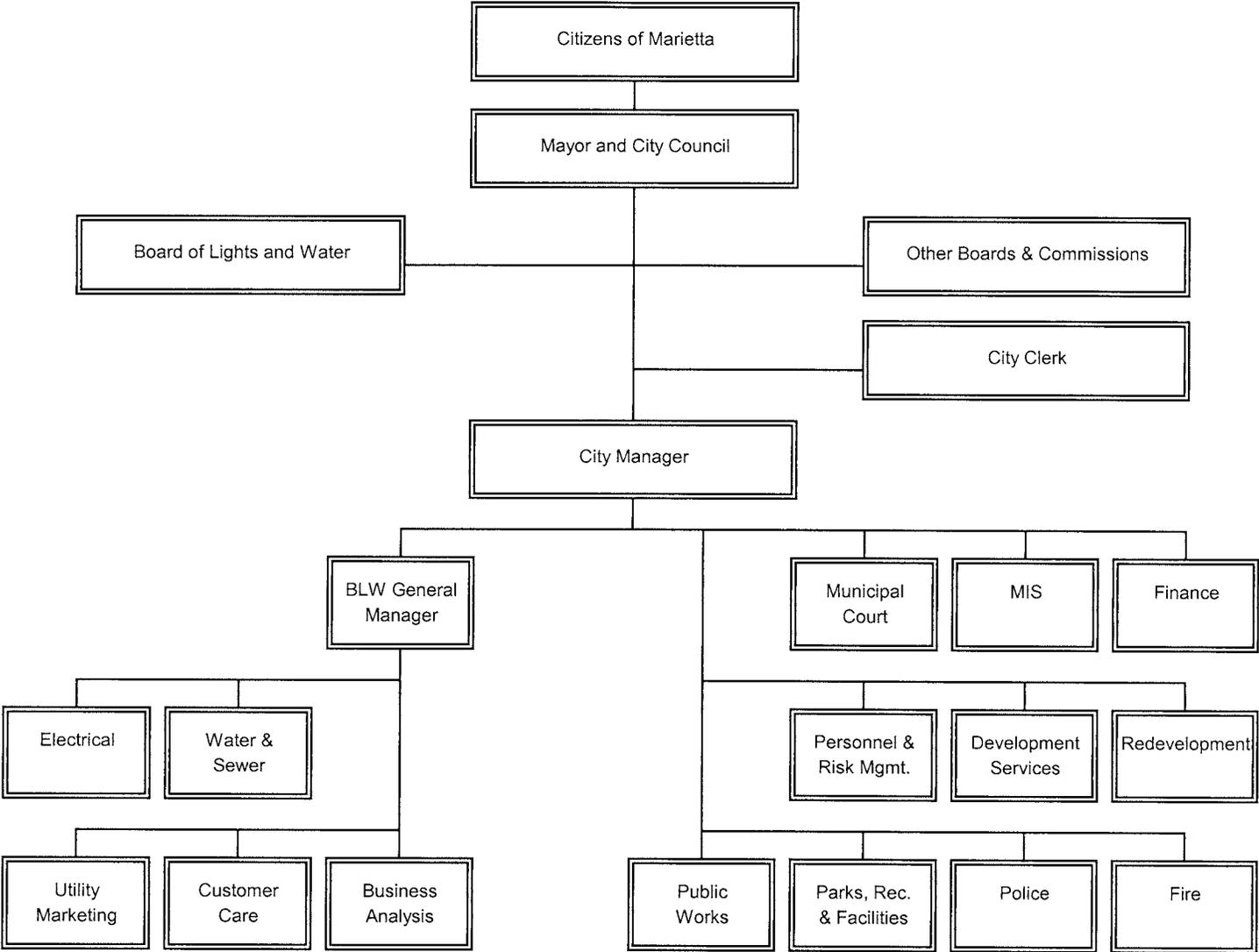
Oliver S. Cox

President

Jeffrey R. Emer

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 (Van) Alan Pearlberg	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

Pamela Allen	Municipal Court Administrator
Shannon Barrett	Assistant to the City Manager
Brian Binzer	Development Services Director
Brian Binzer	Interim Marietta Redevelopment Corp Executive Director
Rich Buss	Parks, Recreation and Facilities Director
Daniel Conn	Acting Public Works Director
Francenia Diedrich	Personnel and Risk Management Director
Barry Echols	Utility Marketing Director
Herb Edwards	Business Analysis Director
Daniel Flynn	Police Chief
Jackie Gibbs	Fire Chief
Stephanie Guy	City Clerk
Douglas Haynie	City Attorney
Thomas Jones	Acting Water and Sewer Director
Robert W. Lewis	BLW General Manager
J. Kevin Moore	BLW Attorney
Ronald Mull	Customer Care Director
Robert Snelson	Acting Electrical Director
Rich Tieslau	MIS Director
Monte Vavra	Finance Director

FINANCIAL SECTION

Moore & Cubbedge, LLP

Certified Public Accountants
&
Advisors



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Marietta, Georgia, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited each component unit and the fiduciary fund of the City. We have also audited the financial statements of each of the City's nonmajor governmental and internal service funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007 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 as well as each component unit and fiduciary fund of the City of Marietta, Georgia, as of June 30, 2007, 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 and internal service funds of the City of Marietta, Georgia at June 30, 2007, 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 December 17, 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 on pages 3 through 15, page 53 and page 54 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Moore & Cubbedge, LLP
Moore & Cubbedge, LLP

December 18, 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, 2007. 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 \$152.7 million at the end of fiscal year 2007. This is an increase of \$15 million when compared to the previous year. Of this amount, \$129.1 million is invested in capital assets (net of depreciation and related debt). Total unrestricted assets are \$9 million, a decrease of \$1.3 million from last year. Unrestricted net assets from governmental activities are \$(26) million, an increase of \$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. Business-type activities unrestricted net assets are \$35.4 million.
- ❖ The City's total net assets increased \$15.2 million over the previous year with a \$7.4 million increase generated from governmental activities and a \$7.8 million increase resulting in the business-type activities.
- ❖ The City's General Fund's fund balance was \$16.52 million as of June 30, 2007. Of this amount, \$1.1 million is reserved for encumbrances. \$809 thousand is reserved or designated for park improvements (that were funded through a donation and a bond issue) and for tourism purposes. \$36 thousand is designated for future expenditures and the remaining \$14.5 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 \$864 thousand from June 30, 2006.
- ❖ The total liabilities of the City's governmental-type and business-type funds outstanding at June 30, 2007 are \$71.3 million and \$49.1 million respectively. \$89.8 million of this total represents liabilities that are due in more than one year, such as long-term debt, leases payable, and compensated absences. This is a decrease of \$5.4 million for the governmental-type funds and a decrease of \$1.46 million for the business-type funds.

Total general bonded debt decreased \$5.0 million in fiscal year 2007. No new general obligation debt was issued during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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 15 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other 14 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. Budget to actual comparisons for each of the governmental funds are provided in individual schedules elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 52 of this report.

Other information. The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements and can be found on pages 55 through 128 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, 2007, assets exceeded liabilities by \$152.7 million.

The following table provides a summary of the City's governmental and business-type net assets for fiscal year 2006 and 2007.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
Assets						
Current and other assets	\$ 41,582,216	\$ 47,119,055	\$ 66,355,317	\$ 62,414,683	\$107,937,533	\$109,533,738
Capital assets	53,037,758	49,461,564	101,950,793	114,154,206	154,988,551	163,615,770
Total assets	94,619,974	96,580,619	168,306,110	176,568,889	262,926,084	273,149,508
Liabilities						
Current and other liabilities	4,875,500	4,933,617	15,641,733	17,096,297	20,517,233	22,029,914
Non-current liabilities	71,846,689	66,389,298	33,024,051	32,001,849	104,870,740	98,391,147
Total liabilities	76,722,189	71,322,915	48,665,784	49,098,146	125,387,973	120,421,061
Net Assets						
Invested in capital assets, net of related debt	41,105,789	38,400,310	77,610,606	90,727,135	118,716,395	129,127,445
Restricted	7,426,356	12,993,338	777,996	1,349,186	8,207,352	14,342,524
Unrestricted	(30,637,360)	(26,135,944)	41,251,724	35,394,422	10,614,364	9,258,478
Total net assets	\$ 17,897,785	\$ 25,257,704	\$119,640,326	\$127,470,743	\$137,538,111	\$152,728,447

The largest portion of the City's net assets, \$129.1 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. The school reports these assets 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 future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$14.3 million of the City's net assets represent resources that are subject to external restrictions on how they may be used. Included in this category are reserves for debt service, public safety grants, culture and recreation donations and uncommitted bond funds.

Changes in Net Assets. Governmental and business-type activities increased the City's net assets by \$15.2 million in fiscal year 2007. The following table indicates the changes in net assets for governmental and business-type activities in fiscal year 2006 and 2007.

Changes in Net Assets

	Governmental		Business-type		Total	
	2006	2007	2006	2007	2006	2007
Revenues						
Program revenues:						
Charges for services	\$ 14,631,657	\$ 15,213,901	\$119,618,546	\$121,780,982	\$134,250,203	\$136,994,883
Operating grants and contributions	7,555,223	9,597,840	0	0	7,555,223	9,597,840
Capital grants and contributions	7,281,401	9,735,992	3,282,679	4,536,972	10,564,080	14,272,964
General Revenues:						
Property taxes	11,398,799	12,293,579	0	0	11,398,799	12,293,579
Other taxes	11,689,509	11,816,304	0	0	11,689,509	11,816,304
Investment earnings	1,010,915	1,881,843	1,736,225	2,509,636	2,747,140	4,391,479
Other revenues	1,329,133	1,410,350	55,187	32,889	1,384,320	1,443,239
Total Revenues	54,896,637	61,949,809	124,692,637	128,860,479	160,928,897	190,810,288
Expenses						
General government	7,270,281	7,490,659	0	0	7,270,290	7,490,659
Public works	10,845,886	14,888,258	0	0	10,845,886	14,888,258
Culture and recreation	5,279,105	5,346,638	0	0	5,279,105	5,346,638
Public safety	25,171,969	24,791,734	0	0	25,171,969	24,791,734
Urban redevelopment and housing	11,234,909	8,261,612	0	0	11,234,909	8,261,612
Interest on long-term debt	3,018,190	3,125,438	0	0	3,018,190	3,125,438
Water & sewer	0	0	21,738,497	22,294,414	21,738,497	22,294,414
Electric	0	0	78,307,081	85,240,996	78,307,081	85,240,996
Golf	0	0	2,302,256	1,912,942	2,302,256	1,912,942
Conference	0	0	2,759,624	2,267,261	2,759,624	2,267,261
Total expenses	62,820,340	63,904,339	105,107,458	111,715,613	167,927,798	175,619,952
Increase in net assets before transfers	(7,923,703)	(1,954,530)	19,585,179	17,144,866	11,661,476	15,190,336
Transfers in (out)	7,743,458	9,314,449	(7,743,458)	(9,314,449)	0	0
Increase (decrease) in net assets	\$ (180,245)	\$ 7,359,919	\$ 11,841,721	\$ 7,830,417	\$ 11,661,476	\$ 15,190,336

Governmental Activities. Governmental activities decreased the City's net assets by \$1.9 million in fiscal year 2007 before transfers. Key elements of this decrease are as follows:

Total revenues are 61.9 million, up 12.8% 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. Receipt of these revenues started in January 2006. 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 nearly doubled from the previous year, this is attributable to the rise in the rates and funds available for investment.

Expenses totaled \$63.9 million. The increase over the previous year was incurred in public works and redevelopment projects in the City. The City is involved in several transportation and road improvement projects as a result of the voter approved Special Local Option Sales Tax (SPLOST). Engineering and design work, right-of-way appraisals, and property acquisition are underway. General obligation interest expense increased due to prior year issued TAD bonds interest payment.

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 fully implemented the retroactive infrastructure provisions in the fiscal year ending in 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 \$17.1 million in fiscal year 2007 before transfers to the governmental funds.

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

	Fiscal Year	
	2006	2007
Operating income (loss):	<u>2006</u>	<u>2007</u>
Board of Lights & Water	\$ 16,374,811	\$10,810,661
City Club Golf Course	(2,527)	426,510
Marietta Conference Center & Resort	<u>846,021</u>	<u>862,928</u>
Total	<u>17,218,305</u>	<u>12,100,102</u>
Non-operating revenues (expenses)	<u>93,568</u>	<u>1,382,247</u>
Contributed capital from developers	<u>2,633,117</u>	<u>3,883,920</u>
Income (loss) before operating transfers	<u>19,944,990</u>	<u>17,366,269</u>
Transfers in (out)	(7,963,458)	(9,658,929)
Change in net assets	<u>\$ 11,981,532</u>	<u>\$ 7,707,340</u>

The Board of Lights and Water's operating revenues increased 1.7% from the previous year while operating expenses increased by 7.7% resulting in an operating income decrease of 34.0% from 2006. Contributions from developers increased by \$1.2 million from 2006.

The City Club golf course operating revenues increased 6.2% from the previous year while operating expenses decreased by 16.9% resulting in an operating gain of \$426,510.

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 2007, the combined ending fund balances of the City's governmental funds were \$35.5 million. Approximately \$26 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 (\$3.8 million); b) reserved for debt service (\$2.8 million); c) reserved for culture and recreation (\$809 thousand).

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

General fund. This is the primary operating fund of the City of Marietta government. It accounts for many of the City's core services such as law enforcement, fire protection, planning, roads and streets, solid waste sanitation, and administration. The general fund balance was \$16.5 million as of June 30, 2007. Of this amount, \$1.1 million is reserved for encumbrances and culture and recreation. The fiscal year 2007 fund balance is \$864 thousand 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 29.1% of total fiscal year 2007 expenditures and transfers, while total fund balance is 33.1% of the same amount.

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

The City operates the Board of Lights and Water (BLW) which provides electric, water, and wastewater utilities for residential and commercial customers. Unrestricted net assets of this fund at the end of the year amounted to \$43.8 million. The unrestricted net assets decreased by \$5.8 million during the year.

The City operates an 18-hole golf course known as the City Club. The total net assets of this fund at the end of the fiscal year amounted to \$1.86 million, a 37% increase.

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 \$(5.5) million. The total net assets increased by \$36 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 statutes and the City of Marietta Code. The most significant budgeted fund is the General Fund.

In June 2006, the City Council appropriated \$48.2 million for general fund expenditures. The budget was amended 34 times during the fiscal year.

Table 4
 2007 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue and other financing sources	\$48,247,565	\$4,877,876	\$53,125,441	\$50,755,155
Expenditures and other financing uses	48,317,006	8,461,467	56,778,473	51,033,768

Mid-year budget amendments include:

- \$836,307 Appropriation of reserves from prior year encumbrances
 - 321,000 Park capital for landscaping and improvements(1)
 - 521,672 General Government (2)
 - 2,425,907 Economic Development/Redevelopment/Planned Development (3)
 - 43,128 Public Safety (4)
 - 4,236,854 Project rollovers from previous years (5)
- (1) Trees for Tomorrow grant \$15,000; purchase of Hickory Hills Park \$300,000; and landscaping and park improvements \$12,869
- (2) Additional staffing \$22,410, attorney fees \$100,000, Weed and Seed grant program \$184,162, and sponsorships and reimbursements for \$15,100
- (3) Appropriation for Marietta Redevelopment Corporation \$2.1 million, Roswell Streetscape project \$74,000, Historic Preservation \$12,000, additional staffing

\$39,907; Purchase of property \$150,000; advertising for economic development \$50,000; and Multi-use trail grant \$69,730.

- (4) Appropriations of donations, grants and reimbursements for public safety supplies and equipment
- (5) Project rollovers are for project budgets adopted in a previous year that are for the life of the project. The majority of project rollovers are related to the Roswell Streetscape project and redevelopment projects.

Actual expenditures were 10.1% below anticipated budget. Expenses exceeded revenues by \$279 thousand on a budgetary basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007 total \$129.1 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 researched historical records to determine the value of infrastructure and calculate appropriate depreciation. The City has reported all assets acquired during fiscal years 2002 through 2007, 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 increased from the previous year by 9.1% after depreciation. Major capital assets events during the current fiscal year included the following:

Governmental activities:

- City vehicles \$831,830
- Land acquisition for economic development redevelopment programs \$995,848
- Buildings and machinery and equipment \$417,896
- Infrastructure \$308,815

Business-type activities:

- Electrical system improvements \$4.6 million
- Water and sewer system improvements \$4.3 million
- Buildings and machinery & equipment \$8 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, 2007, the City of Marietta had the following outstanding long-term debt (principal amount):

- \$10.3 million 1996 Public Safety General Obligation Bonds.
- \$33.4 million 1998-A School General Obligation Bonds
- \$11.1 million 2002 School General Obligation Bonds
- \$674 thousand note payable for property
- \$13.0 million 1996-A Series Marietta Conference Center & Resort Revenue Bonds
- \$8.0 million 1996-B Series Marietta Conference Center & Resort Revenue Bonds
- \$4.3 million 2003 Series Marietta Conference Center & Resort Revenue Bonds
- \$3.0 million capital lease funded through the City Club for the golf course
- \$134 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 2007.

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 \$213 million at the end of fiscal year 2007.

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 2008 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 2008
- 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 2008 is \$24.5 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 working toward accelerating the project schedule so that more projects are started and completed within a shorter time frame than originally planned. To do so, the Downtown Marietta Development Authority issued Series 2007, \$9.8 million Revenue Bonds (City of Marietta Project) to cover those project costs. The related debt service payments are backed by the full faith and credit and taxing power of the City.
- 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.

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- Information technology continues to be a priority. A mobile data communications project for public safety will get underway in fiscal year 2008. Obsolete data modems in police cars and fire trucks will be replaced with high-speed aircards. Paying court citations and parking tickets online is one way the City has improved customer service through 24x7 access to the virtual city. Also the Police are looking into a software to bill excessive False Alarms calls.
 - The City will create a Parks Master Plan to assess all city parks and amenities and prioritize recommendations for renovations, rehabilitations and upgrades. The City is eager to provide additional landscaped sites and overall beautification for city-owned property to establish a signature appearance. Work will commence on implementation of a corridor beautification and tree canopy preservation plan.
 - The Sanitation department is undertaking a pilot program in which all new developments will begin a new system of trash pickup. Large roll-carts will be issued to new homeowners in these areas and pickup trucks will be outfitted with arm lifts.
 - 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 2008 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, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Marietta Welcome Center	Marietta Redevelopment Corporation
Assets:					
Cash and cash equivalents	\$ 20,161,544	\$ 14,199,211	\$ 34,360,755	\$ 97,078	\$ 2,154,700
Equity in pooled cash	6,159,194	3,179,057	9,338,251	-	-
Investments	9,390,823	18,272,398	27,663,221	-	-
Inventories	70,640	2,852,351	2,922,991	-	-
Receivables, net	1,291,018	13,189,335	14,480,353	-	-
Internal balances	1,554,514	(1,554,514)	-	-	-
Due from other governments	7,711,097	-	7,711,097	-	-
Prepaid items	31,048	-	31,048	-	-
Restricted assets	-	7,521,710	7,521,710	-	-
Other assets, net	749,177	4,755,135	5,504,312	-	-
Capital assets, non depreciated	5,129,868	8,752,260	13,882,128	-	-
Capital assets, depreciated, net	44,331,696	105,401,946	149,733,642	15,459	-
Total assets	96,580,619	176,568,889	273,149,508	112,537	2,154,700
Liabilities:					
Accounts payable and other current liabilities	3,050,363	11,031,053	14,081,416	56,687	-
Claims and judgements payable	1,883,254	-	1,883,254	-	-
Liabilities payable from:					
Restricted assets	-	6,065,244	6,065,244	-	-
Noncurrent liabilities:					
Due within one year	6,336,022	2,214,394	8,550,416	-	-
Due in more than one year	60,053,276	29,787,455	89,840,731	-	-
Total liabilities	71,322,915	49,098,146	120,421,061	56,687	-
Net Assets					
Invested in capital assets, net of related debt	38,400,310	90,727,135	129,127,445	-	-
Restricted for:					
Debt service	2,836,778	1,343,458	4,180,236	-	-
Capital projects	9,121,735	-	9,121,735	-	-
Culture and recreation	1,033,536	-	1,033,536	-	-
Other purposes	1,289	5,728	7,017	-	-
Unrestricted	(26,135,944)	35,394,422	9,258,478	55,850	2,154,700
Total net assets	\$ 25,257,704	\$ 127,470,743	\$ 152,728,447	\$ 55,850	\$ 2,154,700

CITY OF MARIETTA, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and									
	Change in Net Assets					Component Units				
	Primary Government					Marietta Redevelopment Corporation				
Primary Government	Program Revenue		Capital Grants and Contributions		Governmental Activities		Business-type Activities		Total	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Welcome Center	Marietta Redevelopment Corporation		
Governmental activities:										
General government	\$ 7,490,659	\$ 10,606,915	\$ 90,379	\$ -	\$ 3,206,635	\$ -	\$ -	\$ -	\$ 3,206,635	
Public works	14,888,258	3,338,944	-	8,911,282	(2,638,032)	-	-	-	(2,638,032)	
Culture and recreation	5,346,638	260,442	23,157	-	(5,063,039)	-	-	-	(5,063,039)	
Public safety	24,791,734	42,390	524,542	814,395	(23,410,407)	-	-	-	(23,410,407)	
Urban redevelopment and housing	8,261,612	965,210	7,313,072	10,315	26,985	-	-	-	26,985	
Interest & fiscal charges on long-term debt	3,125,438	-	1,646,690	-	(1,478,748)	-	-	-	(1,478,748)	
Total governmental activities	63,904,339	15,213,901	9,597,840	9,735,992	(29,356,606)	-	-	-	(29,356,606)	
Business-type activities:										
Water & Sewer	22,294,414	28,115,388	-	3,883,920	-	9,704,894	-	-	9,704,894	
Electric	85,240,996	90,011,504	-	-	-	4,770,508	-	-	4,770,508	
Golf	1,912,942	1,973,016	-	-	-	60,074	-	-	60,074	
Conference Center	2,267,261	1,681,074	-	653,052	-	66,865	-	-	66,865	
Total business-type activities	111,715,613	121,780,982	-	4,536,972	-	14,602,341	-	-	14,602,341	
Total Primary Government	\$ 175,619,952	\$ 136,994,883	\$ 9,597,840	\$ 14,272,964	\$ (29,356,606)	\$ 14,602,341	\$ -	\$ -	(14,754,265)	
Component Units:										
Marietta Welcome Center	331,790	115,494	225,215	-	-	-	8,919	-	-	2,076,014
Marietta Redevelopment Corporation	23,986	-	-	2,100,000	-	-	-	-	-	-
Total Component Units	\$ 355,776	\$ 115,494	\$ 225,215	\$ 2,100,000	\$ -	\$ -	\$ 8,919	\$ -	\$ 2,076,014	
General Revenues:										
Property Taxes					12,293,579				12,293,579	
Insurance premium tax					3,078,387				3,078,387	
Alcohol taxes					884,674				884,674	
Hotel, motel tax					2,182,657				2,182,657	
Franchise taxes					5,176,430				5,176,430	
Auto rental tax					494,156				494,156	
Unrestricted investment earnings					1,881,843		2,509,636		4,391,479	61,489
Gain on sale of capital assets					134,434		32,889		167,323	
Operating grants not restricted to a specific program					1,275,916		-		1,275,916	
Transfers					9,314,449		(9,314,449)		-	
Total general revenues and transfers					36,716,525		(6,771,924)		29,944,601	61,489
Change in net assets					7,359,919		7,830,417		15,190,336	8,919
Net assets - beginning					17,897,785		119,640,326		137,538,111	46,931
Net assets - ending					\$ 25,257,704		\$ 127,470,743		\$ 152,728,447	\$ 55,850

