

city of suwanee
comprehensive annual
financial report
year ended june 30, 2006



suwanee
georgia



city of **suwanee**, georgia
comprehensive annual financial report
year ended june 30, 2006

prepared by:
Financial Services Department

suwanee city hall



city
council



Nick Masino
Mayor



Jeannine K. Rispin
Mayor Pro-Tem



Jace Brooks
Council Member



Jimmy Burnette
Council Member



Dan Foster
Council Member



Alan Landers
Council Member

management
team



Hardin Watkins
City Manager



Marty Allen
Planning & Development Director



Mike Jones
Chief of Police



James Miller
Public Works & Inspections Director



Elvira Rogers
Administrative Services Director



Amie Sakmar
Financial Services Director

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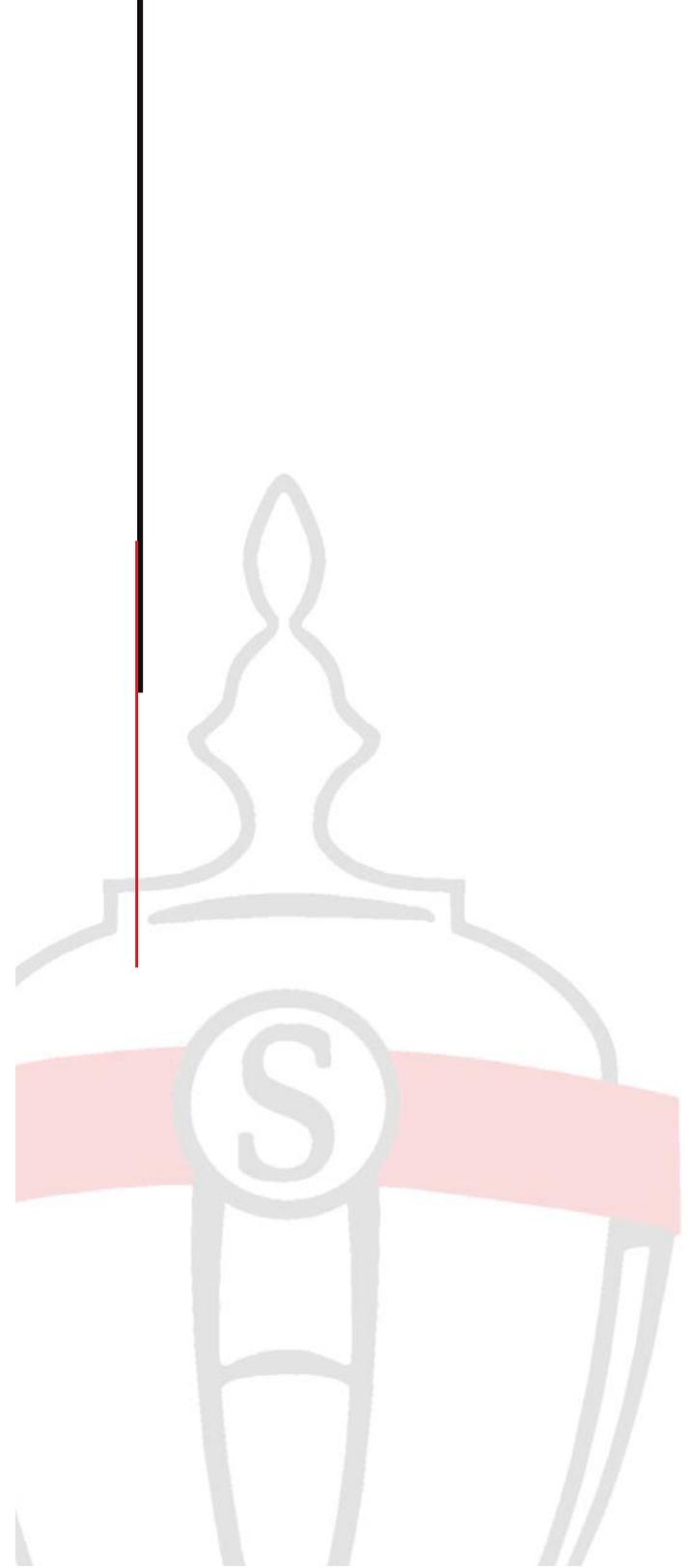
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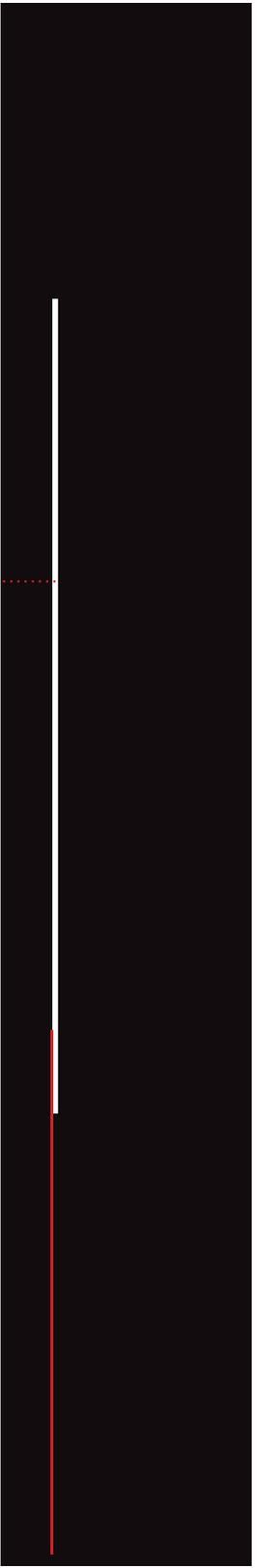
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introductory section

Letter of Transmittal
GFOA Certificate of Achievement
Organizational Chart





August 21, 2006

Citizens,
Mayor, and
Member of the City Council
Suwanee, Georgia:

Suwanee's Big Splash



Suwanee ends the year with a SPLASH! As the Suwanee community celebrated its new interactive fountain at Town Center Park, we also made a splash to help our unofficial adopted sister city Long Beach, Mississippi, a Gulf-Coast community about 60 miles east of New Orleans. The June 17th event raised over \$25,000 for Long Beach, and is an example of how Suwanee goes beyond government as usual. Each year as Suwanee goes about the challenging business of serving the growing number of citizens, the City strives to do so more efficiently and effectively than the previous year. Over the past fiscal year, Suwanee has attempted once again to deliver services beyond our citizens expectations, beyond government as usual. Therefore we are proud to present this Comprehensive Annual Financial Report for the year ended June 30, 2006, as part of the City's commitment to providing information beyond basic government reporting.

This report demonstrates how the City receives, spends, and accounts for financial resources and illustrates the key indicators of its financial strength. Responsibility for the accuracy of the data and the completeness and fairness of the presentation rests with the City. We believe that the data, as presented, is accurate in all material aspects and is presented in a manner designed to enable the reader to understand the City's financial position and the operational achievements over the last fiscal year. Readers are encouraged to consider the presented information in conjunction with information provided in management's discussion and analysis, the financial statements, and the notes to the financial statements.

This Comprehensive Annual Financial Report (CAFR) is organized into three main sections:

- The **Introduction Section** is intended to familiarize the reader with the organizational structure of the City, the nature and scope of the services it provides, and the specifics of its operating environment within the context of the local economy.
- The **Financial Section** includes the independent auditor's report on the basic financial statements, management's discussion and analysis, the audited basic financial statements, the notes to the basic financial statements, and combining and individual fund statements and schedules.
- The **Statistical Section** provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to the financial statements, required supplementary information, and for assessing the City's economic condition.

To satisfy other legal requirements, a compliance section is also included in this report. This section includes the independent auditor's report on the internal control structure and compliance with applicable laws and regulations.

This report includes government-wide statements and fund financial statements for all funds of the City, as well as component units. Component units are legally separate entities with significant operational and/or financial relationships with the City. Blended component units are, in substance, part of the primary government's operations and are therefore included as part of the primary government. Accordingly, Suwanee's Urban Redevelopment Agency, as a blended component unit, is reported as part of the primary government.

Discrete component units are reported in a separate column or row in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position from those of the primary government. The City has one discrete component unit, the Downtown Development Authority (DDA). The DDA was established on January 24, 2001. It's main focus is the revitalization of Suwanee's historic Main Street area.

demographics



Suwanee began as an American Indian village along the banks of the Suwanee Creek and the Chattahoochee River. The community was named for the Shawnee Indian tribe that settled here in the latter part of the 18th century. The City's name is thought to derive from the English mispronunciation of Shawnee. Suwanee was incorporated in 1949, and presently has 10.5 square miles. The City is located in the north central portion of Georgia, approximately 30 miles northeast of downtown Atlanta. Highways serving the City include Interstate 85, U.S. Highway 23, Georgia Route 317, and Georgia Route 13-A (Peachtree Industrial Boulevard). Additional demographic information is provided in the Statistical Section of this report.

government structure



The City operates under a council-manager form of government. The City Council consists of five members elected at large for staggered four-year terms. The Mayor is the sixth voting member of council, who, along with the remaining council members is elected on a non-partisan basis. Council provides responsive, progressive leadership and a vision for the community by setting policies, passing ordinances, adopting the budget, making appointments to citizen boards, and hiring the City Manager. The City Manager carries out the policies and ordinances of the City Council, oversees the day-to-day operations of the City, prepares the budget, and supervises the various department heads.