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 4,121,584	\$ 13,252,158	\$ 17,373,742
Cash with fiscal agent	-	900,666	900,666
Equity in pooled cash	3,906,957	2,252,237	6,159,194
Investments	7,181,402	19,906	7,201,308
Receivables, net	694,165	215,605	909,770
Prepaid items	31,048	-	31,048
Due from other funds	2,776,205	-	2,776,205
Due from other governments	446,423	3,964,081	4,410,504
Inventories	-	17,781	17,781
Total assets	\$ 19,157,784	\$ 20,622,434	\$ 39,780,218
<u>Liabilities and fund balances</u>			
Liabilities:			
Accounts payable	\$ 1,582,871	\$ 423,513	\$ 2,006,384
Retainage payable	-	32,511	32,511
Accrued liabilities	670,262	17,795	688,057
Due to other funds	127,968	117,191	245,159
Due to other governments	10,000	-	10,000
Deferred revenue	243,886	1,066,713	1,310,599
Total liabilities	2,634,987	1,657,723	4,292,710
Fund balances:			
Reserved for:			
Encumbrances	1,142,596	2,656,694	3,799,290
Culture and recreation	809,399	-	809,399
Debt service	-	2,836,778	2,836,778
Unreserved - designated, reported in:			
General fund	36,192	-	36,192
Special revenue funds	-	2,052,148	2,052,148
Unreserved - undesignated, reported in:			
General fund	14,534,610	-	14,534,610
Special revenue funds	-	5,392,250	5,392,250
Capital projects funds	-	6,026,841	6,026,841
Total fund balances	16,522,797	18,964,711	35,487,508
Total liabilities and fund balances	\$ 19,157,784	\$ 20,622,434	

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.	48,648,696
Revenues earned but unavailable are not reported in the funds.	1,271,981
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Receivable from other governments	3,300,593
Pension asset	443,766
Unamortized bond issue costs	305,411
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The assets and liabilities of the internal service funds and a receivable from business type activities are included in governmental activities in the statement of net assets.	2,167,374
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds	(63,280,000)
Unamortized bond premium	(53,481)
Accrued compensated absences	(2,359,265)
Loans payable	(674,879)
Net assets of governmental activities	\$ 25,257,704

CITY OF MARIETTA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 16,607,554	\$ 7,446,689	\$ 24,054,243
Licenses and permits	6,621,273	-	6,621,273
Intergovernmental	2,225,805	19,624,496	21,850,301
Charges for services	3,767,775	164,676	3,932,451
Fines and forfeits	4,353,147	-	4,353,147
Investment earnings	1,071,506	730,645	1,802,151
Other	453,539	-	453,539
Total revenues	35,100,599	27,966,506	63,067,105
Expenditures:			
Current:			
General government	7,370,697	-	7,370,697
Public works	7,266,035	328,805	7,594,840
Culture and recreation	5,404,198	162,787	5,566,985
Public safety	23,525,100	12,879	23,537,979
Urban redevelopment and housing	2,100,000	6,161,612	8,261,612
Debt service:			
Principal retirement	44,965	5,015,000	5,059,965
Interest & fiscal charges	34,971	3,066,329	3,101,300
Capital projects	-	4,243,722	4,243,722
Total expenditures	45,745,966	18,991,134	64,737,100
Excess (deficiency) of revenues over expenditures	(10,645,367)	8,975,372	(1,669,995)
Other financing sources (uses):			
Sale of capital assets	139,123	-	139,123
Transfers in	15,515,433	-	15,515,433
Transfers out	(4,145,206)	(2,795,291)	(6,940,497)
Total other financing sources (uses)	11,509,350	(2,795,291)	8,714,059
Net change in fund balance	863,983	6,180,081	7,044,064
Fund balances at beginning of year, before restatement	15,658,814	13,204,622	28,863,436
Restatement	-	(419,992)	(419,992)
Fund balances at beginning of year, after restatement	15,658,814	12,784,630	28,443,444
Fund balances at end of year	\$ 16,522,797	\$ 18,964,711	\$ 35,487,508

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, 2007

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)	\$ 7,044,064
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 depreciation (\$6,077,346) exceeded capital outlays (\$2,461,831) in the current period.	(3,615,515)
The net effect of miscellaneous transactions involving capital assets (sales) is to decrease net assets.	(4,689)
Receipt of long-term receivables is reported as revenue in the governmental funds.	(2,037,536)
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.	502,295
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:	
Principal payments	5,059,965
Pension contributions in excess of annual actuarial costs are recorded as expenditures in the governmental funds.	(461,774)
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	388,602
Amortization for bond issue costs and bond premium	(24,138)
Internal service funds are used by management to charge the costs of fleet management and self-insurance individual funds.	<u>508,645</u>
Change in net assets of governmental activities (page 17)	<u>\$ (7,359,919)</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 June 30, 2007

	Major			Totals	Governmental Activities - Internal Service Funds
	Board of Lights and Waterworks	City Golf Course	Marietta Conference Center & Resort		
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 14,193,100	\$ 6,111	\$ -	\$ 14,199,211	\$ 1,887,136
Equity in pooled cash	2,917,568	-	261,489	3,179,057	-
Investments	18,272,398	-	-	18,272,398	2,189,515
Restricted assets:					
Revenue bond debt service	-	-	1,450,738	1,450,738	-
Furniture and fixtures reserve	-	-	5,728	5,728	-
Receivables, net	13,178,772	10,563	-	13,189,335	277,062
Due from other funds	-	-	127,968	127,968	2,650
Due from other governments	-	-	-	-	6,462
Inventories, at cost	2,852,351	-	-	2,852,351	52,859
Prepaid expense	-	-	-	-	-
Total current assets	<u>51,414,189</u>	<u>16,674</u>	<u>1,845,923</u>	<u>53,276,786</u>	<u>4,415,684</u>
Noncurrent assets:					
Restricted assets:					
Certificate of deposit	-	-	-	-	-
Investments	6,065,244	-	-	6,065,244	-
Total restricted assets	<u>6,065,244</u>	<u>-</u>	<u>-</u>	<u>6,065,244</u>	<u>-</u>
Property, plant and equipment:					
Land and land improvements	1,382,976	6,600,000	769,284	8,752,260	-
Buildings and improvements	15,062,778	1,937,917	23,326,210	40,326,905	473,309
Electrical plant in service	76,633,619	-	-	76,633,619	-
Water and sewer system	61,723,676	-	-	61,723,676	-
Machinery and equipment	37,434,908	3,472,682	6,974,254	47,881,844	982,970
	<u>192,237,957</u>	<u>12,010,599</u>	<u>31,069,748</u>	<u>235,318,304</u>	<u>1,456,279</u>
Less: accumulated depreciation	<u>(103,676,873)</u>	<u>(3,762,384)</u>	<u>(13,724,841)</u>	<u>(121,164,098)</u>	<u>(643,411)</u>
Net property, plant and equipment	<u>88,561,084</u>	<u>8,248,215</u>	<u>17,344,907</u>	<u>114,154,206</u>	<u>812,868</u>
Other assets:					
Inventories, at cost	-	-	90,558	90,558	-
Unamortized costs	-	-	1,232,019	1,232,019	-
Net pension asset	172,208	-	-	172,208	-
Investment	3,729,966	-	-	3,729,966	-
	<u>3,902,174</u>	<u>-</u>	<u>1,322,577</u>	<u>5,224,751</u>	<u>-</u>
Less: accumulated amortization	<u>-</u>	<u>-</u>	<u>(469,616)</u>	<u>(469,616)</u>	<u>-</u>
Net other assets	<u>3,902,174</u>	<u>-</u>	<u>852,961</u>	<u>4,755,135</u>	<u>-</u>
Total noncurrent assets	<u>98,528,502</u>	<u>8,248,215</u>	<u>18,197,868</u>	<u>124,974,585</u>	<u>812,868</u>
Total assets	<u>\$ 149,942,691</u>	<u>\$ 8,264,889</u>	<u>\$ 20,043,791</u>	<u>\$ 178,251,371</u>	<u>\$ 5,228,552</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, 2007

	Major			Totals	Governmental Activities - Internal Service Funds
	Board of Lights and Waterworks	City Golf Course	Marietta Conference Center & Resort		
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 10,088,842	\$ 87,869	\$ 23,101	\$ 10,199,812	\$ 167,018
Accrued salaries	233,027	-	-	233,027	12,701
Accrued sales tax	484,378	-	-	484,378	-
Other accrued liabilities	-	-	18,627	18,627	-
Due to other governments	36,000	-	-	36,000	-
Accrued compensated absences	283,328	-	-	283,328	11,557
Deferred revenue	-	-	59,209	59,209	-
Due to other funds	-	468,376	-	468,376	2,190,638
Capital lease obligations	-	494,451	-	494,451	-
Bonds payable	-	-	940,000	940,000	-
Accrued interest payable	-	389,335	107,280	496,615	-
Claims and judgements payable	-	-	-	-	1,883,254
Total current liabilities:	<u>11,125,575</u>	<u>1,440,031</u>	<u>1,148,217</u>	<u>13,713,823</u>	<u>4,265,168</u>
Long-term liabilities (net of current portion):					
Accrued compensated absences	414,029	-	-	414,029	10,116
Customer deposits	6,065,244	-	-	6,065,244	-
Capital lease obligations	-	2,421,309	-	2,421,309	-
Revenue bonds	-	-	24,410,000	24,410,000	-
Accrued interest payable	-	2,542,117	-	2,542,117	-
Total long-term liabilities	<u>6,479,273</u>	<u>4,963,426</u>	<u>24,410,000</u>	<u>35,852,699</u>	<u>10,116</u>
Total liabilities	<u>17,604,848</u>	<u>6,403,457</u>	<u>25,558,217</u>	<u>49,566,522</u>	<u>4,275,284</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	88,561,084	5,332,455	(3,166,404)	90,727,135	812,868
Restricted for:					
Debt Service	-	-	1,343,458	1,343,458	-
Other	-	-	5,728	5,728	-
Unrestricted	<u>43,776,759</u>	<u>(3,471,023)</u>	<u>(3,697,208)</u>	<u>36,608,528</u>	<u>140,400</u>
Total net assets	<u>\$ 132,337,843</u>	<u>\$ 1,861,432</u>	<u>\$ (5,514,426)</u>	<u>128,684,849</u>	<u>\$ 953,268</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(1,214,106)</u>	
Net assets of business-type activities				<u>\$ 127,470,743</u>	

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

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 For the Fiscal Year Ending June 30, 2007

	Major			Totals	Governmental Activities - Internal Service Funds
	Board of Lights and Waterworks	City Golf Course	Marietta Conference Center & Resort		
Operating revenues:					
Charges for services	\$ 116,495,085	\$ 1,971,671	\$ -	\$ 118,466,756	\$ 2,781,603
Lease income	-	-	1,681,074	1,681,074	-
Other	1,629,586	-	-	1,629,586	1,005,569
Contributions	-	-	-	-	7,918,078
Total operating revenues	118,124,671	1,971,671	1,681,074	121,777,416	11,705,250
Operating expenses:					
Personal services	12,196,356	-	-	12,196,356	635,885
Operating	86,374,771	1,344,809	60,124	87,779,704	4,059,956
Other	985,923	-	-	985,923	-
Depreciation	7,756,957	200,352	758,022	8,715,331	48,548
Benefits and claims	-	-	-	-	7,701,291
Total operating expenses	107,314,007	1,545,161	818,146	109,677,314	12,445,680
Operating income (loss)	10,810,664	426,510	862,928	12,100,102	(740,430)
Nonoperating revenues (expenses):					
Investment earnings	2,469,122	-	40,514	2,509,636	283,381
Intergovernmental revenue	-	-	653,052	653,052	-
Interest and fiscal charges	-	(333,164)	(1,396,866)	(1,730,030)	-
Amortization	-	(34,617)	(52,249)	(86,866)	-
Gain (loss) on sale of capital assets	103,981	-	(71,092)	32,889	-
Other	2,221	1,345	-	3,566	-
Total nonoperating revenues (expenses)	2,575,324	(366,436)	(826,641)	1,382,247	283,381
Contributed capital from developers	3,883,920	-	-	3,883,920	-
Income (loss) before transfers	17,269,908	60,074	36,287	17,366,269	(457,049)
Transfers					
Transfers in	2,940,136	471,507	-	3,411,643	1,199,977
Transfers out	(13,044,247)	(26,325)	-	(13,070,572)	(111,206)
Total transfers	(10,104,111)	445,182	-	(9,658,929)	1,088,771
Change in net assets	7,165,797	505,256	36,287	7,707,340	631,722
Net assets at beginning of year	125,172,046	1,356,176	(5,550,713)		321,546
Net assets at end of year	\$ 132,337,843	\$ 1,861,432	\$ (5,514,426)		\$ 953,268
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				123,077	
Change in net assets of business-type activities				\$ 7,830,417	

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ending June 30, 2007

	MAJOR			TOTALS	Governmental Activities- Internal Service Funds
	Board of Lights and Waterworks	City Golf Course	Marietta Conference Center & Resort		
Cash flows from operating activities:					
Cash received from customers	\$ 116,601,845	\$ 1,979,398	\$ -	\$ 118,581,243	\$ 10,806,662
Cash received from other operating activities	1,878,675	1,345	-	1,880,020	-
Cash payments goods and services	(87,013,808)	(1,459,318)	(68,265)	(88,541,391)	(4,296,770)
Cash payments for benefits and claims	-	-	-	-	(7,706,475)
Cash payments for employee services and fringe benefits	(12,073,338)	-	-	(12,073,338)	(633,072)
Cash payments for other operating activities	-	-	-	-	903,088
Cash received from lease	-	-	1,714,898	1,714,898	-
Net cash from (to) operating activities	19,393,374	521,425	1,646,633	21,561,432	(926,567)
Cash flows from noncapital financing activities:					
Transfers in	2,940,136	471,507	-	3,411,643	1,105,303
Transfers out	(13,044,247)	(26,325)	-	(13,070,572)	(16,532)
Tax revenues	-	-	653,052	653,052	-
Net cash from (to) noncapital financing	(10,104,111)	445,182	653,052	(9,005,877)	1,088,771
Cash flows from capital and related financing activities:					
Payments for capital acquisitions	(16,855,592)	(88,175)	(162,148)	(17,105,915)	(92,558)
Proceeds from asset sales	103,981	-	-	103,981	-
Payments on capital leases	-	(520,157)	-	(520,157)	-
Bond principal payments	-	-	(465,000)	(465,000)	-
Interest and fiscal charges	-	(358,355)	(1,396,866)	(1,755,221)	-
Net cash from (to) capital and related financing activities	(16,751,611)	(966,687)	(2,024,014)	(19,742,312)	(92,558)
Cash flows from investing activities:					
Rental income received (paid)	2,221	-	-	2,221	-
Investment income received (paid)	2,524,664	-	40,514	2,565,178	278,844
Investment (purchases) sales	1,014,930	-	(565,019)	449,911	(88,301)
Net cash from (to) investing activities	3,541,815	-	(524,505)	3,017,310	190,543
Net increase (decrease) in cash and cash equivalents	(3,920,533)	(80)	(248,834)	(4,169,447)	260,189
Cash and cash equivalents at beginning of year:					
Cash	17,809,683	6,191	87,959	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, beginning of year	21,031,201	6,191	510,323	21,547,715	1,626,947
Cash and cash equivalents at end of year:					
Cash	14,193,100	6,111	-	14,199,211	1,887,136
Equity in pooled cash	2,917,568	-	261,489	3,179,057	-
Total cash and cash equivalents, end of year	\$ 17,110,668	\$ 6,111	\$ 261,489	\$ 17,378,268	\$ 1,887,136

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

CITY OF MARIETTA, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ending June 30, 2007

	MAJOR			TOTALS	Governmental Activities- Internal Service Funds
	Board of Lights and Waterworks	City Golf Course	Marietta Conference Center & Resort		
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 10,810,664	\$ 426,510	\$ 862,928	\$ 12,100,102	\$ (740,430)
Adjustments to reconcile operating income to net cash from operating activities:					
Miscellaneous revenue	-	1,345	-	1,345	-
Depreciation	7,756,957	200,352	758,022	8,715,331	48,548
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	249,089	7,727	27,269	284,085	(238,606)
(Increase) decrease in contributions receivable	-	-	-	-	98,160
(Increase) decrease in utility accounts receivable	(584,890)	-	-	(584,890)	-
(Increase) decrease in due from other funds	-	-	-	-	(2,650)
(Increase) decrease in inventories	(455,077)	-	-	(455,077)	9,281
(Increase) decrease in net pension asset	179,196	-	-	179,196	-
(Increase) decrease in due from other governments	7,933	-	-	7,933	1,903
Increase (decrease) in accounts payable	786,229	(19,823)	1,025	767,431	(191,887)
Increase (decrease) in accrued salaries	(15,880)	-	(2,994)	(18,874)	878
Increase (decrease) in accrued sales tax	(20,266)	-	-	(20,266)	-
Increase (decrease) in accrued compensated absences	(40,298)	-	-	(40,298)	1,935
Increase (decrease) in other accrued expenses	-	-	(6,172)	(6,172)	-
Increase (decrease) in due to other funds	-	(94,686)	-	(94,686)	91,485
Increase (decrease) in customer deposits	683,717	-	-	683,717	-
Increase (decrease) in claims and judgments payable	-	-	-	-	(5,184)
Increase (decrease) in other liabilities	36,000	-	6,555	42,555	-
Net cash from (to) operating activities	<u>\$ 19,393,374</u>	<u>\$ 521,425</u>	<u>\$ 1,646,633</u>	<u>\$ 21,561,432</u>	<u>\$ (926,567)</u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During 2007, assets contributed by developers totaled \$3,883,920 in the Board of Lights and Waterworks.

During 2007, the increase in the fair market value of investments totaled \$61,340 in the Board of Lights and Waterworks

CITY OF MARIETTA, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2007

	Pension Trust Fund
<u>Assets</u>	
Cash and cash equivalents	\$ 2,725,189
Receivables:	
Accrued interest	281,886
Contributions	87,127
Total receivables	369,013
Investments, at fair value	
United States Government securities	18,815,232
Corporate notes and debentures	8,736,801
Common stock	41,986,695
Total investments	69,538,728
Total assets	72,632,930
<u>Liabilities</u>	
Accrued expenses	108,283
Due to other funds	2,650
Total liabilities	110,933
Net assets:	
Held in trust for pension benefits (See required supplementary information)	\$ 72,521,997

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, 2007

	Pension Trust Fund
Additions:	
Employer contributions	\$ 4,088,075
Investment income (expenses):	
Net appreciation (depreciation) of fair value of investments	5,366,848
Interest and dividends	2,005,687
	7,372,535
Less investment expenses	(361,733)
Net investment income (expenses)	7,010,802
Total additions	11,098,877
Deductions:	
Pension benefits paid	6,471,074
Administrative fees	63,028
Transfer out	4,778
Total deductions	6,538,880
Change in net assets	4,559,997
Net assets - beginning of year	67,962,000
Net assets - end of year	\$ 72,521,997

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

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.

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.

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

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

A. Reporting Entity (Cont'd)

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. The amounts reported under accrual basis of accounting are not different than those using the modified accrual basis of accounting. An annual budget is not adopted for the Corporation.

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.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

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.

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).

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, 2007

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

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

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.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

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, HUD-Housing Assistance Payments Program Special Revenue Fund, Cemetery Maintenance 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, 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 HUD-Housing Assistance Payments Program, Local Law Enforcement Block Grant, Local Option Sales Tax, SPLOST, and Construction Funds. Certain capital outlay expenditures are not budgeted for in the HUD-Housing Assistance Payments Program Special Revenue Fund. Certain transfers are not budgeted for in the Construction Capital Projects Fund. 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. An annual budget for the Marietta Housing Special Revenue Fund was not adopted for the fiscal year 2007.

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.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

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.

The City invests in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia ("MEAG"), a governmental entity. The City is a beneficiary of this trust. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the City's position in the pool changes with market conditions, and is calculated based on the fair market value of net assets held in the pool at the close of each business day.

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, 2007, there are no non-current portions of interfund balances.

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

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007 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 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.

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>Marietta City Golf Course</u>	<u>Conference Center & Resort</u>	<u>Motor Transport</u>	<u>Governmental Funds</u>
Buildings	50 years	40 years	40 years	40 years	40 years
Electric utility system	25-30 year	--	--	--	--
Machinery and equipment	12 years	15 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

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

K. 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.

L. Long-Term Obligations

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

M. 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.

N. 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, 2007, the City was not exposed to custodial credit risk.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(3) INVESTMENTS

As of June 30, 2007, 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	\$ 15,995,374	\$ -	\$ -	\$ -	\$15,995,374
Municipal Competitive Trust	not rated	3,420,999	2,117,692	-	-	5,538,691
U.S. Agencies	AAA	<u>20,655,656</u>	<u>2,459,693</u>	-	<u>2,306,297</u>	<u>25,422,646</u>
Total Primary Government (non-fiduciary)		<u>\$ 40,072,029</u>	<u>\$ 4,577,385</u>	<u>\$ -</u>	<u>\$ 2,306,297</u>	<u>\$46,956,711</u>
FIDUCIARY FUND						
Common Stocks	n/a	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$41,986,695
Money Market Mutual Fund	AAA	2,030,978	-	-	-	2,030,978
Corporate Bonds:	A	-	-	2,178,936	-	2,178,936
	A-	-	296,343	489,475	-	785,878
	A+	392,304	986,995	949,970	493,595	2,822,864
	AA	-	469,960	-	-	469,950
	AA-	490,910	305,502	280,461	-	1,076,873
	AAA	-	-	938,010	-	938,010
Government Bonds:	BBB+	-	-	464,350	-	1,076,873
	AA-	-	-	494,000	-	464,350
U.S. Agencies	AAA	<u>993,327</u>	<u>7,534,502</u>	<u>5,207,363</u>	<u>4,586,041</u>	<u>18,321,232</u>
Total Fiduciary Fund		<u>\$ 3,907,519</u>	<u>\$ 9,593,292</u>	<u>\$ 11,002,565</u>	<u>\$ 5,079,635</u>	<u>\$71,569,706</u>

Investments of the primary government include \$6,065,244 grouped in restricted assets, and \$13,807,253 grouped in cash and cash equivalents, and excludes \$579,007 of certificates of deposits.

Investments of the fiduciary fund include \$2,030,978 grouped with the cash and cash equivalents.

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.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(4) RECEIVABLES

Receivables at June 30, 2007 for the government's individual major funds and nonmajor, internal service, and trust funds in the aggregate consist of the following:

	<u>Taxes and Fines</u>	<u>Accrued Interest</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 276,391	\$ 65,377	\$ 191,024	\$ 166,562	\$ (5,189)	\$ 694,165
Board of Lights and Waterworks Fund	--	74,659	13,602,113	--	(498,000)	13,178,772
Golf Fund	--	--	--	10,563	--	10,563
Nonmajor and Other Funds	<u>178,804</u>	<u>47,729</u>	<u>--</u>	<u>270,988</u>	<u>(4,854)</u>	<u>492,667</u>
Total	<u>\$ 455,195</u>	<u>\$ 187,765</u>	<u>\$ 13,793,137</u>	<u>\$ 448,113</u>	<u>\$ (508,043)</u>	<u>\$ 14,376,167</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, 2007 and investments held in a separate account as required by the Revenue Bond Ordinance.