The City provides a wide range of municipal services to citizens including police protection, parks and recreation, planning and zoning, building inspections, code enforcement, economic and community development, special events, municipal court services, and infrastructure maintenance. The City also provides water services to a small portion of citizens in the historic Old Town area of Suwanee. Sanitation services are provided to citizens by private firms.

economic condition and outlook



Here we grow again. Suwanee's local economy continued to show a positive outlook for 2006. That outlook includes the following:

- **Population** – Suwanee's population has continued the rapid growth experienced during the 1990's. During the 1990's the population increased from 2,488 residents to 8,725, a growth rate of over 250%. Suwanee's current population is estimated at 15,147, an increase of over 73% for the past six years.
- **Development** – Suwanee has experienced a significant increase in the number of residential units over the past two years, adding 852 units in that time. By comparison, the City added 199 housing units, respectively, during 2004 and 2003. Total construction permits are also following the residential upward trend with 1,331 permits issued over the past two years compared to 703 issued during the previous two year period.
- **Property values** - Total taxable assessed property values increased by 9% for the 2005 property tax year allowing the City Council to lower the millage rate from 5.81 to 5.77 mills.
- **New projects**- In May, Hewlett-Packard announced their plans to open a \$240 million data center in Suwanee to house computers HP uses to run its internal information-technology programs. HP is expecting to hire about 140 people over five years to tend servers and switches at the Suwanee site. Employees will be paid from \$48,000 to \$60,000. The first phase of this project was started in June with HP's first building permit being issued at a cost of \$316,000 for 70,000 square feet of office warehouse space.
- **Median household income** – Suwanee was ranked 18th in the Atlanta Business Chronicle, Book of Lists for 2005 wealthiest zip codes in Atlanta. This ranking is based on median household income of \$125,440 and a median home value of \$318,510.

Suwanee has a very attractive demographic profile that is appealing to retailers and businesses serving the residential market. Through careful planning, the City intends to continue their important role of shaping the type of development attracted to the area. Additional data regarding these trends may be found on page 26 of management's discussion and analysis.

major initiatives



Working towards a better tomorrow. The City started efforts to enhance and transform the I-85 interchange area, which was identified as a gateway into Suwanee. In October 2005, the City Council adopted the I-85 Business District Competitive Assessment and Development Strategy Report, prepared by the Bleakly Advisory Group. The complex, multi-year strategy calls for creating a transportation grid, encouraging development of a signature project, implementing streetscape and pedestrian improvements, attracting private sector investments, and creating a brand for the area.

Suwanee continues to grow. In May 2006, Suwanee annexed a formerly unincorporated 270-acre service island and its 1,053 residents into the City. With this annexation and additional growth, Suwanee's estimated population rose to 15,147. The City also added to its open space inventory with the purchase of 8.5 acres along McGinnis Ferry Road, adjacent to Suwanee Creek Greenway.



Park perks. Big Splash, Suwanee's community funded interactive fountain, was completed in June. The 150 x 100 foot elliptical shaped fountain is the largest in Gwinnett County; it features 43 programmable jets and uses up to 1,400 gallons of recycled water per minute. The master plan for 62-acre Sims Lake Park was adopted in February. The plan calls for: three miles of trails, a prominent water feature, picnic shelters, an iconic landmark-type pavilion, a children's play area, and an outdoor lawn court area. City Council has set aside \$2.6 million in open space bond funds for the park's initial development.

A safer Suwanee. In February, in an effort to improve traffic safety by reducing vehicle accidents with injuries, Suwanee installed its first red light camera system at McGinnis Ferry Road and Peachtree Industrial Boulevard. A second system at Lawrenceville-Suwanee Road and Satellite Boulevard went live in April. From March through June, more than 2,700 red light camera generated citations were issued.

for the future



The City's top priorities include design and construction of a new City Hall, implementing steps outlined in the Bleakly study for the I-85 Gateway area, continuing the open space and park initiatives, and a commitment to provide effective and responsive delivery of services with an emphasis on safety and planning for the future. The City uses a Capital Improvement Plan (CIP) to develop a framework that captures the goals and objectives for all City departments. The CIP is a comprehensive five-year plan that helps determine priorities, identify cost estimates and pinpoint financial resources. Longer range planning is accomplished through the City's Comprehensive Master Plan, which is developed and maintained in accordance with State of Georgia requirements. The short-term work program, a component of the Comprehensive Master Plan is reviewed and updated annually.

financial information

internal controls

City management is responsible for establishing and maintaining an internal accounting control system. This system is designed to ensure that City assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of an accounting control should not exceed the benefits likely to be derived and 2) the evaluation of costs and benefits requires estimates and judgment by management.

budget controls

Budgetary control is essential for good financial management and legal compliance. The City achieves and maintains budgetary control by operating under the statutes of the State of Georgia, which require the City to adopt an annual balanced budget. Expenditures may not legally exceed appropriations at the department level, within each fund. Operational control of departmental budgets is accomplished through a purchase order verification process. Additional details regarding budgetary controls may be found in Note 3 of the notes to the financial statements.

cash management

The City's funds are deposited into interest-bearing accounts, from which excess cash is invested in certificates of deposits or obligations of the United States Government or its agencies.

other information

The City's investment program is managed in accordance with all applicable laws and the City's adopted Investment Policy. This policy provides the framework to foster prudent investment decisions. Investment objectives include the safeguarding of public funds through minimization of market and security risk and maximizing utilization of funds with respect to liquidity and earnings.

The average yield on investment for fiscal year 2006 was 4.0%. The total amount earned on all investments in all funds was \$368,881. Investment earnings rose by \$132,380 from fiscal year 2005 to 2006. This increase was largely due to idle special purpose local option sales tax funds and higher interest rate yields.

risk management

The City participates, along with other municipalities, in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self Insurance Workers Compensation Fund. As a member of these risk pools, the City cooperates with the pool's agents and attorneys, follows loss reduction procedures established by the pool, and reports incidents that may result in claims or loss, in a timely manner. The City also allows the pool's agent and attorney's to represent the City in investigation, settlement discussions, and litigation.

independent audit

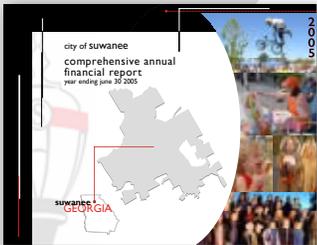
The financial statements included in this report are prepared in compliance with governmental financial reporting standards issued by the Governmental Accounting Standards Board, guidelines issued by the Government Finance Officers Association of the United States and Canada, and generally accepted accounting principles applicable to governmental entities. State of Georgia statutes require an annual audit by an independent Certified Public Accountant. The accounting firm of Mauldin & Jenkins LLC was selected through a competitive proposal process. Mauldin & Jenkins' report on the City's basic financial statements is included in the financial section of this CAFR.

awards



Suwanee continues its winning ways as highlighted below:

- The PlayTown Suwanee community-build effort was recognized with a 2005 Georgia Downtown Award for Outstanding Organizational Outreach.
- Suwanee received the 2005 CREATE Community Award for building a stronger community while creating better parks.
- The city received the Trendsetter Award from the Georgia Municipal Association and Georgia Trend Magazine for community involvement in local government.
- The Suwanee Police Department was awarded third place in its class for Overall Traffic Enforcement Efforts by the Governor's Office of Highway Safety.



acknowledgements



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This was the third consecutive year that the City has received this prestigious award, given for publishing an easily readable, efficiently organized comprehensive annual financial report conforming 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for consideration. The City is committed to this effort and will strive to maintain and surpass these standards on future reports.

The preparation and production of this document would not be possible without the dedication and cooperation of all City departments. Their willingness to work together has enabled Suwanee to produce a quality report that is readable and beneficial to Suwanee citizens. We also extend our appreciation and gratitude to our independent auditors, Mauldin & Jenkins, for their professional guidance and assistance in producing a technically sound document. Most importantly, we express our appreciation to the City Council for their dedication and leadership in striving to exceed expectations and their willingness to go beyond the run of the mill approach to local government.

Amie Sakmar

Amie Sakmar
Financial Services Director

Hardin Watkins

Hardin Watkins
City Manager

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Suwanee
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

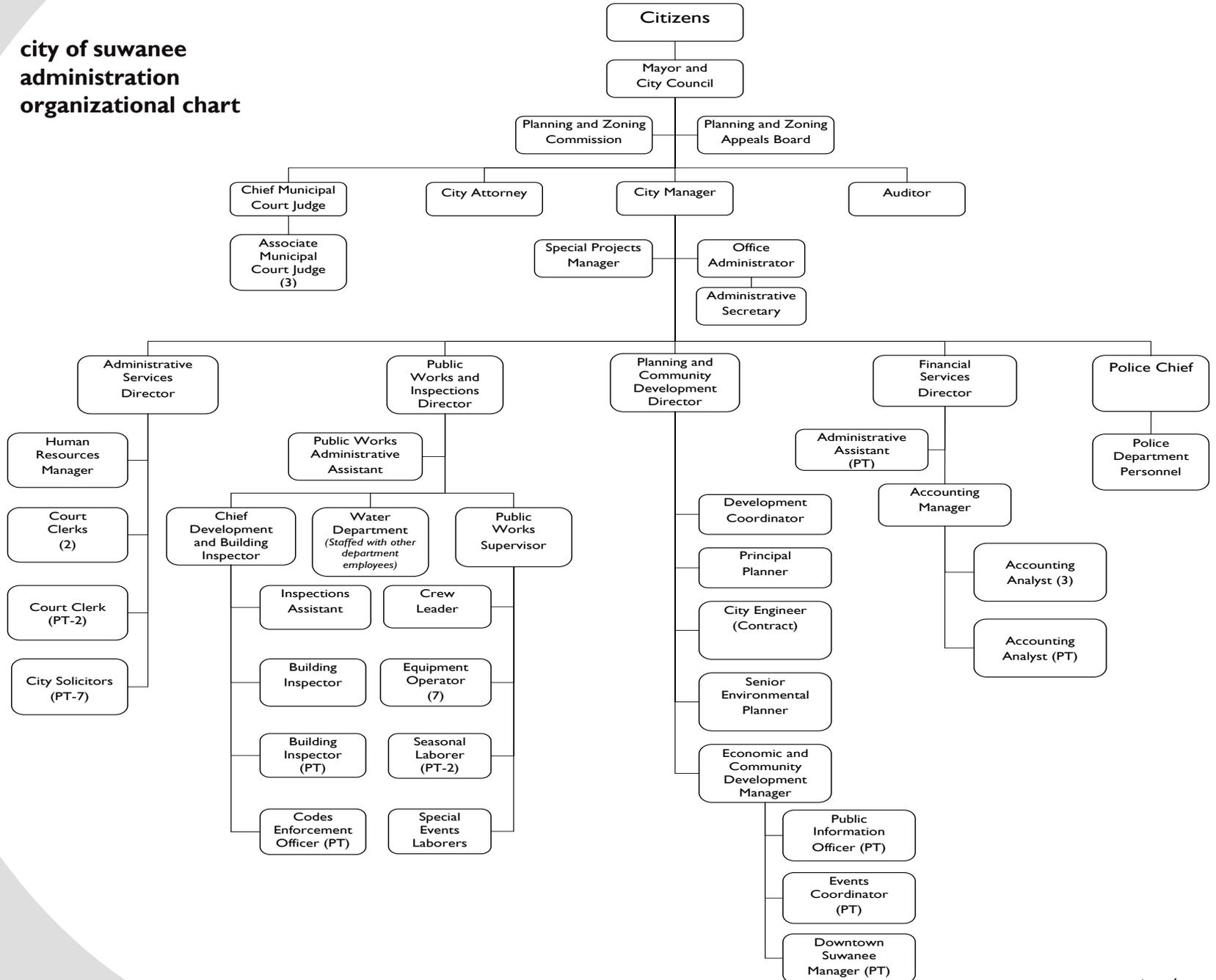
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



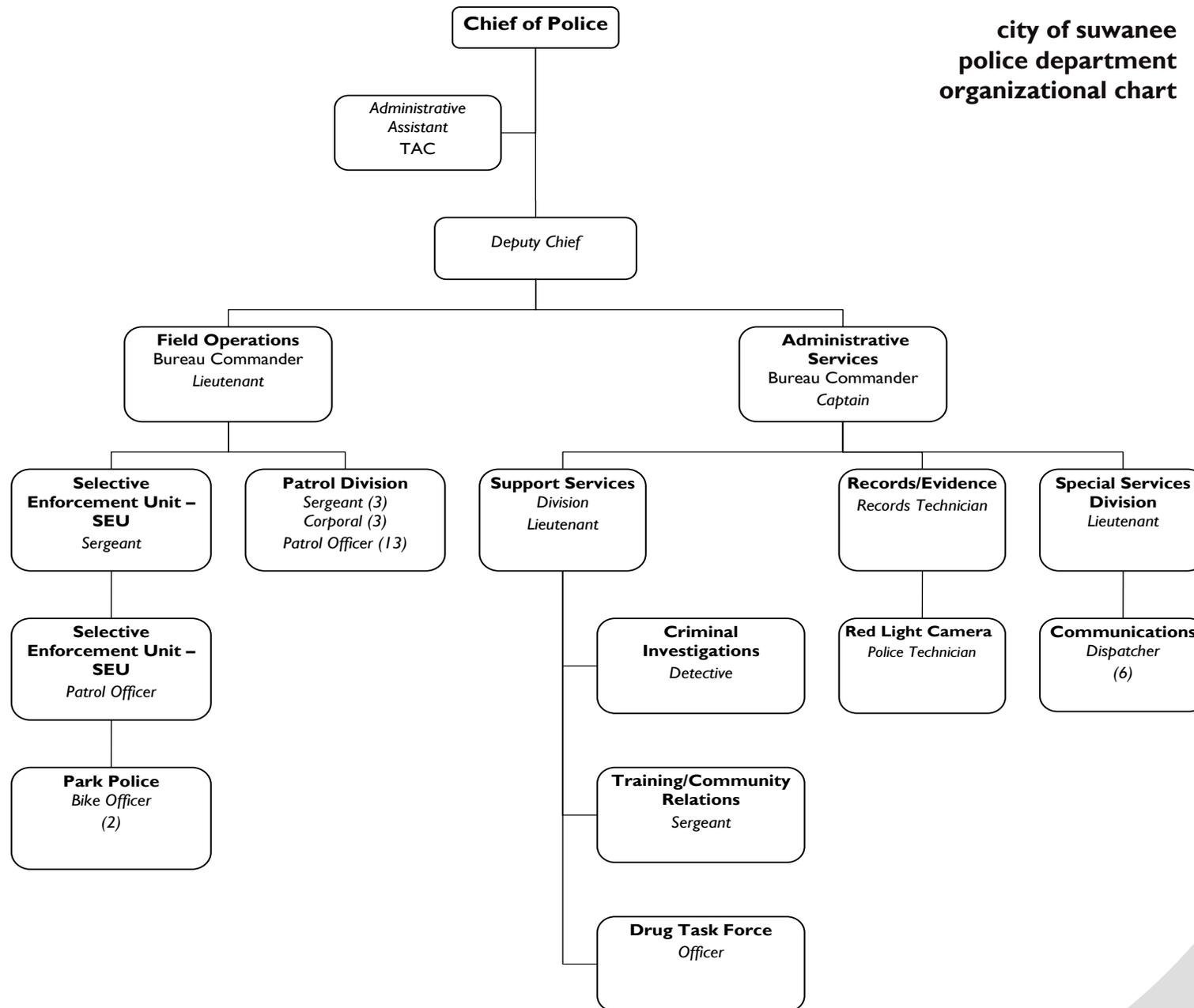
President

Executive Director

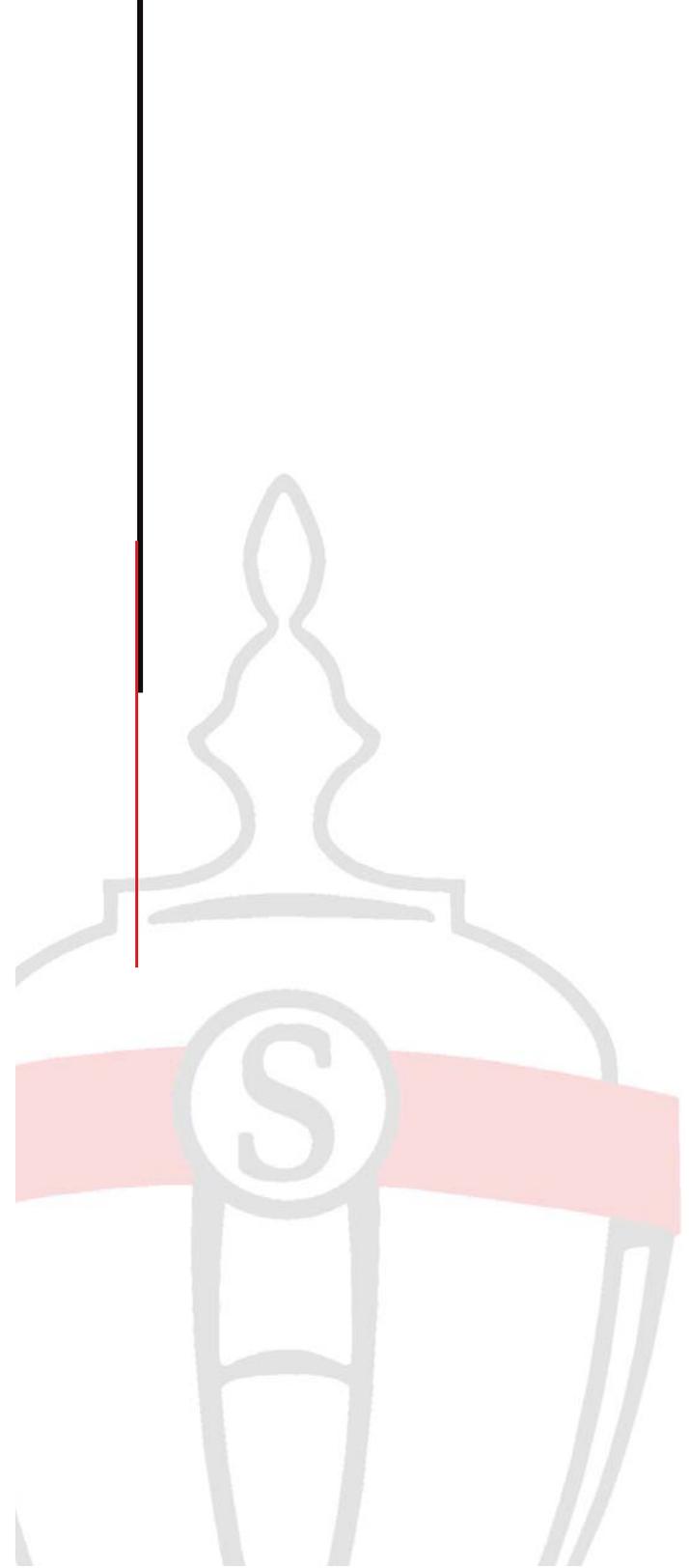
city of suwanee
administration
organizational chart



city of suwanee
police department
organizational chart



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financial section

Independant Auditor's Report
Managements's Discussion and Analysis



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of City Council
City of Suwanee
Suwanee, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Suwanee, Georgia (the "City") as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. 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.