Board of Lights and Waterworks:	
Customer deposits	\$6,065,244
Marietta Conference Center and Resort:	
Revenue bond debt service	1,450,738
Furniture and fixtures reserve	<u>5,728</u>
Total	<u>\$7,521,710</u>

The City's restricted assets in the Governmental Funds include cash restricted for completion of projects.

SPLOST Capital Project Fund:	
SPLOST projects	<u>\$6,107,371</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 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	\$ 4,134,020	\$ 995,848	\$ --	\$ 5,129,868
Capital assets, being depreciated:				
Buildings	32,520,811	110,832	--	32,631,643
Improvements other than buildings	5,501,230	--	--	5,501,230
Machinery and equipment	31,251,364	1,138,894	(89,663)	32,300,595
Infrastructure	<u>159,783,726</u>	<u>308,815</u>	<u>--</u>	<u>160,092,541</u>
Total capital assets being depreciated	229,057,131	1,558,541	(89,663)	230,526,009
Less accumulated depreciation for:				
Buildings	(12,914,256)	(759,332)	--	(13,673,588)
Improvements other than buildings	(1,779,236)	(233,420)	--	(2,012,656)
Machinery and equipment	(27,160,872)	(1,492,016)	84,974	(28,567,914)
Infrastructure	<u>(138,299,029)</u>	<u>(3,641,126)</u>	<u>--</u>	<u>(141,940,155)</u>
Total accumulated depreciation	(180,153,393)	(6,125,894)	--	(186,194,313)
Total capital assets, being depreciated, net	<u>48,903,738</u>	<u>(4,567,353)</u>	<u>(4,689)</u>	<u>44,331,696</u>
Governmental activities capital assets, net	<u>\$53,037,758</u>	<u>\$(3,571,505)</u>	<u>\$ (4,689)</u>	<u>\$ 49,461,564</u>

The beginning balances have been adjusted 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, 2007

(6) CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 8,752,260	\$ --	\$ --	\$ 8,752,260
Total capital assets, not being depreciated	<u>8,752,260</u>	<u>--</u>	<u>--</u>	<u>8,752,260</u>
Capital assets, being depreciated:				
Buildings and improvements	40,101,813	225,092	--	40,326,905
Plant in service and water/sewer system	125,684,045	12,673,250	--	138,357,295
Machinery and equipment	39,962,396	8,090,647	(171,199)	47,881,844
Total capital assets, being depreciated	<u>205,748,254</u>	<u>20,988,989</u>	<u>(171,199)</u>	<u>226,566,044</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,571,648)	(499,833)	--	(13,071,481)
Plant in service and water/sewer system	(64,474,169)	(4,416,689)	--	(68,870,858)
Machinery and equipment	(35,503,904)	(3,798,809)	100,954	(39,201,759)
Total accumulated depreciation	<u>(112,549,721)</u>	<u>(8,715,331)</u>	<u>100,954</u>	<u>(121,164,098)</u>
Total capital assets, being depreciated, net	<u>93,198,533</u>	<u>12,273,658</u>	<u>\$ (70,245)</u>	<u>105,401,946</u>
Business-type activities, capital assets, net	<u>\$101,950,793</u>	<u>\$12,273,658</u>	<u>\$ (70,245)</u>	<u>\$114,154,206</u>

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

Governmental activities:	
General government	\$ 103,908
Public safety	1,624,909
Public Works, including depreciation of general infrastructure assets	4,067,291
Culture and recreation	281,238
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>48,548</u>
Total depreciation expense – governmental activities	<u>\$ 6,125,894</u>
Business-type activities:	
Water & Sewer	\$ 2,186,512
Electric	5,570,445
Conference Center	758,022
Golf	<u>200,352</u>
Total depreciation expense – business-type activities	<u>\$ 8,715,331</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(7) LONG-TERM OBLIGATIONS

Primary Government:

General Obligation Bonds:

General obligation bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2007:

\$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 (\$10,365,000 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 (\$33,400,000 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 (\$11,115,000 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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	5,275,000	1,558,438	6,833,438
2013-2017	20,105,000	4,476,635	24,581,635
2018-2019	<u>7,025,000</u>	<u>478,125</u>	<u>7,503,125</u>
Total	<u>\$54,880,000</u>	<u>\$15,263,383</u>	<u>\$ 70,143,383</u>

\$2,836,778 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 \$7,290,000 at June 30, 2007.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(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, 2008 of \$449,195 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
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	564,610	286,545	851,155
2013-2017	3,198,363	1,057,411	4,255,774
2018-2021	<u>3,075,817</u>	<u>328,801</u>	<u>3,404,618</u>
Total	<u>\$ 8,400,000</u>	<u>\$ 3,016,972</u>	<u>\$ 11,416,972</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 monthly 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
2008	\$ 47,265	\$ 32,667	\$ 79,932
2009	49,684	30,248	79,932
2010	52,226	27,706	79,932
2011	54,897	25,035	79,932
2012	57,706	22,226	79,932
2013-2017	335,955	63,705	399,660
2018	<u>77,146</u>	<u>2,786</u>	<u>79,932</u>
Total	<u>\$ 674,879</u>	<u>\$ 204,373</u>	<u>\$ 879,252</u>

Revenue Bonds:

Bonds payable in the Enterprise Funds at June 30, 2007 is as follows:

Bonds Payable - current	\$ 940,000
Bonds Payable - noncurrent	<u>24,410,000</u>
	<u>\$25,350,000</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(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 (\$8,035,000 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:

Year Ending June 30,	Principal	Interest	Total
2008	\$ 940,000	\$ 1,253,839	\$2,193,839
2009	990,000	1,203,982	2,193,982
2010	1,045,000	1,151,288	2,196,288
2011	1,100,000	1,095,809	2,195,809
2012	1,160,000	1,037,226	2,197,226
2013-2017	6,845,000	4,187,652	11,032,652
2018-2022	8,955,000	2,150,947	11,105,947
2023-2024	4,315,000	137,677	4,452,677
Total	<u>\$25,350,000</u>	<u>\$12,218,420</u>	<u>\$37,568,420</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, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$59,895,000	\$ --	\$(5,015,000)	\$54,880,000	\$ 5,240,000
Tax Allocation District Bonds	8,400,000	--	--	8,400,000	--
Unamortized bond premium	64,176	--	(10,695)	53,481	--
Note payable	719,844	--	(44,965)	674,879	47,265
Compensated absences	<u>2,767,669</u>	<u>959,473</u>	<u>(1,346,204)</u>	<u>2,380,938</u>	<u>1,048,757</u>
Governmental activity					
Long-term liabilities	<u>\$71,846,689</u>	<u>\$ 959,473</u>	<u>\$(6,416,864)</u>	<u>\$ 66,389,298</u>	<u>\$6,336,022</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

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

Business-type activities:

Bonds payable:					
Revenue bonds	\$25,815,000	\$ --	\$ (465,000)	\$ 25,350,000	\$ 940,000
Capital leases	3,712,854	--	(520,158)	3,192,696	494,451
Less deferred amounts on refunding	(311,553)	--	34,617	(276,936)	--
Compensated absences	737,655	279,554	(319,852)	697,357	283,328
Accrued interest payable	<u>3,070,095</u>	<u>464,810</u>	<u>(496,173)</u>	<u>3,038,732</u>	<u>496,615</u>
Business-type activity					
Long-term liabilities	<u>\$33,024,051</u>	<u>\$ 744,364</u>	<u>\$(1,766,566)</u>	<u>\$32,001,849</u>	<u>\$2,214,394</u>

Compensated absences are typically liquidated in the general fund.

Component Units:

The Marietta Redevelopment Corporation has a \$6,000,000 line of credit with a local financial institution, of which was unused at June 30, 2007. The line matured on August 2007 and was renewed for an additional 24 months. The line of credit is at the prime rate of interest. \$1,000,000 of the Redevelopment Corporation's cash balance serves as an interest reserve on the line of credit.

(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 are \$12,010,599. Accumulated depreciation associated with these facilities is \$3,762,384.

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 \$181,332.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(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, 2007:

Year Ending <u>June 30</u>	City <u>Golf Course</u>
2008	\$ 835,000
2009	835,000
2010	835,000
2011	830,000
2012	830,000
2013-2016	<u>3,325,000</u>
Total minimum lease payments	7,490,000
Less amounts representing interest	<u>(4,297,304)</u>
Present value of minimum lease payments	3,192,696
Less deferred loss on refunding	<u>(276,936)</u>
Total	<u>\$ 2,915,760</u>

(9) PENSION PLANS

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, 2007 and 2006 were \$1,756,932 and \$1,785,238, 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, 2007

(9) PENSION PLANS (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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plan.

Investment income is recognized as earned by the pension plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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 Year Ended</u>	<u>Annual Pension Cost</u>	<u>Annual Actual Contributions</u>	<u>Percentage Contributed</u>	<u>Net Pension Asset</u>
6/30/05	\$4,098,103	\$ 3,448,797	84%	\$ (1,892,086)
6/30/06	\$4,042,935	\$ 3,583,386	89%	\$ (1,351,553)
6/30/07	\$4,496,964	\$ 4,088,075	86%	\$ (862,337)

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	\$ 4,496,964
Interest on net pension asset	(103,847)
Adjustment to annual required contribution	<u>184,174</u>
Annual pension cost	4,577,291
Contributions made	<u>(4,088,075)</u>
(Increase) decrease in net pension asset	489,216
Net pension asset beginning of year	<u>(1,351,553)</u>
Net pension asset end of year	<u>\$ (862,337)</u>

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(9) PENSION PLANS (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 12.2 percent of the current year covered payroll. The actuarially determined contribution recommendation of 18.45 percent was based on the 2007 fiscal year projected payroll determined through an actuarial valuation performed at July 1, 2006. Total contributions to the general pension plan for the fiscal year ended June 30, 2007 were \$4,088,075.

As of July 1, 2006, 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	353
Number of terminated employees entitled to benefits but not yet receiving them	293
Active employees:	
Fully Vested	431
Nonvested	<u>295</u>
Total plan participants	<u>1,372</u>

Actuarial assumptions used in the valuation at July 1, 2006 include the following:

Amortization Method	<p>The greater of:</p> <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"> - 7.75%
Projected Salary Increase	<ul style="list-style-type: none"> - 3.5%
Inflation Rate	<ul style="list-style-type: none"> - 3.5%
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, 2007, 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, 2007

(9) PENSION PLANS (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 \$122,023 to the Peace Officers' Annuity and Benefit Fund for the year ended June 30, 2007. 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, 2007. 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 had 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 total \$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, 2007**

(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 \$61,405,619 from the Authority during the year ended June 30, 2007. 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, 2007.

(11) INTERFUND RECEIVABLES AND PAYABLE BALANCES

Interfund loans receivable are considered "available spendable resources."

Such balances at June 30, 2007 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

PAYABLE	RECEIVABLE		
	GENERAL FUND	MCCR	Total
General Fund	\$ -	\$ 127,968	\$ 127,968
Nonmajor Governmental	117,191	-	117,191
Golf Course	468,376	-	468,376
Internal Service	<u>2,190,638</u>	<u>-</u>	<u>2,190,638</u>
Total	<u>\$ 2,776,205</u>	<u>\$ 127,968</u>	<u>\$ 2,904,173</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, 2007

(12) TRANSFERS

Interfund transfers for the current year were as follows:

Transfer In To	Transfer Out From						Total
	General Fund	Nonmajor Governmental	BLW	Internal Services	Golf Course	Fiduciary Fund	
Primary Government:							
General Fund	\$ -	\$ 2,787,288	\$ 12,645,238	\$ 56,678	\$ 22,200	\$ 4,029	\$ 15,515,433
Internal Services	800,968	-	399,009	-	-	-	1,199,977
BLW	2,872,731	8,003	-	54,528	4,125	749	2,940,136
Golf Course	471,507	-	-	-	-	-	471,507
TOTAL	<u>\$ 4,145,206</u>	<u>\$ 2,795,291</u>	<u>\$ 13,044,247</u>	<u>\$ 111,206</u>	<u>\$ 26,325</u>	<u>\$ 4,778</u>	<u>\$ 20,127,053</u>

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.

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 25, 2006 were due on October 25, 2006.

Liens were attached to property for unpaid taxes on February 9, 2007.

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, 2006 was \$2,185,623,440.

Based on the 2006 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 \$10,615,645 for the fiscal year ended June 30, 2007 were 99 percent of the tax levy.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(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, 2007:

Primary Government:	
General Fund	\$ 1,142,596
Special Revenue:	
HUD Housing Assistance	39
Cemetery Maintenance	7,003
Tax Allocation District	1,366
Gone with the Wind Museum	47
Capital Projects Funds:	
Local Option Sales Tax	1,179,158
SPLOST	1,469,081

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, 2007 was \$2,836,778.

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

Primary Government:	
General Fund	<u>\$ 809,399</u>

(15) FUND BALANCE/NET ASSETS (DEFICIT)

Marietta Conference Center & Resort	<u>\$ (5,514,426)</u>
Gone With the Wind Museum	<u>\$ (31,513)</u>
HUD CDBG	<u>\$ (5,973)</u>
Motor Transport	<u>\$ (65,341)</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 will receive grant funds in fiscal year 2008 to fund this deficit.

The City is planning to transfer funds to the Motor Transport Fund to fund this deficit.

CITY OF MARIETTA, GEORGIA
NOTES TO FINANCIAL STATEMENTS (CONT'D)
For the Fiscal Year Ended June 30, 2007

(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, 2007, there were 240 retirees eligible for the benefits. For the fiscal year ended 2007 the cost of providing these benefits totaled \$2,500,373.

If hired before August 14, 1991, 100% of the cost of employee health insurance premiums will be paid by the City. Amounts paid by the City for employees hired subsequent to August 14, 1991 are based on years of service and the date of hire and are as follow:

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

(17) RISK MANAGEMENT

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

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

Changes in the balances of claim liabilities during the past year are as follows:

	Year Ending <u>June 30, 2007</u>	Year Ending <u>June 30, 2006</u>
Claims and judgments payable, beginning of fiscal year	\$ 1,888,438	\$ 1,930,641
Incurred claims	7,701,291	8,412,705
Claim payments	<u>(7,706,475)</u>	<u>(8,454,908)</u>
Claims and judgments payable, end of fiscal year	<u>\$ 1,883,254</u>	<u>\$ 1,888,438</u>

(18) INTRADEPARTMENTAL BILLINGS

Total operating revenues and total operating expenses in the Board of Lights and Waterworks Enterprise Fund includes \$131,330 of intra departmental billings for utility usage.

**CITY OF MARIETTA, GEORGIA
 NOTES TO FINANCIAL STATEMENTS (CONT'D)
 For the Fiscal Year Ended June 30, 2007**

(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, 2007, the City had contributed \$3,729,966 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) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2007:

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Construction Fund	\$ 14,294	\$ 14,359	\$ (65)

These over expenditures were funded by available fund balance.

(22) SUBSEQUENT EVENT

Subsequent to year end, the Downtown Marietta Development Authority issued \$9,820,000 in series 2007 Revenue Bonds (City of Marietta Project) for the purpose of financing the cost of acquiring, constructing, reconstructing, equipping, and improving public streets, sidewalks, and streetscape and median improvements in the City of Marietta. The debt service payments on the bonds are secured by the full faith and credit and taxing power of the City.

(23) RESTATEMENT

The fund balance in the Special Purpose Local Option Sales Tax Capital Projects Fund has been restated to defer intergovernmental revenue that should not have been recognized in the prior year. The effect to opening fund balance and prior year change in fund balance is a decrease of \$419,992.

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REQUIRED SUPPLEMENTARY
INFORMATION

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

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability(AALP)	(3) Funded Ratio (1)(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as A Percentage Of Covered Payroll (4)(5)
07/1/04	\$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%
07/1/06	72,817,470	122,328,444	59.5%	49,510,974	30,068,207	164.7%

CITY OF MARIETTA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 18,934,757	\$ 16,369,757	\$ 16,607,554	\$ 237,797
Licenses and permits	6,427,186	6,427,186	6,621,273	194,087
Intergovernmental	1,465,665	6,219,144	2,225,805	(3,993,339)
Charges for services	3,731,300	3,731,300	3,767,775	36,475
Fines and forfeits	3,969,500	3,991,910	4,353,147	361,237
Investment earnings	450,000	450,000	1,071,506	621,506
Other	436,342	471,599	453,539	(18,060)
Total revenues	<u>35,414,750</u>	<u>37,660,896</u>	<u>35,100,599</u>	<u>(2,560,297)</u>
Expenditures:				
Current:				
General government:				
General administration:				
Legislative	441,231	662,935	611,869	51,066
Judicial	1,055,976	1,091,602	1,047,827	43,775
Executive	782,958	962,539	891,019	71,520
Law	500,000	600,000	587,314	12,686
Financial administration	1,808,791	1,776,423	1,608,533	167,890
Human resources	834,006	845,338	839,486	5,852
Planning and zoning	1,764,403	6,503,800	2,182,643	4,321,157
Public works	7,564,144	7,692,203	7,389,492	302,711
Culture and recreation	5,102,408	5,744,156	5,563,128	181,028
Public safety:				
Police	13,107,038	13,300,565	13,001,317	299,248
Fire	11,047,164	11,190,025	10,985,998	204,027
Aurora/fire museum	7,000	7,000	-	7,000
Housing and redevelopment	-	2,100,000	2,100,000	-
Debt Service:				
Principal and interest	79,936	79,936	79,936	-
Total expenditures	<u>44,095,055</u>	<u>52,556,522</u>	<u>46,888,562</u>	<u>5,667,960</u>
Excess (deficiency) of revenues over expenditures	<u>(8,680,305)</u>	<u>(14,895,626)</u>	<u>(11,787,963)</u>	<u>3,107,663</u>
Other financing sources (uses):				
Sales of capital assets	60,000	60,000	139,123	79,123
Transfers in	12,772,815	15,404,545	15,515,433	110,888
Transfers out	(4,221,951)	(4,221,951)	(4,145,206)	76,745
Total other financing sources (uses)	<u>8,610,864</u>	<u>11,242,594</u>	<u>11,509,350</u>	<u>266,756</u>
Net change in fund balance	<u>\$ (69,441)</u>	<u>\$ (3,653,032)</u>	<u>(278,613)</u>	<u>\$ 3,374,419</u>
Reconciliation to GAAP basis:				
Encumbrances outstanding at end of year			1,142,596	
Fund balances at beginning of year - GAAP basis			<u>15,658,814</u>	
Fund balances at end of year - GAAP basis			<u>\$ 16,522,797</u>	

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, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,121,584	\$ 4,615,221
Equity in pooled cash	3,906,957	928,262
Investments	7,181,402	9,073,648
Receivables (net of allowance for estimated uncollectibles):		
Taxes and fines	271,202	246,862
Sanitation	191,024	178,078
Accrued interest	65,377	86,549
Other	166,562	124,792
Prepaid items	31,048	45,454
Due from other funds	2,776,205	2,729,044
Due from other governments	446,423	250,304
	\$ 19,157,784	\$ 18,278,214
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,582,871	\$ 1,358,669
Accrued salaries and employee benefits	670,262	624,652
Due to other funds	127,968	127,968
Due to other governments	10,000	294,536
Deferred revenue	243,886	213,575
	2,634,987	2,619,400
Fund balance:		
Reserved for encumbrances	1,142,596	547,141
Reserved for culture and recreation	809,399	870,998
Unreserved:		
Designated	36,192	236,377
Undesignated	14,534,610	14,004,298
	16,522,797	15,658,814
Total fund balance	16,522,797	15,658,814
Total liabilities and fund balance	\$ 19,157,784	\$ 18,278,214

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, 2007 and 2006

	2007	2006
Revenues:		
Taxes	\$ 16,607,554	\$ 15,880,680
Licenses and permits	6,621,273	6,306,258
Intergovernmental	2,225,805	1,879,435
Charges for services	3,767,775	3,753,752
Fines and forfeits	4,353,147	4,127,362
Investment earnings	1,071,506	628,621
Other	453,539	551,064
Total revenues	35,100,599	33,127,172
Expenditures:		
Current:		
General government	7,370,697	11,715,968
Public works	7,266,035	7,048,367
Culture and recreation	5,404,198	4,996,608
Public safety	23,525,100	23,861,145
Housing and redevelopment	2,100,000	-
Debt service:		
Principal and interest	79,936	79,945
Total expenditures	45,745,966	47,702,033
Excess (deficiency) of revenues over expenditures	(10,645,367)	(14,574,861)
Other financing sources (uses):		
Sale of capital assets	139,123	4,485,110
Transfers in	15,515,433	18,525,641
Transfers out	(4,145,206)	(4,528,047)
Total other financing sources (uses)	11,509,350	18,482,704
Net change in fund balance	863,983	3,907,843
Fund balance at beginning of year	15,658,814	11,750,971
Fund balance at end of year	<u>\$ 16,522,797</u>	<u>\$ 15,658,814</u>

See accompanying notes to financial statements.

NONMAJOR COMBINING STATEMENTS

CITY OF MARIETTA, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2007

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 4,942,222	\$ 6,107,371	\$ 2,202,565	\$ 13,252,158
Cash with fiscal agent	900,666	-	-	900,666
Equity in pooled cash	1,673,435	-	578,802	2,252,237
Investments		-	19,906	19,906
Receivables, net	26,101	23,726	165,778	215,605
Due from other governments	153,891	3,788,299	21,891	3,964,081
Inventories	17,781	-	-	17,781
	<u>\$ 7,714,096</u>	<u>\$ 9,919,396</u>	<u>\$ 2,988,942</u>	<u>\$ 20,622,434</u>
<u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 133,044	\$ 288,092	\$ 2,377	\$ 423,513
Retainage payable	-	32,511	-	32,511
Accrued liabilities	17,795	-	-	17,795
Due to other funds	60,055	57,136	-	117,191
Deferred revenue	50,349	866,577	149,787	1,066,713
	<u>261,243</u>	<u>1,244,316</u>	<u>152,164</u>	<u>1,657,723</u>
Fund balances:				
Reserved for:				
Encumbrances	8,455	2,648,239	-	2,656,694
Debt service	-	-	2,836,778	2,836,778
Unreserved - designated for:				
Completion of projects	2,052,148	-	-	2,052,148
Unreserved - undesignated, reported in:				
Special revenue funds	5,392,250	-	-	5,392,250
Capital projects funds	-	6,026,841	-	6,026,841
	<u>7,452,853</u>	<u>8,675,080</u>	<u>2,836,778</u>	<u>18,964,711</u>
Total liabilities and fund balances	<u>\$ 7,714,096</u>	<u>\$ 9,919,396</u>	<u>\$ 2,988,942</u>	<u>\$ 20,622,434</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, 2007

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 2,938,827	\$ -	\$ 4,507,862	\$ 7,446,689
Intergovernmental	7,120,931	8,833,385	3,670,180	19,624,496
Charges for services	164,676	-	-	164,676
Investment earnings	317,077	208,916	204,652	730,645
Total revenues	10,541,511	9,042,301	8,382,694	27,966,506
Expenditures:				
Current:				
Public works	328,805	-	-	328,805
Culture and recreation	162,787	-	-	162,787
Public safety	12,879	-	-	12,879
Urban redevelopment and housing	6,161,612	-	-	6,161,612
Debt service:				
Principal retirement	-	-	5,015,000	5,015,000
Interest and fiscal charges	353,997	-	2,712,332	3,066,329
Capital projects	-	4,243,722	-	4,243,722
Total expenditures	7,020,080	4,243,722	7,727,332	18,991,134
Excess (deficiency) of revenues over expenditures	3,521,431	4,798,579	655,362	8,975,372
Other financing sources (uses):				
Transfers in (out)	(2,700,467)	(69,834)	(24,990)	(2,795,291)
Total other financing sources (uses)	(2,700,467)	(69,834)	(24,990)	(2,795,291)
Net change in fund balance	820,964	4,728,745	630,372	6,180,081
Fund balances at beginning of year, before restatement	6,631,889	4,366,327	2,206,406	13,204,622
Restatement	-	(419,992)	-	(419,992)
Fund balances at beginning of year, after restatement	6,631,889	3,946,335	2,206,406	12,784,630
Fund balances at end of year	\$ 7,452,853	\$ 8,675,080	\$ 2,836,778	\$ 18,964,711

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.

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.

HOTEL MOTEL FUND – To account for receipts and disbursements of all monies received relating to hotel motel tax collections.

AUTO RENTAL EXCISE TAX FUND – To account for receipts and disbursements of all monies received relating to the 3% auto rental excise tax collections.

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CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2007
With Comparative Totals for June 30, 2006

	Nonmajor Funds				
	HUD Housing Assistance	HUD CDBG	Tax Allocation District	Marietta Housing Fund	Cemetery Maintenance
<u>ASSETS</u>					
Cash and cash equivalents	\$ 2,338,995	\$ -	\$ 2,602,777	\$ -	\$ -
Cash with fiscal agent	-	-	900,666	-	-
Equity in pooled cash	39,818	-	429,812	799	940,059
Investments	-	-	-	-	-
Receivables, net	9,140	641	1,332	-	7,262
Due from other funds	-	-	-	-	-
Due from other governments	138,265	6,708	7,966	-	952
Inventories	-	-	-	-	-
 Total assets	 <u>\$ 2,526,218</u>	 <u>\$ 7,349</u>	 <u>\$ 3,942,553</u>	 <u>\$ 799</u>	 <u>\$ 948,273</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 121,956	\$ -	\$ 6,860	\$ -	\$ 1,055
Accrued salaries and employee benefits	8,922	3,076	-	-	1,493
Due to other funds	-	10,246	-	-	-
Deferred revenue	-	-	6,510	-	6,134
 Total liabilities	 <u>130,878</u>	 <u>13,322</u>	 <u>13,370</u>	 <u>-</u>	 <u>8,682</u>
Fund balance:					
Reserved for encumbrances	39	-	1,366	-	7,003
Unreserved - designated	-	-	1,824,655	-	-
Unreserved - undesignated	2,395,301	(5,973)	2,103,162	799	932,588
 Total fund balance (deficit)	 <u>2,395,340</u>	 <u>(5,973)</u>	 <u>3,929,183</u>	 <u>799</u>	 <u>939,591</u>
 Total liabilities and fund balance	 <u>\$ 2,526,218</u>	 <u>\$ 7,349</u>	 <u>\$ 3,942,553</u>	 <u>\$ 799</u>	 <u>\$ 948,273</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (CONT'D)
June 30, 2007
With Comparative Totals for June 30, 2006

Nonmajor Funds						
LLEBG	Gone with the Wind Museum	Tree Preservation	Hotel Motel Tax	Auto Rental Tax	Totals	
					2007	2006
\$ -	\$ 450	\$ -	\$ -	\$ -	\$ 4,942,222	\$ 4,851,174
-	-	-	-	-	900,666	\$ 858,887
38,810	-	224,137	-	-	1,673,435	417,258
-	-	-	-	-	-	673,511
184	7,542	-	-	-	26,101	29,269
-	-	-	-	-	-	-
-	-	-	-	-	153,891	48,262
-	17,781	-	-	-	17,781	6,973
<u>\$ 38,994</u>	<u>\$ 25,773</u>	<u>\$ 224,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,714,096</u>	<u>\$ 6,885,334</u>
\$ -	\$ 3,173	\$ -	\$ -	\$ -	\$ 133,044	\$ 161,847
-	4,304	-	-	-	17,795	13,049
-	49,809	-	-	-	60,055	66,829
37,705	-	-	-	-	50,349	11,720
<u>37,705</u>	<u>57,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,243</u>	<u>253,445</u>
-	47	-	-	-	8,455	39,822
3,356	-	224,137	-	-	2,052,148	236,851
(2,067)	(31,560)	-	-	-	5,392,250	6,355,216
<u>1,289</u>	<u>(31,513)</u>	<u>224,137</u>	<u>-</u>	<u>-</u>	<u>7,452,853</u>	<u>6,631,889</u>
<u>\$ 38,994</u>	<u>\$ 25,773</u>	<u>\$ 224,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,714,096</u>	<u>\$ 6,885,334</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, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Nonmajor Funds				
	HUD Housing Assistance	HUD CDBG	Tax Allocation District	Marietta Housing Fund	Cemetery Maintenance
Revenues:					
Taxes	\$ -	\$ -	\$ 64,058	\$ -	\$ 200,385
Intergovernmental	6,725,974	152,898	229,447	-	-
Investment earnings	84,345	-	178,635	-	52,185
Licenses and permits	-	-	-	-	-
Charges for service	-	-	-	-	-
Total revenues	6,810,319	152,898	472,140	-	252,570
Expenditures:					
Current:					
Public works	-	-	-	-	328,805
Public safety	-	-	-	-	-
Urban redevelopment and housing	5,613,746	152,359	395,507	-	-
Culture and recreation	-	-	-	-	-
Debt service	-	-	353,997	-	-
Total expenditures	5,613,746	152,359	749,504	-	328,805
Excess (deficiency) of revenues over expenditures	1,196,573	539	(277,364)	-	(76,235)
Other financing sources (uses):					
Transfers in (out)	(19,229)	(539)	-	-	-
Bonds issued	-	-	-	-	-
Total other financing sources (uses)	(19,229)	(539)	-	-	-
Net change in fund balance	1,177,344	-	(277,364)	-	(76,235)
Fund balances (deficit) at beginning of year	1,217,996	(5,973)	4,206,547	799	1,015,826
Fund balances (deficit) at end of year	\$ 2,395,340	\$ (5,973)	\$ 3,929,183	\$ 799	\$ 939,591

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, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

Nonmajor Funds						
LLEBG	Gone with the Wind Museum	Tree Preservation	Hotel Motel Tax	Auto Rental Tax	Totals	
					2007	2006
\$ -	\$ -	\$ -	\$ 2,180,519	\$ 493,865	\$ 2,938,827	\$ 207,441
12,612	-	-	-	-	7,120,931	6,967,719
1,912	-	-	-	-	317,077	161,908
-	-	-	-	-	-	-
-	164,676	-	-	-	164,676	160,397
<u>14,524</u>	<u>164,676</u>	<u>-</u>	<u>2,180,519</u>	<u>493,865</u>	<u>10,541,511</u>	<u>7,497,465</u>
-	-	-	-	-	328,805	236,127
12,879	-	-	-	-	12,879	55,202
-	-	-	-	-	6,161,612	7,071,247
-	153,429	9,358	-	-	162,787	153,780
-	-	-	-	-	353,997	119,830
<u>12,879</u>	<u>153,429</u>	<u>9,358</u>	<u>-</u>	<u>-</u>	<u>7,020,080</u>	<u>7,636,186</u>
<u>1,645</u>	<u>11,247</u>	<u>(9,358)</u>	<u>2,180,519</u>	<u>493,865</u>	<u>3,521,431</u>	<u>(138,721)</u>
-	(6,315)	-	(2,180,519)	(493,865)	(2,700,467)	(3,782,526)
-	-	-	-	-	-	8,400,000
-	(6,315)	-	(2,180,519)	(493,865)	(2,700,467)	4,617,474
<u>1,645</u>	<u>4,932</u>	<u>(9,358)</u>	<u>-</u>	<u>-</u>	<u>820,964</u>	<u>4,478,753</u>
<u>(356)</u>	<u>(36,445)</u>	<u>233,495</u>	<u>-</u>	<u>-</u>	<u>6,631,889</u>	<u>2,153,136</u>
<u>\$ 1,289</u>	<u>\$ (31,513)</u>	<u>\$ 224,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,452,853</u>	<u>\$ 6,631,889</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 HUD - HOUSING ASSISTANCE PAYMENTS PROGRAM
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,338,995	\$ 1,348,985
Equity in pooled cash	39,818	-
Due from other governments	138,265	35,616
Receivables (net of allowance for estimated uncollectibles):		
Other receivables	9,140	4,324
Total assets	\$ 2,526,218	\$ 1,388,925
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 121,956	\$ 155,238
Accrued salaries and employee benefits	8,922	7,788
Due to other funds	-	7,903
Total liabilities	130,878	170,929
Fund balance:		
Reserved for encumbrances	39	6,938
Unreserved - undesignated	2,395,301	1,211,058
Total fund balance	2,395,340	1,217,996
Total liabilities and fund balance	\$ 2,526,218	\$ 1,388,925

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	\$ 6,725,974	\$ 6,534,463
Investment earnings	<u>84,345</u>	<u>29,715</u>
Total revenues	<u>6,810,319</u>	<u>6,564,178</u>
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	449,065	365,758
Operating	269,736	264,169
Capital outlay	600	5,680
Housing assistance payments	<u>4,894,345</u>	<u>5,632,837</u>
Total expenditures	<u>5,613,746</u>	<u>6,268,444</u>
Excess of revenues over expenditures	<u>1,196,573</u>	<u>295,734</u>
Other financing sources (uses):		
Transfers out	<u>(19,229)</u>	<u>(8,977)</u>
Total other financing sources (uses)	<u>(19,229)</u>	<u>(8,977)</u>
Net change in fund balance	<u>1,177,344</u>	<u>286,757</u>
Fund balance at beginning of year	<u>1,217,996</u>	<u>931,239</u>
Fund balance at end of year	<u>\$ 2,395,340</u>	<u>\$ 1,217,996</u>

See accompanying notes to financial statements.

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, 2007

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 6,744,048	\$ 6,725,974	\$ (18,074)
Expenditures- urban redevelopment and housing:			
Current:			
Personal services	423,532	449,065	(25,533)
Operating	272,225	269,775	2,450
Housing assistance payments	6,036,000	4,894,345	1,141,655
Total expenditures	6,731,757	5,613,185	1,118,572
Excess (deficiency) of revenues over expenditures	12,291	1,112,789	1,100,498
Other financing sources (uses):			
Transfers out	(19,229)	(19,229)	-
Net change in fund balance	<u>\$ (6,938)</u>	1,093,560	<u>\$ 1,100,498</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		39	
Unbudgeted capital outlay expenditures		(600)	
Unbudgeted investment earnings		84,345	
Fund balance at beginning of year - GAAP basis		<u>1,217,996</u>	
Fund balance at end of year - GAAP basis		<u>\$ 2,395,340</u>	

CITY OF MARIETTA, GEORGIA
 HUD - COMMUNITY DEVELOPMENT BLOCK GRANT
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Other receivables	\$ 641	\$ -
Due from other governments	6,708	9,903
Total assets	\$ 7,349	\$ 9,903
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued salaries and employee benefits	\$ 3,076	\$ 2,935
Due to other funds	10,246	12,941
Total liabilities	13,322	15,876
Fund balance:		
Reserved for encumbrances	-	6,335
Unreserved - undesignated	(5,973)	(12,308)
Total fund balance	(5,973)	(5,973)
Total liabilities and fund balance	\$ 7,349	\$ 9,903

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	<u>\$ 152,898</u>	<u>\$ 228,753</u>
Expenditures - urban redevelopment and housing:		
Current:		
Personal services	148,376	140,407
Operating services	3,983	4,465
Capital outlay	<u>-</u>	<u>83,565</u>
Total expenditures	<u>152,359</u>	<u>228,437</u>
Excess (deficiency) of revenues over expenditures	<u>539</u>	<u>316</u>
Other financing sources (uses)		
Transfers out	<u>(539)</u>	<u>(316)</u>
Total other financing sources (uses)	<u>(539)</u>	<u>(316)</u>
Net change in fund balance	-	-
Fund balance (deficit) at beginning of year	<u>(5,973)</u>	<u>(5,973)</u>
Fund balance (deficit) at end of year	<u><u>\$ (5,973)</u></u>	<u><u>\$ (5,973)</u></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
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 171,850	\$ 152,898	\$ (18,952)
Other revenues	<u>6,335</u>	<u>-</u>	<u>(6,335)</u>
Total revenues	<u>178,185</u>	<u>152,898</u>	<u>(25,287)</u>
Expenditures - urban redevelopment and housing:			
Current:			
Personal services	156,690	148,376	8,314
Operating services	14,475	3,983	10,492
Capital outlay	<u>6,481</u>	<u>-</u>	<u>6,481</u>
Total expenditures	<u>177,646</u>	<u>152,359</u>	<u>25,287</u>
Excess (deficiency) of revenues over expenditures	<u>539</u>	<u>539</u>	<u>-</u>
Other financing sources (uses)			
Transfers out	<u>(539)</u>	<u>(539)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
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, GEORGIA
TAX ALLOCATION DISTRICT
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,602,777	\$ 3,180,476
Cash with fiscal agent	900,666	858,887
Equity in pooled cash	429,812	166,327
Receivables (net of allowance for estimated uncollectibles):		
Taxes	1,332	3,324
Due from other governments	7,966	1,877
Total assets	\$ 3,942,553	\$ 4,210,891
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 6,860	\$ 1,020
Deferred revenue	6,510	3,324
Total liabilities	13,370	4,344
Fund balance:		
Reserved for encumbrances	1,366	19,425
Unreserved - designated	1,824,655	-
Unreserved - undesignated	2,103,162	4,187,122
Total fund balance	3,929,183	4,206,547
Total liabilities and fund balance	\$ 3,942,553	\$ 4,210,891

CITY OF MARIETTA, GEORGIA
TAX ALLOCATION DISTRICT
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes	\$ 64,058	\$ 20,172
Intergovernmental	229,447	152,314
Investment earnings	<u>178,635</u>	<u>94,742</u>
Total revenues	<u>472,140</u>	<u>267,228</u>
Expenditures - public works:		
Capital outlay	395,507	574,366
Debt service	<u>353,997</u>	<u>119,830</u>
Total expenditures	<u>749,504</u>	<u>694,196</u>
Excess (deficiency) of revenues over expenditures	<u>(277,364)</u>	<u>(426,968)</u>
Other financing sources (uses)		
Transfers out	-	(3,766,485)
Bonds issued	<u>-</u>	<u>8,400,000</u>
Total other financing sources (uses)	<u>-</u>	<u>4,633,515</u>
Net change in fund balance	(277,364)	4,206,547
Fund balance at beginning of year	<u>4,206,547</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,929,183</u>	<u>\$ 4,206,547</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, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive(Negative)
Revenues:			
Taxes	21,397	\$ 64,058	\$ 42,661
Intergovernmental revenue	139,645	229,447	89,802
Investment earnings	<u>30,000</u>	<u>178,635</u>	<u>148,635</u>
Total revenues	<u>191,042</u>	<u>472,140</u>	<u>281,098</u>
Expenditures- urban redevelopment and housing:			
Capital outlay	2,221,527	396,873	1,824,654
Debt Service	<u>362,146</u>	<u>353,997</u>	<u>8,149</u>
Total expenditures	<u>2,583,673</u>	<u>750,870</u>	<u>1,832,803</u>
Excess (deficiency) of revenues over expenditures	<u>(2,392,631)</u>	<u>(278,730)</u>	<u>2,113,901</u>
Net change in fund balance	<u>\$ (2,392,631)</u>	<u>(278,730)</u>	<u>\$ 2,113,901</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		1,366	
Fund balance at beginning of year		<u>4,206,547</u>	
Fund balance at end of year		<u>\$ 3,929,183</u>	

CITY OF MARIETTA, GEORGIA
MARIETTA HOUSING FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Equity in pooled cash	\$ 799	\$ 799
Total assets	<u>\$ 799</u>	<u>\$ 799</u>
 <u>FUND BALANCE</u>		
Fund balance:		
Unreserved - undesignated	\$ 799	\$ 799
Total fund balance	<u>\$ 799</u>	<u>\$ 799</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Expenditures - urban redevelopment and housing:		
Capital outlay	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>799</u>	<u>799</u>
Fund balance at end of year	<u><u>\$ 799</u></u>	<u><u>\$ 799</u></u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 321,298
Equity in pooled cash	940,059	13,897
Investments	-	673,511
Receivables (net of allowance for estimated uncollectibles):		
Taxes	6,840	5,971
Interest	422	8,138
Due from other governments	952	866
 Total assets	 \$ 948,273	 \$ 1,023,681
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 1,055	\$ 41
Accrued salaries and employee benefits	1,493	2,326
Deferred revenue	6,134	5,288
 Total liabilities	 8,682	 7,655
Fund balance:		
Reserved for encumbrances	7,003	7,063
Unreserved - undesignated	932,588	1,008,763
 Total fund balance	 939,591	 1,015,826
 Total liabilities and fund balance	 \$ 948,273	 \$ 1,023,481

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes	\$ 200,385	\$ 187,269
Investment earnings	<u>52,185</u>	<u>36,155</u>
Total revenues	<u>252,570</u>	<u>223,424</u>
Expenditures - public works:		
Current:		
Personal services	56,396	76,522
Operating services	249,602	159,605
Capital outlay	<u>22,807</u>	<u>-</u>
Total expenditures	<u>328,805</u>	<u>236,127</u>
Excess (deficiency) of revenues over expenditures	(76,235)	(12,703)
Fund balance at beginning of year	<u>1,015,826</u>	<u>1,028,529</u>
Fund balance at end of year	<u><u>\$ 939,591</u></u>	<u><u>\$ 1,015,826</u></u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CEMETERY MAINTENANCE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 189,595	\$ 200,385	\$ 10,790
Investment earnings	28,000	52,185	24,185
Total revenues	<u>217,595</u>	<u>252,570</u>	<u>34,975</u>
Expenditures - public works:			
Current:			
Personal services	79,411	56,396	23,015
Operating services	270,003	249,602	20,401
Capital outlay	<u>23,000</u>	<u>29,810</u>	<u>(6,810)</u>
Total expenditures	<u>372,414</u>	<u>335,808</u>	<u>36,606</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (154,819)</u>	(83,238)	<u>\$ 71,581</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		7,003	
Fund balances at beginning of year - GAAP basis		<u>1,015,826</u>	
Fund balance at end of year - GAAP basis		<u>\$ 939,591</u>	

CITY OF MARIETTA, GEORGIA
 LOCAL LAW ENFORCEMENT BLOCK GRANT
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Equity in pooled cash	\$ 38,810	\$ 2,740
Receivables, net	<u>184</u>	<u>12</u>
Total assets	<u>\$ 38,994</u>	<u>\$ 2,752</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred revenue	<u>\$ 37,705</u>	<u>\$ 3,108</u>
Total liabilities	<u>37,705</u>	<u>3,108</u>
Fund balance:		
Unreserved - designated	3,356	3,356
Unreserved - undesignated	<u>(2,067)</u>	<u>(3,712)</u>
Total fund balance	<u>1,289</u>	<u>(356)</u>
Total liabilities and fund balance	<u>\$ 38,994</u>	<u>\$ 2,752</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
LOCAL LAW ENFORCEMENT BLOCK GRANT
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Intergovernmental	12,612	\$ 52,189
Investment earnings	1,912	1,222
Total revenues	<u>14,524</u>	<u>53,411</u>
Expenditures - public safety:		
Current:		
Operating services	-	3,191
Capital outlay	12,879	52,011
Total expenditures	<u>12,879</u>	<u>55,202</u>
Excess (deficiency) of revenues over expenditures	<u>1,645</u>	<u>(1,791)</u>
Fund balance at beginning of year	<u>(356)</u>	<u>1,435</u>
Fund balance (deficit) at end of year	<u>\$ 1,289</u>	<u>\$ (356)</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 LOCAL LAW ENFORCEMENT BLOCK GRANT
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 50,318	\$ 12,612	\$ (37,706)
Total revenues	<u>50,318</u>	<u>12,612</u>	<u>(37,706)</u>
Expenditures - public safety:			
Current:			
Operating services	10,000	-	10,000
Capital outlay	<u>40,615</u>	<u>12,879</u>	<u>27,736</u>
Total expenditures	<u>50,615</u>	<u>12,879</u>	<u>37,736</u>
Excess (deficiency) of revenues over expenditures	<u>(297)</u>	<u>(267)</u>	<u>30</u>
Net change in fund balance	<u>\$ (297)</u>	<u>(267)</u>	<u>\$ 30</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		1,912	
Fund balance at beginning of year - GAAP basis		<u>(356)</u>	
Fund balance (deficit) at end of year - GAAP basis		<u>\$ 1,289</u>	

CITY OF MARIETTA, GEORGIA
GONE WITH THE WIND MUSEUM
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	450	\$ 415
Receivables, net	7,542	7,500
Inventories	<u>17,781</u>	<u>6,973</u>
 Total assets	 <u>\$ 25,773</u>	 <u>\$ 14,888</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	3,173	\$ 5,348
Accrued salaries and employee benefits	4,304	-
Due to other funds	<u>49,809</u>	<u>45,985</u>
 Total liabilities	 <u>57,286</u>	 <u>51,333</u>
Fund balance (deficit):		
Reserved for encumbrances	47	61
Unreserved - undesignated	<u>(31,560)</u>	<u>(36,506)</u>
 Total fund balance (deficit)	 <u>(31,513)</u>	 <u>(36,445)</u>
 Total liabilities and fund balance	 <u>\$ 25,773</u>	 <u>\$ 14,888</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Charges for services	\$ 164,676	\$ 160,397
Investment earnings	-	74
Total revenues	<u>164,676</u>	<u>160,471</u>
Expenditures - culture and recreation:		
Current:		
Personal services	84,472	81,806
Operating services	<u>68,957</u>	<u>71,974</u>
Total expenditures	<u>153,429</u>	<u>153,780</u>
Excess (deficiency) of revenues over expenditures	<u>11,247</u>	<u>6,691</u>
Other financing sources (uses):		
Transfers out	<u>(6,315)</u>	<u>(6,748)</u>
Total other financing sources (uses)	<u>(6,315)</u>	<u>(6,748)</u>
Net change in fund balance	4,932	(57)
Fund balance (deficit) at beginning of year	<u>(36,445)</u>	<u>(36,388)</u>
Fund balance (deficit) at end of year	<u>\$ (31,513)</u>	<u>\$ (36,445)</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, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive(Negative)
Revenues:			
Charges for services	\$ 176,450	\$ 164,676	\$ (11,774)
Total revenues	<u>176,450</u>	<u>164,676</u>	<u>(11,774)</u>
Expenditures:			
Personal services	88,365	84,472	3,893
Operating services	<u>81,770</u>	<u>69,004</u>	<u>12,766</u>
Total expenditures	<u>170,135</u>	<u>153,476</u>	<u>16,659</u>
Excess (deficiency) of revenues over expenditures	<u>6,315</u>	<u>11,200</u>	<u>4,885</u>
Other financing sources (uses)			
Transfer out	<u>(6,315)</u>	<u>(6,315)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	4,885	<u>\$ 4,885</u>
Reconciliation to GAAP basis:			
Encumbrances outstanding at end of year		47	
Fund balance (deficit) at beginning of year		<u>(36,445)</u>	
Fund balance (deficit) at end of year		<u>\$ (31,513)</u>	

CITY OF MARIETTA, GEORGIA
 TREE PRESERVATION
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Equity in pooled cash	\$ 224,137	\$ 233,495
Total assets	\$ 224,137	\$ 233,495
<u>FUND BALANCE</u>		
Fund balance:		
Unreserved - designated	\$ 224,137	\$ 233,495
Total fund balance	224,137	233,495
Total fund balance	\$ 224,137	\$ 233,495

See accompanying notes to financial statements.