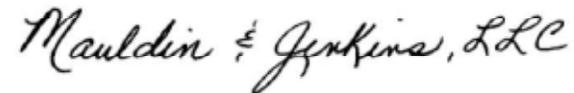
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Suwanee, Georgia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 21, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

The management's discussion and analysis (on pages 13 through 26) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.



Atlanta, Georgia
August 21, 2006

**management
discussion and
analysis**

The City of Suwanee management offers readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2006. This narrative is intended to assist the reader in understanding significant issues, provide an overview of financial activities and identify changes in financial position, material deviations from the original budget and individual fund issues or concerns. We encourage readers to consider the information presented herein, the information furnished in our letter of transmittal, and the City’s basic financial statements and notes to the financial statements.

**financial
highlights**

Government-wide. Assets of the City’s governmental activities exceeded liabilities by \$42,869,936. This is an increase of \$9,921,613, or 30.1%, as compared to the prior year amount of \$32,948,323. Assets of the City’s business-type activities exceeded liabilities by \$1,934,975, an increase of \$51,872, or 2.8%, as compared to the prior year amount of \$1,883,103. In total, net assets increased by \$9,973,485 to \$44,804,911. Of this amount, unrestricted net assets at June 30, 2006 were \$9,455,410 or 21.1% of the City’s total net assets.

Fund level. As of June 30, 2006, the City’s governmental funds reported a combined ending fund balance of \$13,200,050, an increase of \$3,529,330, or 36.5%, from fiscal year 2005. Enterprise fund assets exceeded liabilities resulting in total net assets of \$1,934,975, of which \$1,843,832 was invested in capital assets, leaving a balance of \$91,143 in unrestricted.

Long-term debt. The City’s total bonds outstanding decreased by \$335,000, or 2.0% during fiscal year 2006. This amount represents the annual bond payment for the 2002 general obligation bond.

**overview of
the financial
statements**

Suwanee’s financial reporting focuses on the City as a whole and on the major individual funds. Both reporting perspectives provide a comprehensive view of the City’s financial activities and a broad basis for comparison from year to year and from government to government. The financial section of this report presents the City’s financial activities and position in three parts: 1) Management’s Discussion and Analysis (MD&A), 2) The Basic Financial Statements, and 3) Other Supplementary Information presenting combining statements. This report also includes statistical and economic data.

The Basic Financial Statements include government-wide financial statements, fund financial statements, and notes to the financial statements that provide more detailed information to supplement the Basic Financial Statements.

Government-wide Financial Statements. The government-wide financial statements provide an overall picture of the financial position of the City. The statement of net assets and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year’s revenues and expenses are included, regardless of when cash is received or paid, producing a view of financial position similar to that of private sector companies.

- The statement of net assets combines and consolidates the City’s current financial resources with capital assets and long-term obligations. This statement presents information regarding all of the City’s assets and liabilities, for all fund types except for fiduciary funds, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the City is improving or deteriorating.

- The statement of activities presents information showing how the City's net assets changed during the fiscal year. The focus is on both the gross and net cost of governmental, business-type, and component unit activities. This statement summarizes the cost, or subsidy, of providing specific government services and includes all current year revenues and expenses. The format is intended to portray the extent to which governmental activities are funded by taxes and the extent to which business-type activities are supported by the revenue they generate.

The government-wide financial statements distinguish governmental activities (those that are principally supported by taxes and intergovernmental revenues) from business-type activities (other functions that are intended to recover all or a significant portion of their costs through user fees and charges). City governmental activities include general government, police services, judiciary, public works, planning and zoning, economic and community development, parks, tourism, and code enforcement. Business-type activities include the water system.

The government-wide financial statements include not only the City itself, but also component units. Component units are legally separate organizations for which the City is either financially accountable or the nature and significance of their relationship with the City is such that exclusion would cause the statements to be misleading or incomplete. The City has one component unit, Suwanee Downtown Development Authority, that is reported in a separate column or row in the government-wide statements.

The government-wide financial statements can be found on pages 27 and 28.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Fund financial statements focus on the most significant funds, reporting on the City's operations in greater detail than the government-wide statements. All of the City's funds can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. Most of the basic services provided by the City are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Reporting of these funds focuses on how money flows into and out of the funds and the amounts remaining at year-end for future spending. Governmental funds use the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. These statements provide a detailed short-term view of the City's finances and assist in determining whether there will be adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is short-term and the focus of the government-wide financial statements is both short-term and long-term, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison is useful in understanding the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities for the reader.

The City maintains sixteen governmental funds. There are six governmental funds that are considered major funds for financial reporting purposes: General, Debt Service, 2005 SPLOST, Open/Green Space, Town Center Fountain, and Town Center Facility Improvements. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from other, non-major governmental funds are combined into a single, aggregated column. Specific fund data for each of the non-major funds is provided in the form of combining statements beginning on page 58.

Suwanee adopts an annual appropriated budget for general, special revenue, and debt service funds. A budgetary comparison statement has been provided for the general fund on page 32. The basic governmental fund financial statements can be found on pages 29-31. Budgetary comparison for other governmental funds with legally adopted annual budgets start on page 62.

Proprietary funds. The City maintains one proprietary fund, the Water and Sewer fund. This fund operates as an enterprise fund where fees for services are charged to outside customers and to departments of the City. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. For business-type activities no reconciliation is needed between the government-wide financial statements and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 35-37.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the City's government. These funds are excluded from the government-wide financial statements because the resources of those funds are not owned by or available to support the City's operations. Fiduciary funds use the accrual basis of accounting, similar to proprietary funds. Suwanee maintains one fiduciary fund, the Municipal Court Agency fund. The Municipal Court Agency fund information is presented in the statement of fiduciary assets and liabilities on page 38.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential for the reader to review in order to obtain 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 39-56 of this report.

Other information. Other supplementary information includes combining financial statements for non-major governmental funds. Schedules of revenues, expenditures, and changes in fund balance budget to actual are also presented for all governmental funds with annually adopted budgets.

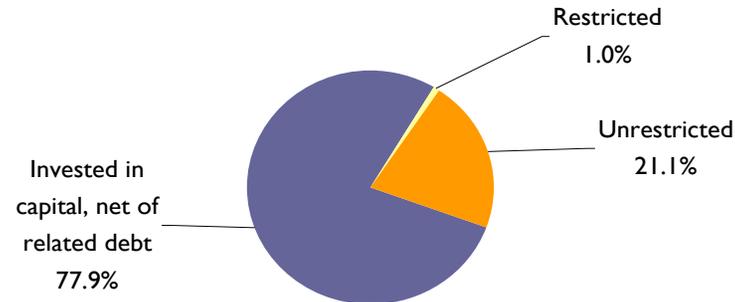
government-wide financial analysis

As noted earlier, changes in net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the City's assets exceeded its liabilities by \$44,804,911 and \$34,831,426 at June 30, 2006 and 2005 respectively. The following is a condensed version of the government-wide statement of net assets.

Net Assets on June 30, 2006 and June 30, 2005

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Current and other assets | \$ 13,709,802 | \$ 9,974,898 | \$ 108,655 | \$ 73,214 | \$ 13,818,457 | \$ 10,048,112 |
| Capital assets | 46,134,838 | 40,309,052 | 2,211,216 | 2,202,580 | 48,346,054 | 42,511,632 |
| Total assets | <u>59,844,640</u> | <u>50,283,950</u> | <u>2,319,871</u> | <u>2,275,794</u> | <u>62,164,511</u> | <u>52,559,744</u> |
| Liabilities | | | | | | |
| Long-term liabilities outstanding | 16,794,401 | 17,100,770 | 367,384 | 106,685 | 17,161,785 | 17,207,455 |
| Other liabilities | 180,303 | 234,857 | 17,512 | 286,006 | 197,815 | 520,863 |
| Total liabilities | <u>16,974,704</u> | <u>17,335,627</u> | <u>384,896</u> | <u>392,691</u> | <u>17,359,600</u> | <u>17,728,318</u> |
| Net Assets | | | | | | |
| Invested in capital, net of related debt | 33,073,810 | 28,249,009 | 1,843,832 | 2,095,895 | 34,917,642 | 30,344,904 |
| Restricted for debt service | 431,859 | 412,328 | - | - | 431,859 | 412,328 |
| Unrestricted | 9,364,267 | 4,286,986 | 91,143 | (212,792) | 9,455,410 | 4,074,194 |
| Total net assets | <u>\$ 42,869,936</u> | <u>\$ 32,948,323</u> | <u>\$ 1,934,975</u> | <u>\$ 1,883,103</u> | <u>\$ 44,804,911</u> | <u>\$ 34,831,426</u> |

Primary Government Net Assets-June 30, 2006



The largest portion of the City's net assets 77.9% are invested in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets), net any related debt used to acquire those assets. Investment in capital assets net of related debt increased by \$4,572,738 or 15.1%. These capital assets are used by the City to provide services to citizens. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City has restrictions of \$431,859 of net assets to be spent on debt service. The remaining balance of unrestricted net assets 21.1%, may be used to meet the City's ongoing obligations to citizens and creditors.