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Charges for services	\$ -	\$ 237,381
Total revenues	<u>-</u>	<u>237,381</u>
Expenditures - culture and recreation:		
Current:		
Operating services	<u>9,358</u>	<u>3,886</u>
Total expenditures	<u>9,358</u>	<u>3,886</u>
Excess (deficiency) of revenues over expenditures	<u>(9,358)</u>	<u>233,495</u>
Net change in fund balance	(9,358)	233,495
Fund balance at beginning of year	<u>233,495</u>	<u>-</u>
Fund balance at end of year	<u>\$ 224,137</u>	<u>\$ 233,495</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 TREE PRESERVATION
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive(Negative)</u>
Expenditures - culture and recreation:			
Current:			
Operating services	\$ 233,495	\$ 9,358	\$ 224,137
Total expenditures	<u>233,495</u>	<u>9,358</u>	<u>224,137</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (233,495)</u>	(9,358)	<u>\$ 224,137</u>
Fund balance at beginning of year		<u>233,495</u>	
Fund balance at end of year		<u>\$ 224,137</u>	

CITY OF MARIETTA, GEORGIA
HOTEL MOTEL TAX FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes	<u>\$ 2,180,519</u>	<u>\$ 2,150,995</u>
Total revenues	<u>2,180,519</u>	<u>2,150,995</u>
Other financing sources (uses)		
Transfers out	<u>(2,180,519)</u>	<u>(2,150,995)</u>
Total other financing sources (uses)	<u>(2,180,519)</u>	<u>(2,150,995)</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MARIETTA
HOTEL MOTEL TAX FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive(Negative)
Revenues:			
Taxes	\$ 2,010,000	\$ 2,180,519	\$ 170,519
Total revenues	<u>2,010,000</u>	<u>2,180,519</u>	<u>170,519</u>
Other financing sources (uses)			
Transfer out	<u>(2,010,000)</u>	<u>(2,180,519)</u>	<u>(170,519)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance (deficit) at beginning of year		<u>-</u>	
Fund balance (deficit) at end of year		<u>\$ -</u>	

CITY OF MARIETTA, GEORGIA
 AUTO RENTAL TAX FUND
 SPECIAL REVENUE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Taxes	<u>493,865</u>	<u>\$ 551,863</u>
Total revenues	<u>493,865</u>	<u>551,863</u>
Other financing sources (uses)		
Transfers out	<u>(493,865)</u>	<u>(551,863)</u>
Total other financing sources (uses)	<u>(493,865)</u>	<u>(551,863)</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARIETTA, GEORGIA
 AUTO RENTAL TAX FUND
 SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive(Negative)
Revenues:			
Taxes	\$ 552,000	\$ 493,865	\$ (58,135)
Total revenues	<u>552,000</u>	<u>493,865</u>	<u>(58,135)</u>
Other financing sources (uses)			
Transfer out	<u>(552,000)</u>	<u>(493,865)</u>	<u>58,135</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance (deficit) at beginning of year		<u>-</u>	
Fund balance (deficit) at end of year		<u>\$ -</u>	

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,202,565	\$ 2,090,242
Equity in pooled cash	578,802	57,907
Investments	19,906	18,881
Receivables (net of allowance for estimated uncollectibles):		
Taxes	165,778	148,352
Accrued interest	-	172
Due from other governments	21,891	22,658
 Total assets	 <u>\$ 2,988,942</u>	 <u>\$ 2,338,212</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,377	\$ -
Deferred revenue	149,787	131,806
 Total liabilities	 <u>152,164</u>	 <u>131,806</u>
Fund balance:		
Reserved for debt service	2,836,778	2,206,406
 Total liabilities and fund balance	 <u>\$ 2,988,942</u>	 <u>\$ 2,338,212</u>

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, 2007 and 2006

	2007	2006
Revenues:		
Taxes	\$ 4,507,862	\$ 4,232,044
Intergovernmental revenue	3,670,180	3,657,380
Investment earnings	204,652	152,349
Total revenue	<u>8,382,694</u>	<u>8,041,773</u>
Expenditures:		
Debt service:		
Principal retirement	5,015,000	4,810,000
Interest on bonds	2,710,230	2,898,361
Fiscal agent fees and bond issuance costs	2,102	-
Total expenditures	<u>7,727,332</u>	<u>7,708,361</u>
Excess (deficiency) of revenues over expenditures	<u>655,362</u>	<u>333,412</u>
Other financing sources (uses):		
Transfers out	<u>(24,990)</u>	<u>(25,192)</u>
Total other financing sources (uses)	<u>(24,990)</u>	<u>(25,192)</u>
Net change in fund balance	<u>630,372</u>	<u>308,220</u>
Fund balance at beginning of year	<u>2,206,406</u>	<u>1,898,186</u>
Fund balance at end of year	<u>\$ 2,836,778</u>	<u>\$ 2,206,406</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, 2007

	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Taxes	\$ 4,159,051	\$ 4,507,862	\$ 348,811
Intergovernmental	3,670,180	3,670,180	-
Investment earnings	98,500	204,652	106,152
Total revenues	<u>7,927,731</u>	<u>8,382,694</u>	<u>454,963</u>
Expenditures:			
Debt Service:			
Principal retirement	5,015,000	5,015,000	-
Interest and fiscal charges	2,713,831	2,712,332	1,499
Other expenditures			
Total expenditures	<u>7,728,831</u>	<u>7,727,332</u>	<u>1,499</u>
Excess (deficiency) of revenues over expenditures	<u>198,900</u>	<u>655,362</u>	<u>456,462</u>
Other financing sources (uses):			
Transfers out	(24,990)	(24,990)	-
Total other financing sources (uses)	<u>(24,990)</u>	<u>(24,990)</u>	<u>-</u>
Net change in fund balance	<u>\$ 173,910</u>	630,372	<u>\$ 456,462</u>
Fund balance at beginning of year		<u>2,206,406</u>	
Fund balance at end of year		<u>\$ 2,836,778</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, 2007 and 2006

	Local Option	Construction	SPLIST	Totals	
	Sales Tax	Fund	Fund	2007	2006
<u>ASSETS</u>					
Cash and cash equivalents	\$ -	\$ -	\$ 6,107,371	\$ 6,107,371	\$ 983,434
Equity in pooled cash	-	-	-	-	432,334
Investments	-	-	-	-	2,205
Receivables, net	-	-	23,726	23,726	5,777
Due from other governments	883,758	-	2,904,541	3,788,299	3,098,815
Total assets	\$ 883,758	\$ -	\$ 9,035,638	\$ 9,919,396	\$ 4,522,565
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 112,700	\$ -	\$ 175,392	\$ 288,092	\$ 85,639
Retainage payable	-	-	32,511	32,511	70,599
Deferred revenue	-	-	866,577	866,577	-
Due to other funds	57,136	-	-	57,136	-
Total liabilities	169,836	-	1,074,480	1,244,316	156,238
Fund balances:					
Reserved for encumbrances	1,179,158	-	1,469,081	2,648,239	969,981
Unreserved - undesignated	(465,236)	-	6,492,077	6,026,841	3,396,346
Total fund balances	713,922	-	7,961,158	8,675,080	4,366,327
Total liabilities and fund balances	\$ 883,758	\$ -	\$ 9,035,638	\$ 9,919,396	\$ 4,522,565

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Fiscal Year Ended June 30, 2007
 With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Local Option	Construction	SPLOST	Totals	
	Sales Tax	Fund	Fund	2007	2006
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	24,701	88	184,127	208,916	21,474
Intergovernmental	901,956	-	7,931,429	8,833,385	5,340,710
Total revenues	926,657	88	8,115,556	9,042,301	5,362,184
Expenditures:					
Current:					
Capital outlay	1,206,625	14,359	3,022,738	4,243,722	2,358,450
Total expenditures	1,206,625	14,359	3,022,738	4,243,722	2,358,450
Excess (deficiency) of revenues over expenditures	(279,968)	(14,271)	5,092,818	4,798,579	3,003,734
Other financing sources (uses):					
Transfers in (out)	(69,730)	(104)	-	(69,834)	-
Sale of capital assets	-	-	-	-	549,872
Net change in fund balance	(349,698)	(14,375)	5,092,818	4,728,745	3,553,606
Fund balances at beginning of year, before restatement	1,063,620	14,375	3,288,332	4,366,327	812,721
Restatement	-	-	(419,992)	(419,992)	-
Fund balances at beginning of year, after restatement	1,063,620	14,375	2,868,340	3,946,335	812,721
Fund balances at end of year	\$ 713,922	\$ -	\$ 7,961,158	\$ 8,675,080	\$ 4,366,327

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 LOCAL OPTION SALES TAX
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 1,052
Equity in pooled cash	-	432,222
Investments	-	2,205
Receivables:		
Accrued interest	-	2,716
Due from other governments	<u>883,758</u>	<u>751,074</u>
 Total assets	 <u>\$ 883,758</u>	 <u>\$ 1,189,269</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 112,700	\$ 55,050
Retainage payable	-	70,599
Due to other funds	<u>57,136</u>	<u>-</u>
 Total liabilities	 <u>169,836</u>	 <u>125,649</u>
Fund balance:		
Reserved for encumbrances	1,179,158	619,881
Unreserved - undesignated	<u>(465,236)</u>	<u>443,739</u>
 Total fund balance	 <u>713,922</u>	 <u>1,063,620</u>
 Total liabilities and fund balance	 <u>\$ 883,758</u>	 <u>\$ 1,189,269</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Investment earnings	\$ 24,701	\$ 14,092
Intergovernmental	901,956	1,719,905
Miscellaneous revenue	<u>-</u>	<u>-</u>
Total revenues	<u>926,657</u>	<u>1,733,997</u>
Expenditures:		
Capital outlay	<u>1,206,625</u>	<u>2,018,613</u>
Total expenditures	<u>1,206,625</u>	<u>2,018,613</u>
Excess (deficiency) of revenues over expenditures	<u>(279,968)</u>	<u>(284,616)</u>
Other financing sources (uses):		
Sale of capital assets	-	549,872
Transfers out	<u>(69,730)</u>	<u>-</u>
Net change in fund balance	<u>(349,698)</u>	<u>265,256</u>
Fund balance at beginning of year	<u>1,063,620</u>	<u>798,364</u>
Fund balance at end of year	<u><u>\$ 713,922</u></u>	<u><u>\$ 1,063,620</u></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, 2007

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,479,933	\$ 901,956	\$ (577,977)
Total revenues	<u>1,479,933</u>	<u>901,956</u>	<u>(577,977)</u>
Expenditures:			
Capital outlay	<u>3,207,973</u>	<u>2,385,783</u>	<u>822,190</u>
Total expenditures	<u>3,207,973</u>	<u>2,385,783</u>	<u>822,190</u>
Other financing sources (uses):			
Transfers out	<u>(69,730)</u>	<u>(69,730)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,797,770)</u>	<u>(1,553,557)</u>	<u>\$ 244,213</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		24,701	
Encumbrances outstanding at end of year		1,179,158	
Fund balance at beginning of year - GAAP basis		<u>1,063,620</u>	
Fund balance at end of year - GAAP basis		<u>\$ 713,922</u>	

CITY OF MARIETTA, GEORGIA
CONSTRUCTION FUND
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	2007	2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 14,223
Equity in pooled cash	-	112
Investments	-	-
Accrued interest receivable	-	40
	-	40
Total assets	\$ -	\$ 14,375
<u>FUND BALANCE</u>		
Fund balance:		
Reserved for encumbrances	-	14,294
Unreserved - undesignated	-	81
	-	81
Total fund balance	\$ -	\$ 14,375

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Investment earnings	<u>\$ 88</u>	<u>\$ 935</u>
Expenditures:		
Capital outlay	<u>14,359</u>	<u>917</u>
Excess (deficiency) of revenues over expenditures	<u>(14,271)</u>	<u>18</u>
Other financing sources (uses):		
Transfers out	<u>(104)</u>	<u>-</u>
Net change in fund balance	<u>(14,375)</u>	<u>18</u>
Fund balance at beginning of year	<u>14,375</u>	<u>14,357</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 14,375</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, 2007

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
Expenditures:			
Capital outlay	\$ 14,294	\$ 14,359	\$ (65)
Excess (deficiency) of revenues over expenditures	<u>(14,294)</u>	<u>(14,359)</u>	<u>(65)</u>
Net change in fund balance	<u>\$ (14,294)</u>	<u>(14,359)</u>	<u>\$ (65)</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		88	
Unbudgeted transfer out		(104)	
Fund balance at beginning of year - GAAP basis		<u>14,375</u>	
Fund balance at end of year - GAAP basis		<u>\$ -</u>	

CITY OF MARIETTA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,107,371	\$ 968,159
Receivables:		
Accrued interest	23,726	3,021
Due from other governments	<u>2,904,541</u>	<u>2,347,741</u>
Total assets	<u>\$ 9,035,638</u>	<u>\$ 3,318,921</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 175,392	\$ 30,589
Retainage payable	32,511	-
Deferred revenue	<u>866,577</u>	<u>-</u>
Total liabilities	<u>1,074,480</u>	<u>30,589</u>
Fund balance:		
Reserved for encumbrances	1,469,081	335,806
Unreserved - undesignated	<u>6,492,077</u>	<u>2,952,526</u>
Total fund balance	<u>7,961,158</u>	<u>3,288,332</u>
Total liabilities and fund balance	<u>\$ 9,035,638</u>	<u>\$ 3,318,921</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Revenues:		
Investment earnings	\$ 184,127	\$ 6,447
Intergovernmental	<u>7,931,429</u>	<u>3,620,805</u>
Total revenues	<u>8,115,556</u>	<u>3,627,252</u>
Expenditures:		
Capital outlay	<u>3,022,738</u>	<u>338,920</u>
Total expenditures	<u>3,022,738</u>	<u>338,920</u>
Excess (deficiency) of revenues over expenditures	<u>5,092,818</u>	<u>3,288,332</u>
Net change in fund balance	<u>5,092,818</u>	<u>3,288,332</u>
Fund balance at beginning of year, before restatement	<u>3,288,332</u>	<u>-</u>
Restatement	(419,992)	-
Fund balance at end of year, after restatement	<u>2,868,340</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,961,158</u>	<u>\$ 3,288,332</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
SPECIAL PURPOSE 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, 2007

	Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:			
Intergovernmental	\$ 10,440,681	\$ 7,931,429	\$ (2,509,252)
Total revenues	<u>10,440,681</u>	<u>7,931,429</u>	<u>(2,509,252)</u>
Expenditures:			
Capital outlay	<u>11,196,482</u>	<u>4,491,819</u>	<u>6,704,663</u>
Total expenditures	<u>11,196,482</u>	<u>4,491,819</u>	<u>6,704,663</u>
Net change in fund balance	<u>\$ (755,801)</u>	3,439,610	<u>\$ 4,195,411</u>
Reconciliation to GAAP basis:			
Unbudgeted investment earnings		184,127	
Encumbrances outstanding at end of year		1,469,081	
Fund balance at beginning of year, before restatement - GAAP basis		<u>3,288,332</u>	
Restatement		(419,992)	
Fund balance at beginning of year, after restatement - GAAP basis		<u>2,868,340</u>	
Fund balance at end of year - GAAP basis		<u>\$ 7,961,158</u>	

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PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds 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, 2007
With Comparative Totals for June 30, 2006

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks		Conference Center & Resort	2007	2006
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 14,193,100	\$ 6,111	\$ -	\$ 14,199,211	\$ 17,903,833
Equity in pooled cash	2,917,568	-	261,489	3,179,057	3,643,882
Investments	18,272,398	-	-	18,272,398	19,985,995
Restricted investments:					
Revenue bond debt service	-	-	1,450,738	1,450,738	885,864
Furniture and fixtures reserve	-	-	5,728	5,728	5,584
Receivables, net	13,178,772	10,563	-	13,189,335	12,944,072
Due from other funds	-	-	127,968	127,968	127,968
Due from other governments	-	-	-	-	7,933
Inventories, at cost	2,852,351	-	-	2,852,351	2,397,274
Total current assets	51,414,189	16,674	1,845,923	53,276,786	57,902,405
Noncurrent assets:					
Restricted assets:					
Investments	6,065,244	-	-	6,065,244	5,381,527
Property, plant and equipment:					
Land and land improvements	1,382,976	6,600,000	769,284	8,752,260	8,752,260
Buildings and improvements	15,062,778	1,937,917	23,326,210	40,326,905	40,101,813
Electrical plant in service	76,633,619	-	-	76,633,619	72,072,458
Water and sewer system	61,723,676	-	-	61,723,676	53,611,587
Machinery and equipment	37,434,908	3,472,682	6,974,254	47,881,844	39,962,396
	192,237,957	12,010,599	31,069,748	235,318,304	214,500,514
Less: accumulated depreciation	(103,676,873)	(3,762,384)	(13,724,841)	(121,164,098)	(112,549,721)
Net property, plant and equipment	88,561,084	8,248,215	17,344,907	114,154,206	101,950,793
Other assets:					
Inventories, at cost	-	-	90,558	90,558	90,558
Unamortized costs	-	-	1,232,019	1,232,019	1,232,019
Net pension asset	172,208	-	-	172,208	351,404
Investment	3,729,966	-	-	3,729,966	3,715,016
	3,902,174	-	1,322,577	5,224,751	5,388,997
Less: accumulated amortization	-	-	(469,616)	(469,616)	(417,367)
Net other assets	3,902,174	-	852,961	4,755,135	4,971,630
Total noncurrent assets	98,528,502	8,248,215	18,197,868	124,974,585	112,303,950
Total assets	\$ 149,942,691	\$ 8,264,889	\$ 20,043,791	\$ 178,251,371	\$ 170,206,355

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, 2007
With Comparative Totals for June 30, 2006

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2007	2006
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	\$ 10,088,842	\$ 87,869	\$ 23,101	\$ 10,199,812	\$ 9,432,381
Accrued salaries	233,027	-	-	233,027	248,907
Accrued sales tax	484,378	-	-	484,378	504,644
Other accrued liabilities	-	-	18,627	18,627	21,621
Due to other governments	36,000	-	-	36,000	-
Accrued compensated absences	283,328	-	-	283,328	319,852
Deferred revenue	-	-	59,209	59,209	52,654
Due to other funds	-	468,376	-	468,376	563,062
Capital lease obligations	-	494,451	-	494,451	520,157
Bonds payable	-	-	940,000	940,000	465,000
Accrued interest payable	-	389,335	107,280	496,615	470,932
Total current liabilities	11,125,575	1,440,031	1,148,217	13,713,823	12,599,210
Long-term liabilities (net of current portion):					
Accrued compensated absences	414,029	-	-	414,029	417,803
Customer deposits	6,065,244	-	-	6,065,244	5,381,527
Capital lease obligations	-	2,421,309	-	2,421,309	2,881,143
Revenue bonds	-	-	24,410,000	24,410,000	25,350,000
Accrued interest payable	-	2,542,117	-	2,542,117	2,599,163
Total long-term liabilities	6,479,273	4,963,426	24,410,000	35,852,699	36,629,636
Total liabilities	17,604,848	6,403,457	25,558,217	49,566,522	49,228,846
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	88,561,084	5,332,455	(3,166,404)	90,727,135	77,610,606
Restricted for:					
Debt Service	-	-	1,343,458	1,343,458	772,412
Other	-	-	5,728	5,728	5,584
Unrestricted	43,776,759	(3,471,023)	(3,697,208)	36,608,528	42,588,907
Total net assets	\$ 132,337,843	\$ 1,861,432	\$ (5,514,426)	\$ 128,684,849	\$ 120,977,509

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2007	2006
Operating revenues:					
Charges for services	\$ 116,495,085	\$ 1,971,671	\$ -	\$ 118,466,756	\$ 116,525,180
Lease income	-	-	1,681,074	1,681,074	1,677,432
Other	1,629,586	-	-	1,629,586	1,391,183
Total operating revenues	118,124,671	1,971,671	1,681,074	121,777,416	119,593,795
Operating expenses:					
Personal services	12,196,356	-	-	12,196,356	12,081,801
Operating	86,374,771	1,344,809	60,124	87,779,704	81,206,492
Other	985,923	-	-	985,923	1,019,707
Depreciation	7,756,957	200,352	758,022	8,715,331	8,067,490
Total operating expenses	107,314,007	1,545,161	818,146	109,677,314	102,375,490
Operating income (loss)	10,810,664	426,510	862,928	12,100,102	17,218,305
Nonoperating revenues (expenses):					
Investment earnings	2,469,122	-	40,514	2,509,636	1,736,225
Intergovernmental revenue	-	-	653,052	653,052	649,562
Interest and fiscal charges	-	(333,164)	(1,396,866)	(1,730,030)	(2,285,291)
Amortization	-	(34,617)	(52,249)	(86,866)	(86,866)
Gain (loss) on sale of capital assets	103,981	-	(71,092)	32,889	55,187
Other	2,221	1,345	-	3,566	24,751
Total nonoperating revenues (expenses)	2,575,324	(366,436)	(826,641)	1,382,247	93,568
Capital contributions from developers	3,883,920	-	-	3,883,920	2,633,117
Income (loss) before transfers	17,269,908	60,074	36,287	17,366,269	19,944,990
Transfers:					
Transfers in	2,940,136	471,507	-	3,411,643	4,177,345
Transfers out	(13,044,247)	(26,325)	-	(13,070,572)	(12,140,803)
Total transfers	(10,104,111)	445,182	-	(9,658,929)	(7,963,458)
Change in net assets	7,165,797	505,256	36,287	7,707,340	11,981,532
Net assets at beginning of year	125,172,046	1,356,176	(5,550,713)	120,977,509	108,995,977
Net assets at end of year	\$ 132,337,843	\$ 1,861,432	\$ (5,514,426)	\$ 128,684,849	\$ 120,977,509

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2007	2006
Cash flows from operating activities:					
Cash received from customers	\$ 116,601,845	\$ 1,979,398	\$ -	\$ 118,581,243	\$ 120,111,277
Cash received from other operating activities	1,878,675	1,345	-	1,880,020	1,404,261
Cash received from lease	-	-	1,714,898	1,714,898	1,677,432
Cash payments goods and services	(87,013,808)	(1,459,318)	(68,265)	(88,541,391)	(81,094,905)
Cash payments for employee services and fringe benefits	(12,073,338)	-	-	(12,073,338)	(12,060,660)
Net cash from (to) operating activities	19,393,374	521,425	1,646,633	21,561,432	30,037,405
Cash flows from noncapital financing activities:					
Transfers in	2,940,136	471,507	-	3,411,643	4,177,345
Transfers out	(13,044,247)	(26,325)	-	(13,070,572)	(12,140,803)
Tax revenues	-	-	653,052	653,052	649,562
Net cash from (to) noncapital financing activities	(10,104,111)	445,182	653,052	(9,005,877)	(7,313,896)
Cash flows from capital and related financing activities:					
Payments for capital acquisitions	(16,855,592)	(88,175)	(162,148)	(17,105,915)	(8,451,944)
Payments on capital leases	-	(520,157)	-	(520,157)	(548,735)
Proceeds from fixed asset sales	103,981	-	-	103,981	55,187
Bond principal payments	-	-	(465,000)	(465,000)	(440,000)
Interest and fiscal charges	-	(358,355)	(1,396,866)	(1,755,221)	(2,296,108)
Net cash from (to) capital and related financing activities	(16,751,611)	(966,687)	(2,024,014)	(19,742,312)	(11,681,600)
Cash flows from investing activities:					
Rental income received (paid)	2,221	-	-	2,221	23,333
Investment income received (paid)	2,524,664	-	40,514	2,565,178	1,720,023
Investment (purchases) sales	1,014,930	-	(565,019)	449,911	(5,480,007)
Net cash from (to) investing activities	3,541,815	-	(524,505)	3,017,310	(3,736,651)
Net increase (decrease) in cash and cash equivalents	(3,920,533)	(80)	(248,834)	(4,169,447)	7,305,258
Cash and cash equivalents at beginning 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, beginning of year	21,031,201	6,191	510,323	21,547,715	14,242,457
Cash and cash equivalents at end of year:					
Cash	14,193,100	6,111	-	14,199,211	17,903,833
Equity in pooled cash	2,917,568	-	261,489	3,179,057	3,643,882
Total cash and cash equivalents, end of year	\$ 17,110,668	\$ 6,111	\$ 261,489	\$ 17,378,268	\$ 21,547,715

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, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Board of	City Golf	Marietta	Totals	
	Lights and Waterworks	Course	Conference Center & Resort	2007	2006
Reconciliation of operating income (loss) to net cash from operating activities:					
Operating income (loss)	\$ 10,810,664	\$ 426,510	\$ 862,928	\$ 12,100,102	\$ 17,218,305
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation	7,756,957	200,352	758,022	8,715,331	8,067,490
Miscellaneous		1,345		1,345	1,418
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	249,089	7,727	27,269	284,085	331,618
(Increase) decrease in utility accounts receivable	(584,890)	-	-	(584,890)	(225,056)
(Increase) decrease in due from other funds	-	-	-	-	3,974,450
(Increase) decrease in inventories	(455,077)	-	-	(455,077)	(45,533)
(Increase) decrease in prepaid expense	-	-	-	-	119,789
(Increase) decrease in net pension asset	179,196	-	-	179,196	140,538
(Increase) decrease in due from other governments	7,933	-	-	7,933	5,100
Increase (decrease) in accounts payable	786,229	(19,823)	1,025	767,431	385,982
Increase (decrease) in accrued salaries	(15,880)	-	(2,994)	(18,874)	(104,218)
Increase (decrease) in accrued sales tax	(20,266)	-	-	(20,266)	121,711
Increase (decrease) in accrued commissions	-	-	-	-	(51,227)
Increase (decrease) in accrued compensated absences	(40,298)	-	-	(40,298)	(15,179)
Increase (decrease) in other accrued expenses	-	-	(6,172)	(6,172)	(57,589)
Increase (decrease) in due to other funds	-	(94,686)	-	(94,686)	(35,741)
Increase (decrease) in interfund payable	-	-	-	-	(260,161)
Increase (decrease) in customer deposits	683,717	-	-	683,717	413,054
Increase (decrease) in other liabilities	36,000	-	6,555	42,555	52,654
Net cash from (to) operating activities	<u>\$ 19,393,374</u>	<u>\$ 521,425</u>	<u>\$ 1,646,633</u>	<u>\$ 21,561,432</u>	<u>\$ 30,037,405</u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

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

During 2007, assets contributed by developers totaled \$3,883,920 in the Board of Lights and Waterworks.

CITY OF MARIETTA, GEORGIA
BOARD OF LIGHTS AND WATERWORKS
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash and cash equivalents	\$ 14,193,100	\$ 17,809,683
Equity in pooled cash	2,917,568	3,221,518
Investments	18,272,398	19,985,995
Receivables:		
Accrued interest	74,659	130,201
Utility accounts (net of allowance for estimated uncollectibles of \$498,000 and \$498,000)	13,104,113	12,519,223
Other	-	249,089
Due from other governments	-	7,933
Inventories	2,852,351	2,397,274
 Total current assets	 <u>51,414,189</u>	 <u>56,320,916</u>
Noncurrent assets:		
Restricted assets:		
Investments	<u>6,065,244</u>	<u>5,381,527</u>
Property, plant and equipment:		
Land	1,382,976	1,382,976
Buildings and improvements	15,062,778	14,867,838
Electrical plant in service	76,633,619	72,072,458
Water and sewer system	61,723,676	53,611,587
Machinery and equipment	37,434,908	29,563,586
	<u>192,237,957</u>	<u>171,498,445</u>
Less: accumulated depreciation	<u>(103,676,873)</u>	<u>(95,919,916)</u>
 Net property, plant and equipment	 <u>88,561,084</u>	 <u>75,578,529</u>
Other assets:		
Net pension asset	172,208	351,404
Investment	3,729,966	3,715,016
 Total other assets	 <u>3,902,174</u>	 <u>4,066,420</u>
 Total noncurrent assets	 <u>98,528,502</u>	 <u>85,026,476</u>
 Total assets	 <u>\$ 149,942,691</u>	 <u>\$ 141,347,392</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 (CONT'D)
June 30, 2007 and 2006

<u>LIABILITIES</u>	<u>2007</u>	<u>2006</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 10,088,842	\$ 9,302,613
Due to other governments	36,000	-
Accrued salaries and employee benefits	233,027	248,907
Accrued sales tax	484,378	504,644
Accrued compensated absences	283,328	319,852
Total current liabilities	<u>11,125,575</u>	<u>10,376,016</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	414,029	417,803
Customer deposits	6,065,244	5,381,527
Total long-term liabilities (net of current portion)	<u>6,479,273</u>	<u>5,799,330</u>
Total liabilities	<u>17,604,848</u>	<u>16,175,346</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	88,561,084	75,578,529
Unrestricted	43,776,759	49,593,517
Total net assets	<u>\$ 132,337,843</u>	<u>\$ 125,172,046</u>

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, 2007 and 2006

	2007	2006
Operating revenues:		
Charges for services	\$ 116,495,085	\$ 114,669,395
Other	1,629,586	1,391,183
Total operating revenues	<u>118,124,671</u>	<u>116,060,578</u>
Operating expenses:		
Personal services	12,196,356	12,081,801
Operating	86,374,771	79,824,262
Other	985,923	1,019,707
Depreciation	7,756,957	6,759,997
Total operating expenses	<u>107,314,007</u>	<u>99,685,767</u>
Operating income	<u>10,810,664</u>	<u>16,374,811</u>
Nonoperating revenues (expenses):		
Investment earnings	2,469,122	1,715,591
Gain (loss) on sale of assets	103,981	55,187
Other	2,221	23,333
Total nonoperating revenues (expenses)	<u>2,575,324</u>	<u>1,794,111</u>
Capital contributions from developers	<u>3,883,920</u>	<u>2,633,117</u>
Income before transfers	<u>17,269,908</u>	<u>20,802,039</u>
Transfers:		
Transfers in	2,940,136	2,673,827
Transfers out	<u>(13,044,247)</u>	<u>(12,120,274)</u>
Total transfers in (out)	<u>(10,104,111)</u>	<u>(9,446,447)</u>
Change in net assets	7,165,797	11,355,592
Net assets at beginning of year	<u>125,172,046</u>	<u>113,816,454</u>
Net assets at end of year	<u>\$ 132,337,843</u>	<u>\$ 125,172,046</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, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 116,601,845	\$ 118,180,145
Cash received from other operating activities	1,878,675	1,402,843
Cash payments goods and services	(87,013,808)	(79,408,160)
Cash payments for employee services and fringe benefits	(12,073,338)	(11,793,629)
Net cash from (to) operating activities	<u>19,393,374</u>	<u>28,381,199</u>
Cash flows from noncapital financing activities:		
Transfers in	2,940,136	2,673,827
Transfers out	(13,044,247)	(12,120,274)
Net cash from (to) noncapital financing activities	<u>(10,104,111)</u>	<u>(9,446,447)</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(16,855,592)	(8,038,370)
Proceeds from sale of assets	103,981	55,187
Net cash from (to) capital and related financing activities	<u>(16,751,611)</u>	<u>(7,983,183)</u>
Cash flows from investing activities:		
Rental income received	2,221	23,333
Interest received	2,524,664	1,699,389
Investment (purchases) sales	1,014,930	(5,466,516)
Net cash from (to) investing activities	<u>3,541,815</u>	<u>(3,743,794)</u>
Net increase (decrease) in cash and cash equivalents	(3,920,533)	7,207,775
Cash and cash equivalents at beginning of year:		
Cash	17,809,683	11,221,044
Equity in pooled cash	3,221,518	2,602,382
Total cash and cash equivalents, beginning of year	<u>21,031,201</u>	<u>13,823,426</u>
Cash and cash equivalents at end of year:		
Cash	14,193,100	17,809,683
Equity in pooled cash	2,917,568	3,221,518
Total cash and cash equivalents, end of year	<u>\$ 17,110,668</u>	<u>\$ 21,031,201</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 10,810,664	\$ 16,374,811
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	7,756,957	6,759,997
Change in assets and liabilities:		
(Increase) decrease in other receivable	249,089	11,660
(Increase) decrease in utility accounts receivable	(584,890)	(225,056)
(Increase) decrease in due from other funds	-	3,730,706
(Increase) decrease in inventories	(455,077)	(105,726)
(Increase) decrease in due from other governments	7,933	5,100
(Increase) decrease in net pension asset	179,196	140,538
Increase (decrease) in accounts payable	786,229	1,004,853
Increase (decrease) in accrued salaries	(15,880)	80,145
Increase (decrease) in accrued sales tax	(20,266)	121,711
Increase (decrease) in accrued compensated absences	(40,298)	67,489
Increase (decrease) in due to other governments	36,000	-
Increase (decrease) in customer deposits	683,717	414,971
Net cash from operating activities	<u>\$ 19,393,374</u>	<u>\$ 28,381,199</u>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

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

During 2007, assets contributed by developers totaled \$3,883,920.

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash	\$ 6,111	\$ 6,191
Accounts receivable	10,563	18,290
Total current assets	<u>16,674</u>	<u>24,481</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	6,600,000	6,600,000
Buildings and improvements	1,937,917	1,907,765
Machinery and equipment	3,472,682	3,414,659
	<u>12,010,599</u>	<u>11,922,424</u>
Less: accumulated depreciation	<u>(3,762,384)</u>	<u>(3,562,032)</u>
Net property, plant and equipment	<u>8,248,215</u>	<u>8,360,392</u>
Total assets	<u>\$ 8,264,889</u>	<u>\$ 8,384,873</u>
<u>LIABILITIES</u>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 87,869	\$ 107,692
Due to other funds	468,376	563,062
Capital lease obligations	494,451	520,157
Accrued interest payable	389,335	357,480
Total current liabilities	<u>1,440,031</u>	<u>1,548,391</u>
Long-term liabilities (net of current portion):		
Capital lease obligations (net of deferred loss of \$276,936 and \$311,553)	2,421,309	2,881,143
Accrued interest payable	2,542,117	2,599,163
Total long-term liabilities	<u>4,963,426</u>	<u>5,480,306</u>
Total liabilities	<u>6,403,457</u>	<u>7,028,697</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	5,332,455	4,959,092
Unrestricted	<u>(3,471,023)</u>	<u>(3,602,916)</u>
Total net assets	<u>\$ 1,861,432</u>	<u>\$ 1,356,176</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services	\$ 1,971,671	\$ 1,855,785
Operating expenses:		
Operating	1,344,809	1,355,793
Depreciation	200,352	502,519
Total operating expenses	<u>1,545,161</u>	<u>1,858,312</u>
Operating income (loss)	<u>426,510</u>	<u>(2,527)</u>
Nonoperating revenues (expenses) :		
Interest expense	(333,164)	(409,327)
Amortization of deferred loss	(34,617)	(34,617)
Other	1,345	1,418
Total nonoperating revenues (expenses)	<u>(366,436)</u>	<u>(442,526)</u>
Income (loss) before operating transfers	<u>60,074</u>	<u>(445,053)</u>
Transfers:		
Transfers in	471,507	449,677
Transfers out	<u>(26,325)</u>	<u>(20,529)</u>
Total transfers	<u>445,182</u>	<u>429,148</u>
Change in net assets	505,256	(15,905)
Net assets at beginning of year	<u>1,356,176</u>	<u>1,372,081</u>
Net assets at end of year	<u>\$ 1,861,432</u>	<u>\$ 1,356,176</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
CITY GOLF COURSE
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 1,979,398	\$ 1,872,898
Cash payments for goods and services	(1,459,318)	(1,281,052)
Cash received from other operating activities	1,345	1,418
Net Cash from (to) operating activities	<u>521,425</u>	<u>593,264</u>
Cash flows from noncapital financing activities:		
Transfers in	471,507	449,077
Transfers out	(26,325)	(20,529)
Net cash from (to) noncapital financing activities	<u>445,182</u>	<u>428,548</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(88,175)	(92,092)
Payments on capital leases	(520,157)	(548,735)
Interest and fiscal charges	(358,355)	(381,466)
Net cash from (to) capital related financing activities	<u>(966,687)</u>	<u>(1,022,293)</u>
Net increase (decrease) in cash and cash equivalents	(80)	(481)
Cash and cash equivalents at beginning of year	<u>6,191</u>	<u>6,672</u>
Cash and cash equivalents at end of year	<u>\$ 6,111</u>	<u>\$ 6,191</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 426,510	\$ (2,527)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	200,352	502,519
Miscellaneous revenue	1,345	1,418
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	7,727	1,563
(Increase) decrease in due from other funds	-	15,550
Increase (decrease) in due to other funds	(94,686)	(3,993)
Increase (decrease) in accounts payable	(19,823)	78,734
Net cash from (to) operating activities	<u>\$ 521,425</u>	<u>\$ 593,264</u>

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current assets:		
Cash	\$ -	\$ 87,959
Equity in pooled cash	261,489	422,364
Restricted investments:		
Revenue bond debt service	1,450,738	885,864
Furniture and fixtures reserve	5,728	5,584
Accounts receivable	-	27,269
Due from other funds	127,968	127,968
Total current assets	<u>1,845,923</u>	<u>1,557,008</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	769,284	769,284
Buildings and improvements	23,326,210	23,326,210
Machinery and equipment	6,974,254	6,984,151
	<u>31,069,748</u>	<u>31,079,645</u>
Less: accumulated depreciation	<u>(13,724,841)</u>	<u>(13,067,773)</u>
Net property, plant and equipment	<u>17,344,907</u>	<u>18,011,872</u>
Other assets:		
Inventories, at cost	90,558	90,558
Unamortized bond costs	1,232,019	1,232,019
Less: accumulated amortization	<u>(469,616)</u>	<u>(417,367)</u>
Net other assets	<u>852,961</u>	<u>905,210</u>
Total noncurrent assets	<u>18,197,868</u>	<u>18,917,082</u>
Total assets	<u>\$ 20,043,791</u>	<u>\$ 20,474,090</u>

CITY OF MARIETTA, GEORGIA
MARIETTA CONFERENCE CENTER AND RESORT
ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET ASSETS (CONT'D)
June 30, 2007 and 2006

<u>LIABILITIES</u>	<u>2007</u>	<u>2006</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$ 23,101	\$ 22,076
Deferred revenue	59,209	52,654
Other accrued liabilities	18,627	21,621
Accrued interest payable	107,280	113,452
Bonds payable	940,000	465,000
Total current liabilities	<u>1,148,217</u>	<u>674,803</u>
Long-term liabilities (net of current portion):		
Revenue bonds	<u>24,410,000</u>	<u>25,350,000</u>
Total liabilities	<u>25,558,217</u>	<u>26,024,803</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	(3,166,404)	(2,927,015)
Restricted for:		
Debt Service	1,343,458	772,412
Other	5,728	5,584
Unrestricted	<u>(3,697,208)</u>	<u>(3,401,694)</u>
Total net assets	<u>\$ (5,514,426)</u>	<u>\$ (5,550,713)</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Lease income	\$ 1,681,074	\$ 1,677,432
Operating expenses:		
Operating	60,124	26,437
Depreciation	758,022	804,974
Total operating expenses	<u>818,146</u>	<u>831,411</u>
Operating income (loss)	<u>862,928</u>	<u>846,021</u>
Nonoperating revenues (expenses) :		
Investment earnings	40,514	20,634
Intergovernmental tax revenue	653,052	649,562
Interest and fiscal charges	(1,396,866)	(1,875,964)
Loss on disposal of assets	(71,092)	-
Amortization	<u>(52,249)</u>	<u>(52,249)</u>
Total nonoperating revenues (expense)	<u>(826,641)</u>	<u>(1,258,017)</u>
Income (loss) before operating transfers	<u>36,287</u>	<u>(411,996)</u>
Transfers:		
Transfers in	<u>-</u>	<u>1,053,841</u>
Change in net assets	36,287	641,845
Net assets at beginning of year	<u>(5,550,713)</u>	<u>(6,192,558)</u>
Net assets at end of year	<u>\$ (5,514,426)</u>	<u>\$ (5,550,713)</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, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ -	\$ 58,234
Cash received from lease	1,714,898	1,677,432
Cash payments for goods and services	(68,265)	(405,693)
Cash payments for employee services and fringe benefits	-	(267,031)
Net cash from (to) operating activities	<u>1,646,633</u>	<u>1,062,942</u>
Cash flows from noncapital financing activities:		
Transfers in	-	1,053,841
Tax revenues	653,052	649,562
Net cash from (to) noncapital financing	<u>653,052</u>	<u>1,703,403</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(162,148)	(321,482)
Bond principal payments	(465,000)	(440,000)
Interest and fiscal charges	(1,396,866)	(1,914,042)
Net cash from (to) capital and related financing activities	<u>(2,024,014)</u>	<u>(2,675,524)</u>
Cash flows from investing activities:		
Investment income received	40,514	20,634
Investment (purchases) sales	(565,019)	(13,491)
Net cash from (to) investing activities	<u>(524,505)</u>	<u>7,143</u>
Net increase (decrease) in cash and cash equivalents	(248,834)	97,964
Cash and cash equivalents at beginning of year	<u>510,323</u>	<u>412,359</u>
Total cash and cash equivalents, end of year	<u>\$ 261,489</u>	<u>\$ 510,323</u>
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 862,928	\$ 846,021
Adjustments to reconcile operating income to net cash from operating activities:		
Noncash transactions		
Depreciation	758,022	804,974
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	27,269	318,395
(Increase) decrease in due from other funds	-	228,194
(Increase) decrease in inventories	-	60,193
(Increase) decrease in prepaid expense	-	119,789
Increase (decrease) in accounts payable	1,025	(697,605)
Increase (decrease) in accrued salaries	(2,994)	(184,363)
Increase (decrease) in accrued sales tax	-	(51,227)
Increase (decrease) in accrued compensated absences	-	(82,668)
Increase (decrease) in other accrued expenses	(6,172)	(57,589)
Increase (decrease) in due to other funds	-	(31,748)
Increase (decrease) in interfund payable	-	(260,161)
Increase (decrease) in deferred revenue	6,555	52,654
Increase (decrease) in customer deposits	-	(1,917)
Net cash from (to) operating activities	<u>\$ 1,646,633</u>	<u>\$ 1,062,942</u>

See accompanying notes to financial statements.