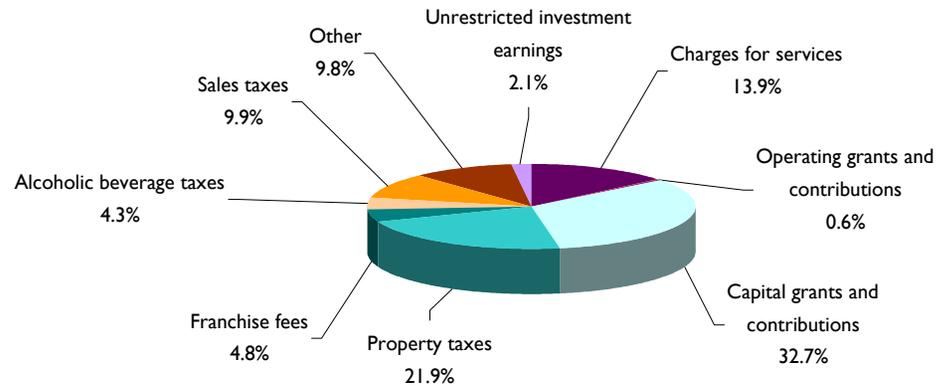
At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole as well as the separate governmental and business type activities. Growth in net assets is a positive economic indicator of the City's improved financial position from 2005.

Governmental activities. Governmental activities increased the City's net assets by \$9,921,613 thereby accounting for 99.5% of the total growth in net assets. A large percentage of the increase in governmental activities net assets is related to donations of infrastructure by developers and annexation rather than accumulation of cash or other liquid assets. The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include capital grants and donations. The following condensed financial information was derived from the government-wide Statement of Activities and reflects how net assets changed during fiscal year 2006.

| | Change in Net Assets | | | | | |
|--|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,478,498 | \$ 2,049,138 | \$ 103,714 | \$ 73,964 | \$ 2,582,212 | \$ 2,123,102 |
| Operating grants and contributions | 112,663 | 70,721 | - | - | 112,663 | 70,721 |
| Capital grants and contributions | 5,824,160 | 9,217,917 | - | - | 5,824,160 | 9,217,917 |
| General revenues: | | | | | | |
| Property taxes | 3,892,897 | 3,525,468 | - | - | 3,892,897 | 3,525,468 |
| Franchise fees | 851,466 | 714,216 | - | - | 851,466 | 714,216 |
| Alcoholic beverage taxes | 759,968 | 646,093 | - | - | 759,968 | 646,093 |
| Sales taxes | 1,767,147 | 1,134,738 | - | - | 1,767,147 | 1,134,738 |
| Other | 1,738,983 | 1,623,168 | - | - | 1,738,983 | 1,623,168 |
| Unrestricted investment earnings | 368,047 | 236,064 | 834 | 437 | 368,881 | 236,501 |
| Total revenues | <u>17,793,829</u> | <u>19,217,523</u> | <u>104,548</u> | <u>74,401</u> | <u>17,898,377</u> | <u>19,291,924</u> |
| Expenses | | | | | | |
| General government | 1,464,204 | 1,385,716 | - | - | 1,464,204 | 1,385,716 |
| Judicial | 273,744 | 236,030 | - | - | 273,744 | 236,030 |
| Police | 2,800,988 | 2,643,854 | - | - | 2,800,988 | 2,643,854 |
| Public works | 1,697,500 | 1,742,494 | - | - | 1,697,500 | 1,742,494 |
| Culture and recreation | 359,366 | 185,431 | - | - | 359,366 | 185,431 |
| Housing and development | 811,030 | 1,166,798 | - | - | 811,030 | 1,166,798 |
| Tourism and trade | 95,361 | 184,247 | - | - | 95,361 | 184,247 |
| Interest on long term debt | 890,884 | 943,654 | - | - | 890,884 | 943,654 |
| Water and sewer | - | - | 89,076 | 102,649 | 89,076 | 102,649 |
| Total expenses | <u>8,393,077</u> | <u>8,488,224</u> | <u>89,076</u> | <u>102,649</u> | <u>8,482,153</u> | <u>8,590,873</u> |
| Increase (decrease) in net assets before transfers | 9,400,752 | 10,729,299 | 15,472 | (28,248) | 9,416,224 | 10,701,051 |
| Transfers | (36,400) | - | 36,400 | - | - | - |
| Increase in net assets before special item | 9,364,352 | 10,729,299 | 51,872 | (28,248) | 9,416,224 | 10,701,051 |
| Special item-gain on sale of capital asset | 557,261 | 1,445,096 | - | - | 557,261 | 1,445,096 |
| Change in net assets | 9,921,613 | 12,174,395 | 51,872 | (28,248) | 9,973,485 | 12,146,147 |
| Net assets-July 1 | 32,948,323 | 20,773,928 | 1,883,103 | 1,911,351 | 34,831,426 | 22,685,279 |
| Net assets-June 30 | <u>\$ 42,869,936</u> | <u>\$ 32,948,323</u> | <u>\$ 1,934,975</u> | <u>\$ 1,883,103</u> | <u>\$ 44,804,911</u> | <u>\$ 34,831,426</u> |

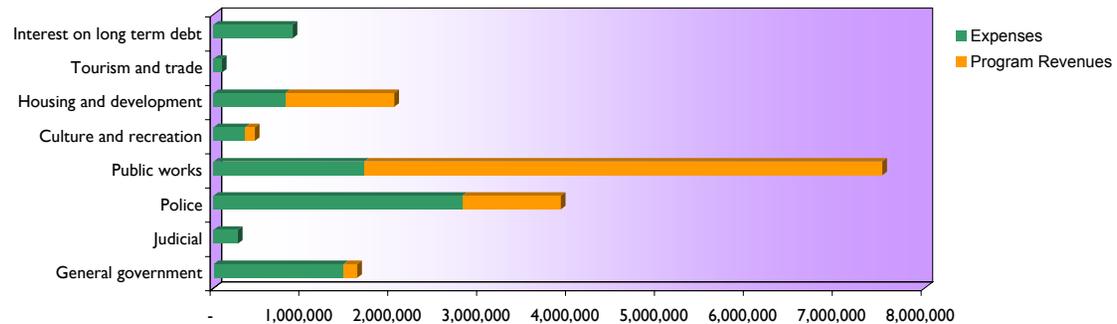
Governmental activities revenue totaled \$17,793,829 for fiscal year 2006. Capital grants and contributions are the largest revenue source for governmental activities accounting for 32.7% of total revenue. Property taxes and Charges for services are the second and third largest revenue source accounting for 21.9% and 13.9% of governmental revenues for the year.

Revenues by Source-Governmental Activities



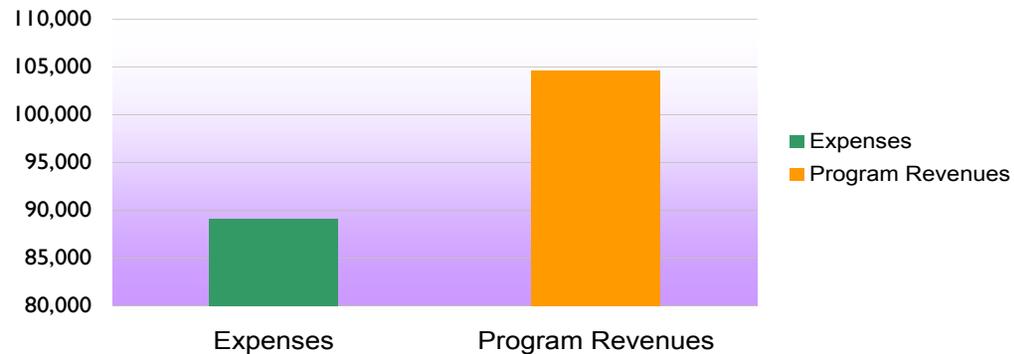
Governmental expenses totaled \$8,393,077 for the fiscal year. Of the expenditures, 33.4% or \$2,800,988 is related to police. Public works accounted for \$1,697,500, or 20.2%. Interest on long-term debt accounted for 10.6% of overall governmental expenses. The chart below compares governmental activities with their respective program revenues, if any.

Governmental Activities Expenses and Program Revenues



Business-type activities. Business-type activities increased the City's net assets by \$51,872 accounting for less than one percent of the total change in net assets.

**Expenses and Program Revenues -
Business-type Activities**



financial analysis of the government's funds

Governmental funds. General governmental functions are contained in the general, special revenue, debt service, and capital projects funds. As noted earlier, 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 resources available at the end of the year in comparison with upcoming financing requirements.

As of June 30, 2006, the City's governmental funds reported a combined ending fund balance of \$13,200,050, an increase of \$3,529,330 in comparison with the prior year. Approximately 36.4% of the ending fund balance (\$4,811,236) constitutes unreserved fund balance in the general fund, which is available to meet the City's current and future needs. The remainder of fund balance is reserved or included in other funds to indicate that it is not available for new spending because it has been committed to pay debt service (\$431,859), to pay for capital projects (\$7,748,863), and for various other purposes (\$208,092).

The general fund is the chief operating fund of the City. At June 30, 2006, unreserved fund balance of the general fund was \$4,811,236. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 59.0% of total general fund expenditures and transfers. The fund balance of the general fund increased by \$1,439,046 during the current fiscal year.

Revenues Classified by Source - General Fund

| | FY 2006 | | FY 2005 | | Increase/(Decrease) | |
|----------------------------|---------------------|---------------|---------------------|---------------|---------------------|-------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Change |
| Revenues by Source: | | | | | | |
| Taxes | \$ 6,820,260 | 72.1% | \$ 6,486,338 | 74.4% | \$ 333,922 | 5.1% |
| Licenses and permits | 1,295,038 | 13.7% | 944,046 | 10.8% | 350,992 | 37.2% |
| Intergovernmental | 4,898 | 0.1% | 69,075 | 0.8% | (64,177) | -92.9% |
| Charges for service | 121,907 | 1.3% | 124,957 | 1.4% | (3,050) | -2.4% |
| Fines and forfeitures | 1,045,252 | 11.0% | 972,494 | 11.2% | 72,758 | 7.5% |
| Other | 175,555 | 1.8% | 116,182 | 1.4% | 59,373 | 51.1% |
| Total | <u>\$ 9,462,910</u> | <u>100.0%</u> | <u>\$ 8,713,092</u> | <u>100.0%</u> | <u>\$ 749,818</u> | <u>8.6%</u> |

The following provides an explanation of revenues by source changes from the previous period:

- Electric franchise revenue increased by \$112,049 based on increases in electrical usage attributable to commercial and industrial growth. Business license revenue increased by \$213,849 which is also attributable to the commercial and industrial growth in Suwanee.
- Licenses and permits increased by \$350,992 based on a record year of commercial and residential permits issued. Suwanee has experienced significant increases in the number of residential units over the past two years, adding 852 units for both periods. By comparison, the City added 199 housing units, respectively, during 2004 and 2003. Total construction permits are also following the upward residential trend with 1,331 permits issued over the past two years compared to 703 issued during the previous two year period.
- Intergovernmental grants have decreased by \$64,177. Due to a change in Gwinnett County's policy, the City no longer receives an annual allocation for storm drainage.
- Charges for services decreased slightly due to a decline in requests for special duty police services. These services are provided to private businesses for events needing traffic or crowd control.
- Fines and forfeitures increased by \$72,758 due to the new red light camera program started in the fourth quarter.
- Other revenues increased by \$59,373. The majority of this increase is related to investment earnings on idle cash reserves.

Expenditures by Function - General Fund

| | FY 2006 | | FY 2005 | | Increase/(Decrease) | |
|----------------------------------|---------------------|---------------|---------------------|---------------|---------------------|-------------|
| | Amount | % of Total | Amount | % of Total | Amount | % of Change |
| Expenditures by Function: | | | | | | |
| General government | \$ 1,425,714 | 22.3% | \$ 1,269,468 | 19.9% | \$ 156,246 | 12.3% |
| Judicial | 293,230 | 4.6% | 236,046 | 3.7% | 57,184 | 24.2% |
| Police | 2,845,511 | 44.5% | 2,614,792 | 40.8% | 230,719 | 8.8% |
| Public works | 727,045 | 11.4% | 855,276 | 13.4% | (128,231) | -15.0% |
| Culture and recreation | 180,926 | 2.8% | 143,013 | 2.2% | 37,913 | 26.5% |
| Housing and development | 820,148 | 12.8% | 1,158,423 | 18.1% | (338,275) | -29.2% |
| Debt service: | | | | | | |
| Principal retirement | 94,648 | 1.5% | 112,726 | 1.8% | (18,078) | -16.0% |
| Interest | 5,065 | 0.1% | 4,784 | 0.1% | 281 | 5.9% |
| Total | \$ 6,392,287 | 100.0% | \$ 6,394,528 | 100.0% | \$ (2,241) | 0.0% |

The following provides an explanation of expenditures by function that changed significantly over the previous period:

- General government expenditures increased by \$156,246 or 12.3% and police expenditures increased by \$230,719 or 8.8%. The majority of the increase for both functions was due to the implementation of a new defined benefit program through Georgia Municipal Association. This new plan went into effect on November 1, 2005 and had a fiscal impact of \$345,000.
- Judicial expenditures increased by \$57,184 or 24.2%. This increase was due to start up costs for the new red light camera program started in the fourth quarter of fiscal year 2006.
- Public works expenditures decreased by \$128,231 or 15.0%. This decrease was due to the 2005 special purpose local option sales tax (SPLOST) program. Annual street paving and storm drainage repairs have been moved to the 2005 SPLOST fund and are not currently being accounted for in the general fund.
- Culture and recreation expenditures increased by \$37,913 or 26.5%. The majority of this increase was for a large concert program at Town Center Park (\$35,349).
- Housing and development expenditures decreased by \$338,275 or 29.2%. The majority of this decrease is due to a one time transfer of \$420,000 to the Downtown Development Authority in fiscal year 2005.
- Principal retirement expenditures decreased by \$18,078 or 16.0%. This is due to a decrease in the number of vehicles currently being leased.

Capital projects funds account for the financial resources used for the purchase and construction of major capital facilities. During fiscal year 2006 the City had four capital project funds that were considered major funds; the 2005 SPLOST fund, Open/Green Space fund, Town Center Fountain fund, and Town Center Facility Improvement fund.

The 2005 SPLOST fund consists of thirteen separate projects. These projects include: street resurfacing and improvements, traffic calming, storm drainage and system improvements, PlayTown Suwanee phase II, pedestrian bridge, pedestrian improvements at Highway 23 and Town Center Park, Suwanee Creek Greenway – Trice section, Town Center Park enhancements, police communications, alternative transportation, I-85 streetscape, Police Department expansion, and financing for Town Center Fountain and the Pedestrian Underpass. The City has entered into an intergovernmental agreement with Gwinnett County allocating \$6,487,060 to be paid out as collected from the County to the City over the next three years. As of June 30, 2006, the unreserved fund balance was \$1,624,782.

At the end of the current fiscal year, the unreserved fund balance of the Open/Green Space fund was \$3,586,962, representing a decrease of \$203,578 from fiscal year 2005. The remaining resources of the 2002 General Obligation Bond proceeds will be used to implement phase I of the Sims Lake master plan (\$2,720,555), implement phase III of the Suwanee Creek Park master plan (\$385,407), provide a connector for the Suwanee Greenway at Smithtown Road (\$214,000), and provide additional funding for the Suwanee Greenway – Trice section improvements.

Town Center Fountain fund was created in fiscal year 2005 to account for the construction of an interactive fountain at Town Center Park. Funding for this project includes funds raised by the Better Parks Campaign, 2005 SPLOST, and a construction assistance grant from Gwinnett County. At the end of fiscal year 2006, the unreserved fund had a negative balance of \$57,440. This negative balance will be funded by the assistance grant from Gwinnett County.

The Town Center Facility Improvement fund unreserved fund balance at year-end was \$1,995,092. This fund was created during fiscal year 2005 to account for the long-term capital facility project at the Town Center Urban Redevelopment Agency (URA) property site. Current funding for this project has been provided by the sale of three parcels at the URA property site. One parcel remains to be sold and is currently under contract to close June 2007.

The debt service fund balance was \$431,859 as of June 30, 2006, all of which is reserved for future payments of debt service.

Proprietary funds. The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term financial information. At the fiscal year end, the water fund had an operating income of \$25,570 compared to an operating loss of \$25,746 in the prior year. Operating revenues were 40.2% above those in fiscal year 2005 and operating expenses were 21.6% lower than fiscal year 2005. In the prior period, operating costs were higher due to purchasing water from Gwinnett County during periods that our system was not in use due to major system improvements. Operating revenues are increasing due to new homes being added to the water system.

general fund budgetary highlights

Differences between the original budget (\$8,635,650) and the final amended budget (\$8,900,425) amounted to an overall increase of \$264,775. A brief summary of these increases are explained below:

- Transfer to Public Works Yard Expansion capital project \$200,000.
- Transfer to Paved Streets capital project \$86,060.
- Transfer to Storm Drainage capital projects \$15,000.
- The Public Works budget was lowered by \$36,285 to remove the inmate work crew program. The inmate work crew program was not used in fiscal year 2006 due to a shortage of guards at the Gwinnett County Correctional Center.