INTERNAL SERVICES FUNDS

Internal Services Funds account for services performed by a central service department for other departments or agencies of the government unit. The City has the following Internal Services 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, 2007
With Comparative Totals for June 30, 2006

	Self- Insurance	Motor Transport	Totals	
			2007	2006
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,887,036	\$ 100	\$ 1,887,136	\$ 1,543,947
Equity in pooled cash	-	-	-	83,000
Investments	2,189,515	-	2,189,515	2,101,214
Receivables, net	277,062	-	277,062	132,079
Due from other governments	-	6,462	6,462	8,365
Due from other funds	2,650	-	2,650	-
Inventories	-	52,859	52,859	62,140
Total current assets	<u>4,356,263</u>	<u>59,421</u>	<u>4,415,684</u>	<u>3,930,745</u>
Property, plant and equipment:				
Buildings and improvements	-	473,309	473,309	397,138
Machinery and equipment	-	982,970	982,970	966,583
Less: accumulated depreciation	-	(643,411)	(643,411)	(594,863)
Net property, plant and equipment	<u>-</u>	<u>812,868</u>	<u>812,868</u>	<u>768,858</u>
Total assets	<u>4,356,263</u>	<u>872,289</u>	<u>5,228,552</u>	<u>4,699,603</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	47,060	119,958	167,018	358,905
Claims and judgements payable	1,883,254	-	1,883,254	1,888,438
Accrued salaries	-	12,701	12,701	11,823
Accrued compensated absences	-	11,557	11,557	12,722
Due to other funds	1,407,340	783,298	2,190,638	2,099,153
Total current liabilities	<u>3,337,654</u>	<u>927,514</u>	<u>4,265,168</u>	<u>4,371,041</u>
Long-term liabilities (net of current portion):				
Accrued compensated absences	-	10,116	10,116	7,016
Total liabilities	<u>3,337,654</u>	<u>937,630</u>	<u>4,275,284</u>	<u>4,378,057</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	812,868	812,868	768,858
Unrestricted	1,018,609	(878,209)	140,400	(447,312)
Total net assets	<u>\$ 1,018,609</u>	<u>\$ (65,341)</u>	<u>\$ 953,268</u>	<u>\$ 321,546</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, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Self- Insurance	Motor Transport	Totals	
			2007	2006
Operating revenues:				
Charges for services	\$ -	\$ 2,781,603	\$ 2,781,603	\$ 2,502,416
Contributions	7,918,078	-	7,918,078	8,486,191
Other	996,001	9,568	1,005,569	589,900
Total operating revenues	8,914,079	2,791,171	11,705,250	11,578,507
Operating expenses:				
Personal services	-	635,885	635,885	634,952
Operating services	1,912,738	2,147,218	4,059,956	3,724,781
Depreciation	-	48,548	48,548	44,479
Benefits and claims	7,701,291	-	7,701,291	8,412,705
Total operating expenses	9,614,029	2,831,651	12,445,680	12,816,917
Operating income (loss)	(699,950)	(40,480)	(740,430)	(1,238,410)
Nonoperating revenues (expenses) :				
Investment earnings	283,381	-	283,381	81,438
Transfers:				
Transfers in	1,199,977	-	1,199,977	578,000
Transfers out	(94,674)	(16,532)	(111,206)	(67,538)
Total transfers	1,105,303	(16,532)	1,088,771	510,462
Change in net assets	688,734	(57,012)	631,722	(646,510)
Net assets at beginning of year	329,875	(8,329)	321,546	968,056
Net assets at end of year	\$ 1,018,609	\$ (65,341)	\$ 953,268	\$ 321,546

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2007
With Comparative Totals for the Fiscal Year Ended June 30, 2006

	Self- Insurance	Motor Transport	Totals	
			2007	2006
Cash flow from operating activities:				
Cash received from contributions and services provided	\$ 8,013,588	\$ 2,793,074	\$ 10,806,662	\$ 10,962,813
Cash payments for goods and services	(2,162,858)	(2,133,912)	(4,296,770)	(3,156,871)
Cash payments for employee services and fringes	-	(633,072)	(633,072)	(629,042)
Cash payments for benefits and claims	(7,706,475)	-	(7,706,475)	(8,454,908)
Cash payments for other operating activities	903,088	-	903,088	580,720
Net Cash from (to) operating activities	<u>(952,657)</u>	<u>26,090</u>	<u>(926,567)</u>	<u>(697,288)</u>
Cash flows from noncapital financing activities				
Transfers in	1,105,303	-	1,105,303	510,462
Transfers out	-	(16,532)	(16,532)	-
Net transfers in (out) from noncapital financing activities	<u>1,105,303</u>	<u>(16,532)</u>	<u>1,088,771</u>	<u>510,462</u>
Cash flows from capital and related financing activities				
Payments for capital acquisitions	-	(92,558)	(92,558)	(11,306)
Interest payments	-	-	-	4,174
Net cash from (to) capital and related financing activities	<u>-</u>	<u>(92,558)</u>	<u>(92,558)</u>	<u>(7,132)</u>
Cash flows from investing activities				
Interest received	278,844	-	278,844	72,597
Investments (purchased) sold	(88,301)	-	(88,301)	(523,266)
Net cash from (to) investing activities	<u>190,543</u>	<u>-</u>	<u>190,543</u>	<u>(450,669)</u>
Net increase (decrease) in cash and cash equivalents	343,189	(83,000)	260,189	(644,627)
Cash and cash equivalents at beginning of year	<u>1,543,847</u>	<u>83,100</u>	<u>1,626,947</u>	<u>2,271,574</u>
Cash and cash equivalents at end of year	<u>\$ 1,887,036</u>	<u>\$ 100</u>	<u>\$ 1,887,136</u>	<u>\$ 1,626,947</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ (699,950)	\$ (40,480)	\$ (740,430)	\$ (1,238,410)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	-	48,548	48,548	44,479
Changes in assets and liabilities:				
(Increase) decrease in other receivables	(238,606)	-	(238,606)	(5,664)
(Increase) decrease in contributions receivable	98,160	-	98,160	(26,740)
(Increase) decrease in due from other funds	(2,650)	-	(2,650)	251,104
(Increase) decrease in due from other governments	-	1,903	1,903	(2,570)
(Increase) decrease in inventories	-	9,281	9,281	(24,219)
Increase (decrease) in accounts payable	(250,120)	58,233	(191,887)	35,092
Increase (decrease) in accrued salaries	-	878	878	2,523
Increase (decrease) in accrued compensated absences	-	1,935	1,935	3,387
Increase (decrease) in due to other funds	145,693	(54,208)	91,485	305,933
Increase (decrease) in claims and judgements payable	(5,184)	-	(5,184)	(42,203)
Net cash from (to) operating activities	<u>\$ (952,657)</u>	<u>\$ 26,090</u>	<u>\$ (926,567)</u>	<u>\$ (697,288)</u>

See accompanying notes to financial statements.

CITY OF MARIETTA, GEORGIA
 SELF - INSURANCE
 INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,887,036	\$ 1,543,847
Investments	2,189,515	2,101,214
Receivables:		
Accrued interest	14,257	9,720
Contributions	-	98,160
Other	262,805	24,199
Due from other funds	<u>2,650</u>	<u>-</u>
 Total assets	 <u>4,356,263</u>	 <u>3,777,140</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	47,060	297,180
Claims and judgements payable	1,883,254	1,888,438
Due to other funds	<u>1,407,340</u>	<u>1,261,647</u>
 Total liabilities	 <u>3,337,654</u>	 <u>3,447,265</u>
<u>NET ASSETS</u>		
Unrestricted	<u>\$ 1,018,609</u>	<u>\$ 329,875</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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Contributions	\$ 7,918,078	\$ 8,486,191
Other	996,001	589,900
Total operating revenues	<u>8,914,079</u>	<u>9,076,091</u>
Operating expenses:		
Operating services	1,912,738	1,652,192
Benefits and claims	7,701,291	8,412,705
Total operating expenses	<u>9,614,029</u>	<u>10,064,897</u>
Operating income (loss)	<u>(699,950)</u>	<u>(988,806)</u>
Nonoperating revenues:		
Investment earnings	283,381	77,264
Income before transfers	<u>(416,569)</u>	<u>(911,542)</u>
Transfers:		
Transfers in	1,199,977	495,000
Transfers out	(94,674)	(53,858)
Total transfers	<u>1,105,303</u>	<u>441,142</u>
Change in net assets	688,734	(470,400)
Net assets at beginning of year	<u>329,875</u>	<u>800,275</u>
Net assets at end of year	<u>\$ 1,018,609</u>	<u>\$ 329,875</u>

CITY OF MARIETTA, GEORGIA
 SELF-INSURANCE
 INTERNAL SERVICE FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 For the Fiscal Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flow from operating activities:		
Cash received from contributions	\$ 8,013,588	\$ 8,459,451
Cash received from other operating activities	903,088	580,720
Cash payments for operating services	(2,162,858)	(1,301,460)
Cash payments for benefits and claims	<u>(7,706,475)</u>	<u>(8,454,908)</u>
Net cash from (to) operating activities	<u>(952,657)</u>	<u>(716,197)</u>
Cash flows from noncapital financing activities		
Transfers in	<u>1,105,303</u>	<u>441,142</u>
Cash flows from investing activities		
Interest received	278,844	72,597
Investments (purchased) sold	<u>(88,301)</u>	<u>(523,266)</u>
Net cash from (to) investing activities	<u>190,543</u>	<u>(450,669)</u>
Net increase (decrease) in cash and cash equivalents	343,189	(725,724)
Cash and cash equivalents at beginning of year	<u>1,543,847</u>	<u>2,269,571</u>
Cash and cash equivalents at end of year	<u>\$ 1,887,036</u>	<u>\$ 1,543,847</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income (loss)	\$ (699,950)	\$ (988,806)
Adjustments to reconcile operating income to net cash from operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in due from other funds	(2,650)	251,104
(Increase) decrease in contributions receivable	98,160	(26,740)
(Increase) decrease in other receivables	(238,606)	(9,180)
Increase (decrease) in accounts payable	(250,120)	28,967
Increase (decrease) in due to other funds	145,693	70,661
Increase (decrease) in claims and judgements payable	<u>(5,184)</u>	<u>(42,203)</u>
Net cash from (to) operating activities	<u>\$ (952,657)</u>	<u>\$ (716,197)</u>

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 100	\$ 100
Equity in pooled cash	-	83,000
Due from other governments	6,462	8,365
Inventories	<u>52,859</u>	<u>62,140</u>
Total current assets	<u>59,421</u>	<u>153,605</u>
Property, plant and equipment:		
Buildings and improvements	473,309	397,138
Machinery and equipment	982,970	966,583
Less: accumulated depreciation	<u>(643,411)</u>	<u>(594,863)</u>
Net property, plant and equipment	<u>812,868</u>	<u>768,858</u>
Total assets	<u>872,289</u>	<u>922,463</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	119,958	61,725
Accrued salaries and employee benefits	12,701	11,823
Due to other funds	783,298	837,506
Accrued compensated absences	<u>11,557</u>	<u>12,722</u>
Total current liabilities	<u>927,514</u>	<u>923,776</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	<u>10,116</u>	<u>7,016</u>
Total liabilities	<u>937,630</u>	<u>930,792</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	812,868	768,858
Unrestricted	<u>(878,209)</u>	<u>(777,187)</u>
Total net assets	<u>\$ (65,341)</u>	<u>\$ (8,329)</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues:		
Charges for services	\$ 2,781,603	\$ 2,502,416
Other	9,568	-
Total operating revenues	<u>2,791,171</u>	<u>2,502,416</u>
Operating expenses:		
Personal services	635,885	634,952
Operating services	2,147,218	2,072,589
Depreciation	48,548	44,479
Total operating expenses	<u>2,831,651</u>	<u>2,752,020</u>
Operating income (loss)	<u>(40,480)</u>	<u>(249,604)</u>
Nonoperating revenues (expenses) :		
Interest income	-	4,174
Transfers:		
Transfers in	-	83,000
Transfers out	(16,532)	(13,680)
Total transfers	<u>(16,532)</u>	<u>69,320</u>
Change in net assets	(57,012)	(176,110)
Net assets at beginning of year	<u>(8,329)</u>	<u>167,781</u>
Net assets at end of year	<u>\$ (65,341)</u>	<u>\$ (8,329)</u>

CITY OF MARIETTA, GEORGIA
MOTOR TRANSPORT
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2007 and 2006

	2007	2006
Cash flow from operating activities:		
Cash received for services provided	\$ 2,793,074	\$ 2,503,362
Cash payments for goods and services	(2,133,912)	(1,855,411)
Cash payments for employee services and fringes	(633,072)	(629,042)
Net cash from (to) operating activities	<u>26,090</u>	<u>18,909</u>
Cash flows from noncapital financing activities		
Transfers in	-	83,000
Transfers out	(16,532)	(13,680)
Net transfers in (out) from noncapital financing activities	<u>(16,532)</u>	<u>69,320</u>
Cash flows from capital and related financing activities		
Payments for capital acquisitions	(92,558)	(11,306)
Interest payments	-	4,174
Net cash from (to) capital and related financing activities	<u>(92,558)</u>	<u>(7,132)</u>
Net increase (decrease) in cash and cash equivalents	(83,000)	81,097
Cash and cash equivalents at beginning of year	<u>83,100</u>	<u>2,003</u>
Cash and cash equivalents at end of year	<u>\$ 100</u>	<u>\$ 83,100</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income (loss)	\$ (40,480)	\$ (249,604)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	48,548	44,479
Changes in assets and liabilities:		
(Increase) decrease in other receivables	-	3,516
(Increase) decrease in due from other governments	1,903	(2,570)
(Increase) decrease in inventories	9,281	(24,219)
Increase (decrease) in accounts payable	58,233	6,125
Increase (decrease) in accrued salaries	878	2,523
Increase (decrease) in accrued compensated absences	1,935	3,387
Increase (decrease) in due to other funds	(54,208)	235,272
Net cash from (to) operating activities	<u>\$ 26,090</u>	<u>\$ 18,909</u>

See accompanying notes to financial statements.

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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 six fiscal years
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
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	\$ 38,400,310
Restricted	4,284,364	4,747,065	5,798,631	3,723,545	7,429,356	12,993,338
Unrestricted	(33,150,035)	(38,495,527)	(35,495,110)	(39,010,992)	(30,637,360)	(26,135,944)
Total governmental activities net assets	\$ 7,599,365	\$ 4,245,673	\$ 10,384,184	\$ 17,492,419	\$ 17,897,785	\$ 25,257,704
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	90,727,135
Restricted	-	988,076.00	840,530	977,957	777,996	1,349,186
Unrestricted	58,435,288	56,268,396	36,489,959	33,144,321	41,251,724	35,394,422
Total business-type activities net assets	\$ 121,181,434	\$ 115,606,847	\$ 116,316,795	\$ 107,798,605	\$ 119,640,326	\$ 127,470,743
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	\$ 129,127,445
Restricted	4,284,364	5,735,141	6,639,161	4,701,502	8,207,352	14,342,524
Unrestricted	25,285,253	17,772,869	994,849	(5,866,671)	10,614,364	9,258,478
Total Primary government net assets, before restatements	128,780,799	119,852,520	126,700,979	125,291,024	137,538,111	152,728,447
Restatement for infrastructure and related accumulated depreciation	-	-	-	585,611	-	-
Total Primary government net assets, as restated	\$ 128,780,799	\$ 119,852,520	\$ 126,700,979	\$ 125,876,635	\$ 137,538,111	\$ 152,728,447

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 six fiscal years
(accrual basis of accounting)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 7,272,726	\$ 6,892,923	\$ 6,795,976	\$ 4,894,998	\$ 7,270,290	\$ 7,490,659
Public works	6,739,482	7,248,042	8,120,071	9,130,758	10,845,886	14,888,258
Culture and recreation	4,625,123	5,489,588	4,238,849	4,859,976	5,279,105	5,346,638
Public safety	22,339,112	22,689,033	23,162,365	22,871,162	25,171,969	24,791,734
Urban redevelopment and housing	5,615,386	6,256,477	6,991,371	7,301,650	11,234,909	8,261,612
Interest and fiscal charges on long-term debt	4,115,517	4,583,900	3,357,519	3,109,268	3,018,190	3,125,438
Total governmental activities expenses	50,707,346	53,159,963	52,666,151	52,167,812	62,820,349	63,904,339
Business-type activities:						
Water & sewer	19,563,148	22,978,757	19,992,150	21,073,686	21,738,497	22,294,414
Electric	80,395,950	75,976,256	77,025,533	74,257,492	78,307,081	85,240,996
Golf	2,141,851	2,008,413	2,100,474	2,066,878	2,302,256	1,912,942
Fiber optic	8,461,643	8,753,884	9,464,158	1,460,454	-	-
Conference center	13,251,793	13,834,535	11,414,588	11,317,032	2,759,624	2,267,261
Total business-type activities expenses	123,814,385	123,551,845	119,996,903	110,175,542	105,107,458	111,715,613
Total Primary Government expenses	\$ 174,521,731	\$ 176,711,808	\$ 172,663,054	\$ 162,343,354	\$ 167,927,807	\$ 175,619,952
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 7,242,972	\$ 7,246,693	\$ 7,506,910	\$ 9,354,010	\$ 9,907,005	\$ 10,606,915
Public works	2,060,894	3,035,540	3,137,059	3,275,190	3,284,627	3,338,944
Culture and recreation	333,409	438,032	313,245	258,192	248,506	260,442
Public safety	529,124	89,512	276,890	96,975	121,250	42,390
Urban redevelopment and housing	349,169	466,146	568,440	1,090,320	1,070,269	965,210
Operating grants and contributions	6,193,422	6,902,214	7,550,859	8,795,814	7,555,223	9,597,840
Capital grants and contributions	2,551,500	1,985,281	11,933,376	5,833,603	7,281,401	9,735,992
Total governmental activities program revenues:	19,260,490	20,163,418	31,286,779	28,704,104	29,468,281	34,547,733
Business-type activities:						
Charges for services:						
Water & sewer	22,613,910	23,561,197	24,125,227	25,090,551	26,766,387	28,115,388
Electric	83,823,429	84,509,940	82,709,681	86,896,085	89,317,524	90,011,504
Golf	1,609,542	1,548,715	1,711,458	1,799,114	1,857,203	1,973,016
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	1,681,074
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	1,540,382	1,023,388	1,764,631	709,276	3,282,679	4,536,972
Total business-type activities program revenue:	128,099,189	126,381,613	126,033,306	124,973,485	122,901,225	126,317,954
Total Primary Government program revenues	\$ 147,359,679	\$ 146,545,031	\$ 157,320,085	\$ 153,677,589	\$ 152,369,506	\$ 160,865,687
Net (expense)/revenue						
Governmental activities	\$ (31,446,856)	\$ (32,996,545)	\$ (21,379,372)	\$ (23,463,708)	\$ (33,352,059)	\$ (29,356,606)
Business-type activities	4,284,804	2,829,768	6,036,403	14,797,943	17,793,767	14,602,341
Total Primary Government net expense	\$ (27,162,052)	\$ (30,166,777)	\$ (15,342,969)	\$ (8,665,765)	\$ (15,558,292)	\$ (14,754,265)
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	\$ 12,293,579
Insurance premium tax	2,133,966	2,341,448	2,523,528	2,734,817	2,942,305	3,078,387
Alcohol taxes	868,053	846,831	847,700	842,738	861,353	884,674
Hotel, motel tax	2,309,916	2,105,653	2,009,839	2,067,734	2,150,995	2,182,657
Franchise taxes	5,198,857	5,020,828	4,857,710	5,069,809	5,182,993	5,176,430
Auto rental tax	527,429	539,024	519,884	579,170	551,863	494,156
Unrestricted investment earnings	1,258,543	634,407	183,944	436,137	1,010,915	1,881,843
Gains on sale of capital assets	83,541	46,046	46,140	47,179	-	134,434
Operating grants not restricted	-	-	-	-	1,176,819	1,275,916
Contributions not restricted	-	-	-	-	152,314	-
Transfers	8,769,197	8,689,939	5,570,324	8,234,913	7,743,458	9,314,449
Total governmental activities	30,554,296	29,642,853	27,517,883	30,571,943	33,171,814	36,716,525
Business-type activities						
Unrestricted investment earnings	1,267,968	272,044	151,013	756,524	1,736,225	2,509,636

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Gains on sale of capital assets	-	13,540	92,856	(15,842,246)	55,187	32,889
Transfers	(8,769,197)	(8,689,939)	(5,570,324)	(8,230,411)	(7,743,458)	(9,314,449)
Total business-type activities	(7,501,229)	(8,404,355)	(5,326,455)	(23,316,133)	(5,952,046)	(6,771,924)
Total primary government	\$ 23,053,067	\$ 21,238,498	\$ 22,191,428	\$ 7,255,810	\$ 27,219,768	\$ 29,944,601
Changes in Net Assets						
Governmental activities	\$ (892,560)	\$ (3,353,692)	\$ 6,138,511	\$ 7,108,235	\$ (180,245)	\$ 7,359,919
Business type activities	(3,216,425)	(5,574,587)	709,948	(8,518,190)	11,841,721	7,830,417
Total primary government	\$ (4,108,985)	\$ (8,928,279)	\$ 6,848,459	\$ (1,409,955)	\$ 11,661,476	\$ 15,190,336

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 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	\$ 1,951,995
Unrestricted	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) 14,570,802
Total general fund	\$ 14,175,705	\$ 16,403,830	\$ 15,672,110	\$ 17,020,863	\$ 15,281,027	\$ 13,685,615	\$ 10,593,994	\$ 11,750,971	\$ 15,658,814	\$ 16,522,797
All other governmental funds										
Reserved	\$ 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	\$ 5,493,472
Unreserved, reported in:										
Special revenue funds	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) 7,444,398
Capital projects funds	-	-	-	-	-	-	-	(2,906)	3,732,152	(5) 6,026,841
Total all other governmental funds	\$ 10,160,012	\$ 11,084,541	\$ 9,202,685	\$ 8,915,142	\$ 7,776,964	\$ 6,675,941	\$ 5,774,865	\$ 4,864,043	\$ 13,204,622	\$ 18,964,711

(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									
Revenues	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Taxes	\$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	\$24,054,243
Licenses and permits	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	6,621,273
Intergovernmental	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	21,850,301
Charges for services	2,165,679	2,389,318	2,444,572	2,489,411	2,502,163	3,669,682	3,687,691	3,918,537	3,914,149	3,932,451
Fines and forfeits	1,712,202	2,336,654	2,474,198	2,613,043	2,501,532	2,119,515	2,151,560	3,789,735	4,127,362	4,353,147
Investment earnings	1,720,050	1,413,622	1,697,091	1,868,450	1,085,352	556,459	155,504	375,582	964,352	1,802,151
Other	408,061	162,337	588,928	733,421	283,253	309,749	428,813	1,340,973	551,064	453,539
Total revenues	37,047,309	39,958,747	41,700,661	43,849,699	43,745,066	46,156,944	50,617,860	53,623,582	56,760,976	63,067,105
Expenditures										
General government	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	7,370,697
Public works	4,758,511	4,950,394	5,485,823	6,259,310	6,149,003	6,032,895	7,576,562	6,712,946	7,284,494	7,594,840
Culture and recreation	2,750,983	3,355,529	4,583,859	3,552,807	3,251,382	5,132,803	3,326,108	4,807,994	5,150,388	5,566,985
Urban redevelopment and housing	2,932,588	3,296,814	4,061,907	4,613,434	5,531,052	6,246,521	6,996,078	7,181,872	7,071,247	8,261,612
Public safety	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	23,537,979
Capital	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	4,243,722
Intergovernmental	-	49,940,447	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	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	5,059,965
Interest	2,382,136	2,288,382	4,766,637	4,276,012	4,108,381	4,581,910	3,353,311	3,107,466	2,935,530	3,101,300
Fiscal agent fees and bond issuance costs	-	185,000	-	-	7,136	177,928	4,208	1,802	119,830	-
Total expenditures	53,387,421	97,162,851	52,686,431	52,080,409	54,682,411	58,461,289	60,906,485	62,262,481	65,405,030	64,737,100
Excess of revenues over (under) expenditures	(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)	(1,669,995)
Other financing sources (uses)										
Transfers in	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	15,515,433
Transfers out	(2,393,990)	(1,959,923)	(2,699,484)	(2,302,030)	(3,336,663)	(2,790,094)	(3,797,032)	(4,170,090)	(8,335,765)	(6,940,497)
Sale of capital assets	154,218	52,322	14,000	60,771	83,541	46,015	46,140	239,437	5,034,982	139,123
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)	8,811,387	60,356,758	8,372,194	9,291,920	8,059,331	9,607,910	6,295,928	8,885,054	20,892,476	8,714,059
Net change in fund balances	\$ (7,528,725)	\$ 3,152,654	\$ (2,613,576)	\$ 1,061,210	\$ (2,878,014)	\$ (2,696,435)	\$ (3,992,697)	\$ 246,155	\$ 12,248,422	\$ 7,044,064
Debt service as a percentage of noncapital expenditures	10.49%	4.67%	14.49%	15.02%	13.88%	17.97%	19.59%	14.64%	13.90%	13.11%

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
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
2001	7,946,778	153,288	884,965	2,628,991	166,789	543,430	12,324,241
2002	8,169,946	211,941	868,053	2,294,071	108,249	527,429	12,179,689
2003	8,995,155	285,519	846,831	2,093,875	80,592	539,024	12,840,996
2004	10,507,706	284,215	847,700	2,009,839	99,110	519,884	14,268,454
2005 (3)	15,306,659	230,896	842,738	2,067,734	136,880	3,313,987	21,898,894
2006	16,546,032	257,488	861,353	2,150,995	149,332	3,087,347	23,052,547
2007	17,416,798	285,132	884,674	2,180,519	110,783	3,176,337	24,054,243

(1) 1998 - 2005: Includes General, Special Revenue, Debt Service Funds and discretely presented component unit:
Marietta Welcome Center and Visitor's Bureau, Inc.