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2006 can be found on pages 32-34. The following chart is a summary of that schedule.

| | Budget | | Actual | Variance with Final |
|---|------------------|------------------|------------------|---------------------|
| | Original | Final | | |
| Revenues, transfers, and other financing sources: | | | | |
| Taxes | \$ 6,648,050 | \$ 6,437,285 | \$ 6,820,260 | \$ 382,975 |
| License and permits | 660,550 | 1,149,280 | 1,295,038 | 145,758 |
| Intergovernmental revenues | 50,000 | 1,440 | 4,898 | 3,458 |
| Charges for service | 80,250 | 105,290 | 121,907 | 16,617 |
| Fines and forfeitures | 975,000 | 956,880 | 1,045,252 | 88,372 |
| Investment income | 52,000 | 102,000 | 154,154 | 52,154 |
| Miscellaneous revenues | 15,000 | 14,850 | 21,401 | 6,551 |
| Other financing sources | 154,800 | 133,400 | 133,403 | 3 |
| Total | 8,635,650 | 8,900,425 | 9,596,313 | 695,888 |
| Expenditures and transfers out: | | | | |
| Expenditures | 7,171,750 | 7,135,445 | 6,392,287 | (743,158) |
| Transfers out | 1,463,900 | 1,764,980 | 1,764,980 | - |
| Total | 8,635,650 | 8,900,425 | 8,157,267 | (743,158) |
| Change in fund balance | \$ - | \$ - | \$ 1,439,046 | \$ 1,439,046 |

During the year, general fund revenues exceeded budgetary projections, and expenditures were less than budgetary estimates. Actual revenues were \$695,888 higher than estimates. Whereas expenditures were \$743,158 lower than the final budgetary appropriations. Listed below are the major areas that expenditures were lower than appropriations.

- Salaries and benefits expenditures were \$371,080 less than appropriations. This was due to several police officer vacancies during the period and differences in projected enrollment and actual enrollment to the new pension plan. Employer contributions for the new plan were 11% whereas the money purchase plan only required 5% employer contribution. Employees had the option of joining the new plan or remaining with the old plan.
- Purchased professional services expenditures were \$67,404 less than appropriations. The majority of this decrease was due to lower than expected legal fees, ground maintenance, and contracted development review services.
- Other purchased services and supplies expenditures were \$174,650 less than appropriations. Original budget appropriations included costs that were not expended due to donations and sponsorships from private organizations for special events.
- Machinery and equipment expenditures were \$79,590 less than appropriations. This difference in budgeted to actual was due to a delay in purchasing police vehicles.

capital assets and debt administration

Capital assets. On June 30, 2006, the City's investment in capital assets in both governmental and business-type activities amounted to \$48,346,054, net of depreciation. This includes land, land improvements, buildings, machinery and equipment, park facilities, and infrastructure. The majority of the increase in governmental capital assets is attributable to donations of infrastructure, which increased capital assets by \$5,804,985.

Additional information on capital assets can be found in Note 6 on pages 47-48 of this report.

Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 10,236,082 | \$ 10,092,199 | \$ 7,500 | \$ 7,500 | \$ 10,243,582 | \$ 10,099,699 |
| Land improvements | 148,054 | 157,493 | 3,090 | 3,337 | 151,144 | 160,830 |
| Buildings | 6,617,320 | 5,869,737 | - | - | 6,617,320 | 5,869,737 |
| Water distribution | - | - | 1,778,837 | 1,812,837 | 1,778,837 | 1,812,837 |
| Machinery and equipment | 467,000 | 451,951 | 12,204 | 14,966 | 479,204 | 466,917 |
| Vehicles | 409,141 | 354,200 | - | - | 409,141 | 354,200 |
| Infrastructure | 23,488,749 | 18,647,337 | - | - | 23,488,749 | 18,647,337 |
| Construction in progress | 4,768,492 | 4,736,135 | 409,585 | 363,940 | 5,178,077 | 5,100,075 |
| Total | <u>\$ 46,134,838</u> | <u>\$ 40,309,052</u> | <u>\$ 2,211,216</u> | <u>\$ 2,202,580</u> | <u>\$ 48,346,054</u> | <u>\$ 42,511,632</u> |

economic factors and next year's budget and rates

Long-term debt. At the end of the fiscal year, the City had general obligation bonded debt outstanding of \$16,405,000. This debt is secured by the full faith, credit, and resources of the City. The City's total bonded debt decreased by \$335,000, or 2.0% during the current fiscal year. The City maintains an AA- rating from two of the three rating agencies that review public sector debt. State statutes limit the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is \$68,170,053; current bonded debt is below this limit with 23.4% of the legal debt limit used. Additional information regarding long-term debt can be found in Note 7 on pages 49-50 of this report.

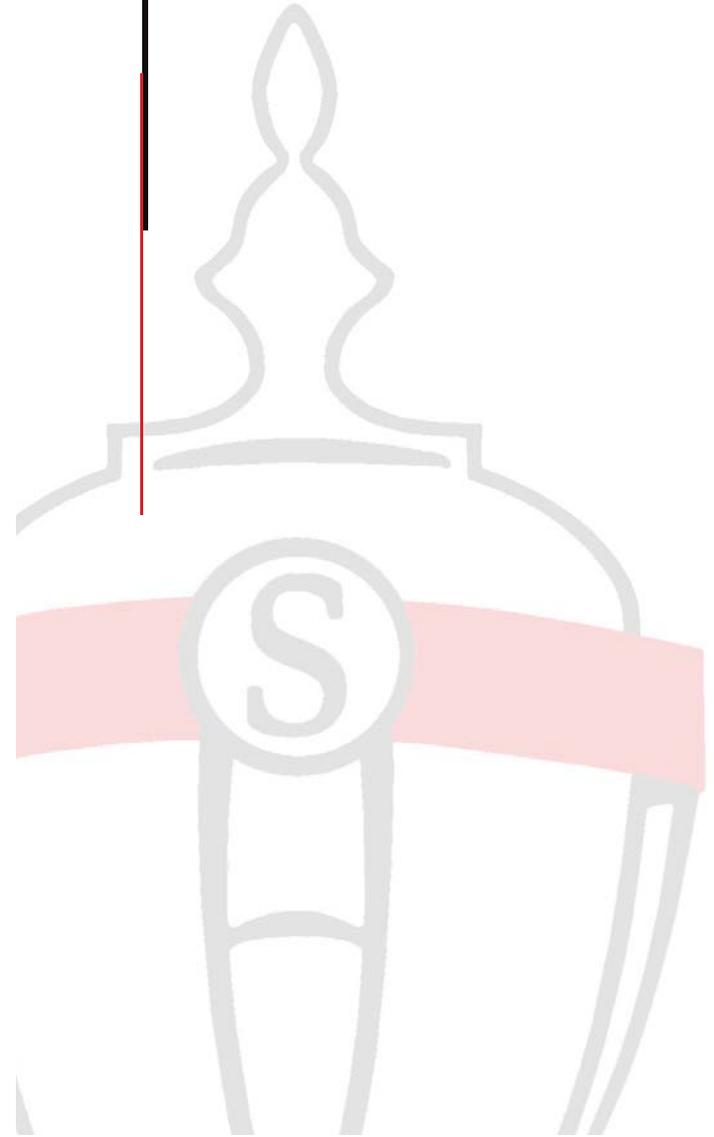
Suwanee is continuing to experience a fast paced growth pattern. The City's population grew from 2,412 in 1990 to 8,725 in 2000. This growth has continued to expand with our current population estimate at 15,147 for fiscal year 2006. Suwanee's economic outlook for 2007 is positive considering the following information.

- The city's economy is based on a mix of residential, warehouse, industrial, and commercial uses. Property values continue to rise as noted in the Atlanta Business Chronicle, Book of Lists for 2005, Suwanee's zip code was ranked 18th for wealthiest zip codes in metro Atlanta based on median household income of \$125,440 and a median home value of \$318,510.
- The fiscal year 2007 annual budget for the general, special revenue and debt service funds is \$11,378,980. This is an increase of 9.4% from the previous fiscal year 2006.
- The fiscal year 2007 general fund budget is \$9,922,150, an increase of 11.5% from 2006 final appropriations of \$8,900,425.
- The 2006 property tax digest was projected, through the budget process, to increase by 11% showing a continued steady growth. The millage rate will remain at 5.77 mills, the same rate used in fiscal year 2006, thru the budget process.
- The City's building permit revenue has surpassed all previous benchmarks. In calendar year 2005, building permits issued represented \$72.9 million in value for residential and \$25.6 million in value for commercial. This growth has continued in calendar year 2006.