2006 - 2007: 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:		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	Tax Exempt Real Property	Public Utilities				
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%
2006	2,185,623,440	172,340,767	293,856,544	35,121,972	161,562,650	2,525,380,073	4.686	6,313,450,183	40.00%

(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
Last ten fiscal years

Fiscal Year	Overlapping Rates										
	City of Marietta					Cobb County			Marietta City Schools		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	Total Direct & Overlapping Rates	Operating Millage
1997	2.07	2.86	0.08	4.61	6.57	0.78	7.35	15.47	15.47	27.43	3.00
1998	2.07	2.46	0.08	4.26	6.57	0.78	7.2	15.47	15.47	26.93	3.00
1999	2.07	2.11	0.08	4.25	6.57	0.63	7.07	15.47	15.47	26.79	3.00
2000	2.04	2.10	0.08	4.186	6.57	0.50	7.07	15.47	15.47	26.73	3.00
2001	2.04	2.07	0.08	4.19	6.8	0.50	7.07	17.97	17.97	29.23	2.60
2002	2.04	2.07	0.08	4.69	6.85	0.27	7.07	17.97	17.97	29.73	2.60
2003	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	17.97	29.73	2.60
2004	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	17.97	29.73	2.38
2005	2.79	1.82	0.08	4.69	6.85	0.22	7.07	17.97	17.97	29.73	2.38
2006	2.79	1.82	0.08	4.69	6.82	0.22	7.04	17.97	17.97	29.70	2.38

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

CITY OF MARIETTA, GEORGIA
Principal Taxpayers (Unaudited)
June 30, 2007

Taxpayer (1)	Type of Business	2007			1998		
		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	\$23,761,543	1	0.94%	\$18,712,973	1	1.21%
Bell Ferry Corporation	Real Estate	\$13,254,960	2	0.52%	\$12,960,000	2	0.84%
Sterling Town Center Apartments	Commercial	\$12,582,520	3	0.50%	-	-	-
Atlanta Parkway Investment Group	Real Estate	\$10,002,221	4	0.40%	-	-	-
Atlanta Parkway Investment Group	Real Estate	\$10,000,003	5	0.40%	-	-	-
Mathews C W Contracting Co, Inc.	Commercial	\$9,501,074	6	0.38%	-	-	-
Bel-Eqr IV Limited Partnership	Real Estate	\$8,843,800	7	0.35%	-	-	-
Wellstar Health System, Inc.	Hospital	\$8,047,320	8	0.32%	-	-	-
Meridian Ridge Point Acquisit	Commercial	\$7,430,630	9	0.29%	-	-	-
Wood Glen Apartment Associates	Commercial	\$7,400,000	10	0.29%	-	-	-
LaSalie Fund III	Real Estate	-	-	-	\$9,061,278	3	0.59%
Two Park, Inc	Real Estate	-	-	-	\$8,832,609	4	0.57%
Focus/Ridge LP	Real Estate	-	-	-	\$7,264,000	6	0.47%
Sierra Capital Realty Trust	Real Estate	-	-	-	\$6,237,634	6	0.40%
Winterset LTD	Real Estate	-	-	-	\$6,040,000	7	0.39%
Summit Station LTD	Real Estate	-	-	-	\$6,038,800	8	0.39%
Moonraker Associate LTD	Real Estate	-	-	-	\$5,992,000	9	0.39%
Crow Wood Glen Associates	Real Estate	-	-	-	\$5,776,000	10	0.37%
Totals		\$110,824,071		4.39%	\$86,915,294		5.62%

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 of Prior Years Levy	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1997	6,917,820	(12,938)	6,904,882	6,827,079	98.69%	77,796	6,904,875	100.00%
1998	6,711,797	4,584	6,716,380	6,648,881	99.06%	67,493	6,716,374	100.00%
1999	6,913,330	3,708	6,917,038	6,853,712	99.14%	6,264	6,859,976	99.18%
2000	7,187,928	(9,868)	7,178,060	7,043,100	97.99%	117,008	7,160,108	99.75%
2001	7,216,601	12,825	7,229,426	7,104,677	98.45%	89,108	7,193,785	99.51%
2002	8,126,201	55,024	8,181,225	7,997,857	98.42%	117,364	8,115,221	99.19%
2003	9,277,950	(50,490)	9,227,459	9,120,751	98.31%	74,125	9,194,876	99.65%
2004	9,430,498	(17,034)	9,413,464	9,348,551	99.13%	42,985	9,391,536	99.77%
2005	10,136,294	32,168	10,168,461	10,036,324	99.01%	109,501	10,145,825	99.78%
2006	10,761,609	0	10,761,609	10,615,645	98.64%	0	10,615,645	98.64%

CITY OF MARIETTA, GEORGIA
Water and Wastewater Rate History
Last Seven Fiscal Years **

Fiscal Year	Gallons of Water Consumed (millions)	Total Direct Rate						
		Water			Wastewater			
		Base Rate (1)	Tier 1 (2)	Tier 2 (2)	Tier 3 (2)	Base Rate (1)	Tier 1 (2)	Tier 2 (2)
2001	3,708	\$ 8.22	\$ 1.92	\$ 1.72	\$ 1.62	\$ 7.42	\$ 3.98	\$ 3.80
2002	3,446	8.67	2.04	1.83	1.62	8.26	4.42	3.97
2003	3,415	9.16	2.17	1.94	1.73	8.97	4.78	4.44
2004	3,160	9.22	2.20	1.97	1.76	9.21	4.90	4.44
2005	3,158	9.45	2.25	2.02	1.80	9.58	5.09	4.61
2006	3,357	9.92	2.36	*	*	10.77	5.38	*
2007	3,353	10.61	2.53	2.91	3.29	11.52	5.76	*

Source: City of Marietta utility department

* No rate for that Tier during that time

** Information prior to 2001 not readily available

(1) 0 - 2,000 gallons

(2) Water Tier Definition (in thousand gallons) Wastewater Tier Definition (in thousand gallons)

	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2
2001	>2-20	>20-100	>100	>2 - 1,000	>1,000
2002 - 2005	>2-20	>20-1000	>1000	>2 - 1,000	>1,000
2006 - 2007	> 2	*	*	>2	>2

CITY OF MARIETTA, GEORGIA
Electric Rate History per Season
Last Seven Fiscal Years **

Fiscal Year	Kilowatt Hours Sold (millions)	Summer (June through September)			Total Direct Rate Winter (October through May)				
		Base Rate	Tier 1	Tier 2	Tier 3	Base Rate	Tier 1	Tier 2	Tier 3
2001	1,072	\$ 8.00	\$ 0.070 (1)	\$ 0.087 (2)	\$ 0.102 (3)	\$ 8.00	\$ 0.070 (1)	\$ 0.054 (2)	\$ 0.054 (3)
2002	1,046	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054
2003	1,082	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054
2004	1,074	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054
2005	1,036	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054
2006	1,075	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054
2007	1,073	8.00	0.070	0.087	0.102	8.00	0.070	0.054	0.054

Source: City of Marietta utility department

** Information prior to 2001 not readily available

(1) Cost per first 650 kilowatt hours

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

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

CITY OF MARIETTA, GEORGIA
Principal Electric Revenue Customers (Unaudited)
June 30, 2007

	2007				2004 *			
	Customer Name	Type of Business	Kilowatt Hours Billed	Rank	Percentage of Total Kwt Billable Hours Value	Kilowatt Hours Billed	Rank	Percentage of Total Kwt Billable Hours Value
Wellstar Hospital	Hospital	48,327,868	1	4.50%	39,677,406	1	3.69%	
Cobb County Government	Government	25,532,268	2	2.38%	25,432,241	2	2.37%	
Lockheed Martin	Comercial	19,171,406	3	1.79%			0.00%	
Southern Ice Cream	Comercial	15,117,746	4	1.41%	14,042,356	4	1.31%	
Southern Polytechnic	School	13,665,898	5	1.27%	13,160,422	5	1.23%	
Lasalle Partners Management Inc.	Realestate	13,432,800	6	1.25%	12,196,400	6	1.14%	
Tip Top Poultry	Comercial	13,154,323	7	1.23%	11,216,846	7	1.04%	
Parkway Pointe Retail Corp.	Realestate	11,588,438	8	1.08%			0.00%	
City of Marietta	Government	10,195,100	9	0.95%	9,658,184	8	0.90%	
Marietta City Schools	School	9,928,322	10	0.93%			0.00%	
Tyco Inc.	Realestate			-	24,937,200	3	2.32%	
West Marietta Shopping Center	Realestate			-	9,441,200	9	0.88%	
Kim King & Associates	Realestate			-	9,056,260	10	0.84%	
Totals		180,114,169		16.78%	168,818,515		15.72%	

* Previous Fiscal Year history unavailable

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	Note Payable	Marietta Conference Center Revenue Bonds	Golf Course Revenue Bonds	Capital Leases					
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
2007	54,880,000	8,400,000	674,879	25,350,000	3,059,064	133,632			92,497,575	5.90%	1,522

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>
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
2007	54,880,000	2,836,778	52,043,222	0.82%	857

CITY OF MARIETTA, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct General Obligation Debt	\$54,880,000	100.00%	<u>\$ 54,880,000</u>
Overlapping General Obligation Debt:			
Cobb County including TAX Anticipation Notes	109,070,000	11.10%	12,106,770
Cobb County Board of Education	0 (1)	11.10%	<u>-</u>
Total Overlapping General Obligation Debt			<u>12,106,770</u>
Total Direct and Overlapping General Obligation Debt			<u><u>\$ 66,986,770</u></u>
Overlapping Guaranteed Revenue Debt:			
City of Marietta Note Payable	674,879	100.00%	\$ 674,879
Downtown Marietta Development Authority:			
Golf Course	3,059,064	100.00%	3,059,064
Conference Center	25,350,000	100.00%	25,350,000
Cobb Administrative Building Project	2,980,000	11.10%	330,780
Cobb County Recreation Authority	3,470,000	11.10%	385,170
Cobb County Solid Waste Management	<u>15,765,000</u>	11.10%	<u>1,749,915</u>
Total Overlapping Guaranteed Revenue Debt			<u>\$ 31,549,808</u>
Total Direct, Overlapping and Overlapping Guaranteed Revenue Debt			<u><u>\$ 98,536,578</u></u>
Debt Per Capita			
Direct General Obligation Debt			\$ 903.26
Overlapping General Obligation Debt			\$ 199.26
Overlapping Guaranteed Revenue Debt			<u>\$ 519.27</u>
Total Debt Per Capita			<u><u>\$ 1,621.79</u></u>

(1) Cobb County Board of Education paid off General Obligation Debt in FY2007

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit: 10 percent of assessed value	\$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	\$268,694,272
Total net debt applicable to limit	42,230,000	90,430,000	88,175,000	84,970,000	81,785,000	76,965,000	69,325,000	64,705,000	59,895,000	54,880,000
Legal Debt margin	\$112,769,079	\$77,970,039	\$97,961,909	\$110,841,348	\$118,109,682	\$147,825,816	\$159,515,234	\$168,754,325	\$191,703,744	\$213,814,272

Total net debt applicable to the limit
as a percentage of debt limit

27.25%	53.70%	47.37%	43.39%	40.91%	34.24%	30.29%	27.72%	23.81%	20.42%
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Legal Debt Margin Calculation for Fiscal Year 2007

Total taxable assessed value	\$2,525,380,073
Add back: exempt real property	<u>161,562,650</u>
Total assessed value	\$2,686,942,723
Debt limit (10% of total assessed value)	268,694,272
Debt applicable to limit: General obligation bonds	<u>54,880,000</u>
Legal debt margin	<u>\$213,814,272</u>

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

Fiscal Year	Marietta Conference Center Bonds, Series 1996 A, 1996 B, and 2003 (1)				Tax Allocation District CCSR Series 2005 (2)			
	Operating Revenues	Principal	Interest	Coverage	TAD Revenues	Principal	Interest	Coverage
1998	\$ 12,339,936	\$ 390,000	\$ 1,814,423	5.60	-	-	-	-
1999	13,453,915	430,000	1,789,731	6.06	-	-	-	-
2000	13,895,505	460,000	1,756,152	6.27	-	-	-	-
2001	13,273,286	490,000	1,715,922	6.02	-	-	-	-
2002	10,392,010	525,000	1,641,762	4.80	-	-	-	-
2003	9,535,056	560,000	1,838,201	3.98	-	-	-	-
2004	8,976,919	600,000	1,841,483	3.69	-	-	-	-
2005	9,343,330	415,000	1,841,606	4.25	-	-	-	-
2006	1,677,432	440,000	1,798,563	0.75	172,486	-	-	-
2007	1,681,074	465,000	1,328,549	0.94	472,140	*	353,997	1.33

(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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1998	54,362	\$1,189,930	\$21,889	29.8	6,764	350.0%
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
2007 (2)	60,758	1,566,949	25,790	32.8	7,517	3.9

(1) Bureau of Census

(2) Claritas

All other years estimated by the Marietta Redevelopment Authority Staff

**CITY OF MARIETTA, GEORGIA
Principal Employers
Last ten fiscal years**

Employer	2007			1998		
	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	2,400	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	1,264	7	4%	940	3	3%
Power Industry Consultants	1,060	8	3%			
Cobb County Government	1,041	9	3%	810	4	3%
Cobb County Board of Education	997	10	3%			
AT&T				1,600	1	5%
White Water/American Adventures				800	5	2%
City of Marietta				750	6	2%
Yellow Freight System, Inc.				631	7	2%
Wendy's Old Fashioned Hamburgers				600	8	2%
Dixon Tom-A-Toe Cos., Inc				500	9	2%
Tip Top Poultry, Inc.				500	10	2%

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

Function	Full-time Employees as of June 30										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government											
Elected officials	8	8	8	8	8	8	8	8	8	8	8
City clerk	2	3	3	3	3	3	3	3	3	3	3
Municipal court	10	13	13	14	14	14	12	12	15	16	16
City manager	5	7	6	6	6	6	6	6	5	6	7
Mayor staff	1	1	1	1	1	1	1	1	1	1	1
Finance	23	23	25	24	27	24	23	24	21	25	24
Personnel	7	8	8	8	9	9	6	8	8	9	9
Development services	22	23	23	23	20	25	23	25	24	30	29
Public works											
Admin. & engineering	9	13	14	13	13	7	8	7	7	7	7
Code enforcement	7	7	7	7	7	9	7	7	6	8	8
Sanitation	41	41	41	45	45	42	37	42	42	41	42
Streets & Traffic	43	43	43	43	43	43	35	41	39	41	41
Public safety											
Police											
Officers	134	135	135	136	139	141	136	136	136	134	133
Civilians	16	20	24	27	28	20	28	26	17	31	31
Fire											
Firefighters & officers	124	127	129	127	135	131	119	127	122	134	128
Civilians	4	4	4	4	4	5	4	3	3	4	4
Culture and recreation											
Recreation	15	15	13	14	12	11	12	12	10	9	11
Property maintenance	32	35	42	44	52	38	38	20	19	16	17
Cemetery maintenance	1	1	1	3	3	3	3	3	3	3	2
BLW Board	6	6	6	6	6	6	6	6	6	6	6
Electric	141	136	135	130	124	132	134	137	127	130	137
MIS/GIS	17	19	19	19	19	19	19	20	19	21	21
Water/sewer	31	33	34	27	36	36	36	39	38	38	37
FiberNet ¹	0	0	0	0	0	26	26	24	0	0	0
Fleet maintenance	14	14	14	12	12	12	12	14	14	14	13
Total	713	735	748	744	766	771	741	751	693	735	735

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Murder	5	3	5	5	2	5	6	1	6	4
Robbery	168	185	181	175	164	212	206	201	197	276
Agravated assault	361	300	164	247	131	177	186	141	131	189
Auto theft	758	541	465	576	340	397	427	439	405	467
Burglary	690	613	584	532	552	635	609	483	419	614
Larceny	3,167	2,482	2,347	2,391	1,929	2,158	2,207	1,803	1,929	1,820
Fire										
Calls for service	8,688	10,772	11,718	11,626	11,467	11,736	11,736	12,266	12,633	12,514
Fires	374	672	645	469	443	388	381	227	220	296
Structure fires	101	216	211	140	197	176	75	80	75	79
EMS calls	4,627	4,320	4,556	4,603	4,498	4,617	4,945	3,487	3,500	3,715
Fire investigations	53	*	78	52	47	30	48	45	42	86
Plan reviews of commercial property	*	*	492	488	482	508	624	624	640	984
Public Works/Engineering/Inspections										
Highways and streets										
Street resurfacing (miles)	13	4	5	4	8	4	3	3	2.8	3.1
Pedestrian signals installed	4	3	3	10	8	6	10	9	9	19
Signalized intersections installed/upgraded	6	9	9	10	3	10	10	7	10	13
Engineering/building inspections										
Site plans reviewed	87	74	64	39	60	50	47	47	52	130
Grading permits issued	48	34	339	252	176	250	278	312	318	317
Permits issued (building and trade)	3,939	5,673	4,750	4,195	4,354	4,300	4,194	4,456	4,725	6,536
Inspections	11,293	14,289	14,096	11,554	11,708	12,000	10,500	11,295	11,525	17,180
Sanitation										
Tons of residential waste landfilled	12,250	12,500	12,431	13,927	13,822	12,500	14,700	14,983	15,300	19,785
Tons of residential waste recycled	4,980	4,412	7,124	5,176	6,010	4,500	6,030	6,527	6,825	5,786

* 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Parks, recreation, and facilities										
Parks and recreation										
Senior games participants	247	272	279	302	280	300	320	309	320	275
Summer day camp participants	1,019	1,080	1,075	880	694	544	580	517	790	356
Youth basketball participants	650	675	800	780	720	620	590	480	490	321
Youth track participants	*	*	177	148	128	100	100	112	108	92
Adult basketball teams	20	20	18	26	20	18	6	14	11	10
Concerts on the Square	15	15	15	15	15	16	16	17	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	3,613
Work orders	1,245	1,696	1,653	1,684	1,981	2,198	2,598	2,598	2,870	2,971
Vandalism incidents	*	132	183	215	244	183	173	173	189	264
Development Services										
Code compliance inspections	2,195	1,272	6,010	6,758	6,930	8,164	9,760	8,670	10,200	12,780
Code enforcement cases	*	*	*	*	*	3,515	3,344	3,564	3,600	4,925
Citations issued	*	30	68	88	78	62	35	22	40	53
Sign permits issued	262	360	270	204	198	264	300	250	330	350
Rezoning applications processed	42	50	38	32	60	30	50	36	30	29
Variance applications processed	37	60	47	74	67	71	100	68	80	54
Plats reviewed	17	30	65	128	44	122	127	119	140	78
Building permits reviewed	1,343	2,000	870	720	691	693	700	768	800	1,677
Personnel										
Number of open positions	200	205	140	189	191	195	217	235	210	204
Number of applications received	1,800	1,500	1,095	2,145	2,430	2,525	3,553	5,043	4,500	5,584
Pension applications received and approved	39	25	30	23	23	23	25	39	40	37
Finance										
Tax payments processed	18,565	18,126	22,687	21,967	21,967	19,880	19,899	20,000	19,225	19,802
Value of tax payments (millions)	*	*	*	32	36.2	45.6	47.2	46.9	51.5	54.9
Property tax exemption forms	*	*	700	850	850	8,874	8,874	7,799	8,000	8,204
Purchase orders processed	1,738	2,019	1,975	2,300	2,300	2,700	2,500	2,500	2,375	2,351
Active vendors	*	*	5,965	6,200	6,200	6,300	6,300	6,300	6,375	6,425
Business licenses issued	*	*	8,272	8,008	8,365	8,815	8,898	8,854	8,558	9,020

* 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Municipal Court										
Traffic citations issued	21,222	17,979	21,381	22,508	19,011	19,403	18,684	14,056	16,922	20,655
Red light citations issued	*	*	*	*	*	*	4,510	35,010	37,001	35,873
Parking citations issued	*	2,085	3,992	4,121	4,308	3,855	4,171	4,628	4,768	3,927
Cases filed	*	*	20,960	17,318	15,226	15,490	15,053	13,297	14,228	16,051
Non-jury trials	*	*	883	1,144	1,047	853	924	923	997	906
New probationers	*	*	700	810	707	673	631	578	528	489
Electric										
New customer work orders	*	344	266	300	300	300	300	429	415	677
Lighting repair work orders	*	2,117	2,021	1,900	1,851	1,970	1,970	1,970	1,769	1,771
Line clearance (miles)	*	23	49	55	55	55	84	68	75	104
Trees removed on system	*	234	446	450	450	217	240	208	250	209
Meter site audits	*	*	*	*	400	425	335	335	384	527
Transformer infrared scanning	*	*	*	*	165	125	130	130	218	289
Electric customers	39,203	44,445	44,909	44,691	44,467	44,843	46,073	45,543	44,338	45,593
Kilowatt hours sold (millions)	970	997	1,013	1,072	1,046	1,082	1,074	1,036	1,075	1,073
Water & sewer										
New meter installs	*	*	235	170	136	116	144	146	150	204
Large water main replacements (feet)	*	*	0	0	0	2,050	16,050	3,250	3,150	3,150
Water line replacements (feet)	*	*	3,560	5,500	0	5,802	14,330	11,920	17,455	4,600
Sewer main rehabilitation (feet)	*	*	3,500	5,000	0	2,420	9,191	3,087	15,100	4,500
Major sanitary sewer overflows	*	*	*	*	*	*	3	2	0	1
Backflow device inspections	*	*	*	*	*	*	180	186	274	454
Utility locates	*	*	*	*	*	*	3,617	3,510	4,000	3,495
Gallons of grease removed from traps	*	*	*	*	*	*	411,728	640,951	500,000	762,226
Valves exercised	*	*	*	*	*	900	110	140	600	189
Plan reviews	*	*	*	*	*	66	73	62	70	46
Job orders completed	*	*	11,660	11,785	11,250	10,200	11,679	11,857	12,000	3,142
Water customers	*	*	*	17,665	18,194	18,325	18,218	18,276	18,249	18,661
Water gallons sold (million)	3,409	4,089	3,463	3,708	3,446	3,415	3,160	3,158	3,357	3,353
Sewer customers	*	*	*	16,783	16,584	16,741	16,768	16,728	16,654	16,710
Sewer gallons (millions)	3,182	3,425	3,346	3,737	3,159	3,093	2,960	2,962	3,044	2,998

* 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
Last ten fiscal years

Function	Fiscal Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety											
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol Units	42	51	58	68	68	72	82	80	87	98	103
Fire Stations	6	6	6	6	6	6	6	6	6	6	6
Sanitation											
Collection trucks	14	14	14	15	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	223.2
Streetlights	**	**	**	**	**	**	**	**	**	6,787	6,817
Traffic signals	96	98	99	99	99	100	102	104	106	108	108
Culture and recreation											
Parks acreage	276.5	276.5	277	277	248	279	287.7	288	288	288	298.8
Parks	18	18	18	18	18	18	19	19	19	19	20
Swimming pools	1	1	1	1	1	1	1	1	1	1	1
Tennis courts	25	25	25	25	25	25	27	27	27	27	27
Community centers	2	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	314.4
Fire hydrants *	1,800	1,832	1,850	1,900	2,000	2,100	2,150	2,200	2,250	2,315	2,322
Water pump stations	2	2	2	2	2	3	3	3	3	3	3
Wastewater											
Sanitary sewer mains (miles)*	170	180	190	205	215	230	240	255	265	275.5	278.3
Storm sewers(miles)	213.6	215.5	218.3	220.5	220.7	221.2	222.4	223.0	225.0	225.6	225.6
Wastewater pump stations	3	3	3	3	1	1	1	1	1	1	1
Electric											
Number of distribution stations	17	17	18	19	19	19	20	20	20	20	20
Miles of service lines	**	**	**	**	**	**	561	562	569	572	579
Conference Center	1	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1	1

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

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