All of these factors were taken into consideration when preparing the 2007 budget. Major expenditures in the 2007 budget will allow the City to undertake projects in three major categories. The City will be able to deliver services through the implementation of technological initiatives, ensure a competent and professional workforce is retained by updating compensation scales based on market trends, and provide capital planning that includes allocating current resources to fund a new City Hall, purchase land for the Public Works yard expansion, and improvements to the Suwanee Gateway District.

request for information

This financial report is designed to provide our citizens, taxpayers, customers, investors, creditors, and other interested parties with a general overview of the City's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Director of Financial Services, 373 Highway 23, Suwanee, Georgia 30024.



basic financial statements

Government-wide Financial Statements
Fund Financial Statements

**statement of
net assets**

june 30, 2006

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,255,969 | \$ 98,494 | \$ 3,354,463 | \$ 45,050 |
| Investments | 9,640,495 | - | 9,640,495 | - |
| Receivables: | | | | |
| Property taxes | 354,740 | - | 354,740 | - |
| Sales taxes | 288,690 | - | 288,690 | - |
| Other | 151,908 | 6,716 | 158,624 | - |
| Restricted cash | 18,000 | 3,445 | 21,445 | - |
| Capital assets, nondepreciable | 15,004,574 | 417,085 | 15,421,659 | - |
| Capital assets, depreciable, net of accumulated depreciation | 31,130,264 | 1,794,131 | 32,924,395 | 394,875 |
| Total assets | <u>59,844,640</u> | <u>2,319,871</u> | <u>62,164,511</u> | <u>439,925</u> |
| LIABILITIES | | | | |
| Accounts payable | 84,887 | - | 84,887 | - |
| Accrued interest | - | 14,067 | 14,067 | - |
| Retainage payable | 77,416 | - | 77,416 | - |
| Liabilities payable from restricted assets | 18,000 | 3,445 | 21,445 | - |
| Noncurrent liabilities: | | | | |
| Notes payable due in more than one year | - | 367,384 | 367,384 | - |
| General obligation bonds due within one year | 350,000 | - | 350,000 | - |
| General obligation bonds due in more than one year | 16,055,000 | - | 16,055,000 | - |
| Capital leases due within one year | 92,756 | - | 92,756 | - |
| Capital leases due in more than one year | 80,169 | - | 80,169 | - |
| Compensated absences due within one year | 69,272 | - | 69,272 | - |
| Compensated absences due in more than one year | 147,204 | - | 147,204 | - |
| Total liabilities | <u>16,974,704</u> | <u>384,896</u> | <u>17,359,600</u> | <u>-</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 33,073,810 | 1,843,832 | 34,917,642 | 394,875 |
| Restricted for debt service | 431,859 | - | 431,859 | - |
| Unrestricted | 9,364,267 | 91,143 | 9,455,410 | 45,050 |
| Total net assets | <u>\$ 42,869,936</u> | <u>\$ 1,934,975</u> | <u>\$ 44,804,911</u> | <u>\$ 439,925</u> |

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

statement of activities

year ended
june 30, 2006

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|---------------------|----------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Unit |
| | | | | | Governmental Activities | Business Type | Total | |
| Primary Government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 1,464,204 | \$ 153,187 | \$ - | \$ - | \$ (1,311,017) | \$ - | \$ (1,311,017) | |
| Judicial | 273,744 | - | - | - | (273,744) | - | (273,744) | |
| Police | 2,800,988 | 1,099,754 | 7,902 | - | (1,693,332) | - | (1,693,332) | |
| Public works | 1,697,500 | 3,428 | - | 5,824,160 | 4,130,088 | - | 4,130,088 | |
| Culture and recreation | 359,366 | - | 104,761 | - | (254,605) | - | (254,605) | |
| Housing and development | 811,030 | 1,222,129 | - | - | 411,099 | - | 411,099 | |
| Tourism and trade | 95,361 | - | - | - | (95,361) | - | (95,361) | |
| Interest on long term debt | 890,884 | - | - | - | (890,884) | - | (890,884) | |
| Total governmental activities | <u>8,393,077</u> | <u>2,478,498</u> | <u>112,663</u> | <u>5,824,160</u> | <u>22,244</u> | <u>-</u> | <u>22,244</u> | |
| Business-type activities | | | | | | | | |
| Water and sewer | <u>89,076</u> | <u>103,714</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,638</u> | <u>14,638</u> | |
| Total Primary Government | <u>\$ 8,482,153</u> | <u>\$ 2,582,212</u> | <u>\$ 112,663</u> | <u>\$ 5,824,160</u> | <u>\$ 22,244</u> | <u>\$ 14,638</u> | <u>\$ 36,882</u> | |
| Component Unit | <u>\$ 48,304</u> | <u>\$ -</u> | <u>\$ 75,110</u> | <u>\$ -</u> | | | | <u>\$ 26,806</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 3,892,897 | - | 3,892,897 | - |
| Franchise fees | | | | | 851,466 | - | 851,466 | - |
| Hotel/motel taxes | | | | | 361,321 | - | 361,321 | - |
| Alcoholic beverage tax | | | | | 759,968 | - | 759,968 | - |
| Business and occupation taxes | | | | | 888,285 | - | 888,285 | - |
| Insurance premium taxes | | | | | 436,978 | - | 436,978 | - |
| Sales taxes | | | | | 1,767,147 | - | 1,767,147 | - |
| Other taxes | | | | | 34,002 | - | 34,002 | - |
| Unrestricted investment earnings | | | | | 368,047 | 834 | 368,881 | 228 |
| Miscellaneous | | | | | 18,397 | - | 18,397 | - |
| Transfers | | | | | (36,400) | 36,400 | - | - |
| Special item sale of capital asset | | | | | 557,261 | - | 557,261 | - |
| Total general revenues, transfers, and special items | | | | | <u>9,899,369</u> | <u>37,234</u> | <u>9,936,603</u> | <u>228</u> |
| Change in net assets | | | | | 9,921,613 | 51,872 | 9,973,485 | 27,034 |
| Net assets - beginning | | | | | 32,948,323 | 1,883,103 | 34,831,426 | 412,891 |
| Net assets - ending | | | | | <u>\$ 42,869,936</u> | <u>\$ 1,934,975</u> | <u>\$ 44,804,911</u> | <u>\$ 439,925</u> |

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

**governmental funds
balance sheet**

june 30, 2006

| | General | Debt Service | 2005 SPLOST | Open/Green Space | Town Center Fountain | TC Facility Improvements | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|-------------------|---------------------|---------------------|----------------------|--------------------------|--------------------------|--------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 1,501,713 | \$ 1,088 | \$ 525,811 | \$ 470,613 | \$ - | \$ 10,747 | \$ 745,997 | \$ 3,255,969 |
| Investments | 3,167,561 | 430,771 | 813,281 | 3,134,141 | - | 2,034,915 | 59,826 | 9,640,495 |
| Receivables: | | | | | | | | |
| Property taxes | 354,740 | - | - | - | - | - | - | 354,740 |
| Sales taxes | - | - | 288,690 | - | - | - | - | 288,690 |
| Other | 138,456 | - | - | - | - | - | 13,452 | 151,908 |
| Due from other funds | 50,000 | - | - | - | - | - | - | 50,000 |
| Restricted cash | - | - | - | - | - | - | 18,000 | 18,000 |
| Total assets | <u>\$ 5,212,470</u> | <u>\$ 431,859</u> | <u>\$ 1,627,782</u> | <u>\$ 3,604,754</u> | <u>\$ -</u> | <u>\$ 2,045,662</u> | <u>\$ 837,275</u> | <u>\$ 13,759,802</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 71,785 | \$ - | \$ - | \$ - | \$ 816 | \$ 570 | \$ 11,716 | \$ 84,887 |
| Due to other funds | - | - | - | - | - | 50,000 | - | 50,000 |
| Retainage payable | - | - | 3,000 | 17,792 | 56,624 | - | - | 77,416 |
| Deferred revenue | 329,449 | - | - | - | - | - | - | 329,449 |
| Escrow deposits | - | - | - | - | - | - | 18,000 | 18,000 |
| Total Liabilities | <u>401,234</u> | <u>-</u> | <u>3,000</u> | <u>17,792</u> | <u>57,440</u> | <u>50,570</u> | <u>29,716</u> | <u>559,752</u> |
| Fund Balances (Deficit): | | | | | | | | |
| Reserved for: | | | | | | | | |
| Debt service | - | 431,859 | - | - | - | - | - | 431,859 |
| Unreserved reported in: | | | | | | | | |
| General fund, undesignated | 4,811,236 | - | - | - | - | - | - | 4,811,236 |
| Special revenue funds, undesignated | - | - | - | - | - | - | 208,092 | 208,092 |
| Capital project funds, undesignated | - | - | 1,624,782 | 3,586,962 | (57,440) | 1,995,092 | 599,467 | 7,748,863 |
| Total fund balances (deficit) | <u>4,811,236</u> | <u>431,859</u> | <u>1,624,782</u> | <u>3,586,962</u> | <u>(57,440)</u> | <u>1,995,092</u> | <u>807,559</u> | <u>13,200,050</u> |
| Total liabilities and fund balances | <u>\$ 5,212,470</u> | <u>\$ 431,859</u> | <u>\$ 1,627,782</u> | <u>\$ 3,604,754</u> | <u>\$ -</u> | <u>\$ 2,045,662</u> | <u>\$ 837,275</u> | |

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 46,134,838

Other long-term assets are not available to pay for current period expenditures, and therefore, are deferred in the funds. 329,449

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (16,794,401)

Net assets of governmental activities \$ 42,869,936

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

2006 comprehensive annual financial report

**governmental funds
statement of
revenues,
expenditures, and
changes in
fund balances

year ended
june 30, 2006**

| | General | Debt Service | 2005 SPLOST | Open/Green Space | Town Center Fountain | TC Facility Improvements | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|-------------------|---------------------|---------------------|----------------------|--------------------------|--------------------------|--------------------------|
| REVENUES | | | | | | | | |
| Property taxes | \$ 3,632,768 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,632,768 |
| Franchise taxes | 851,466 | - | - | - | - | - | - | 851,466 |
| Alcoholic beverage taxes | 759,968 | - | - | - | - | - | - | 759,968 |
| Sales taxes | - | - | 1,767,147 | - | - | - | - | 1,767,147 |
| Business taxes | 1,325,263 | - | - | - | - | - | - | 1,325,263 |
| Hotel/motel taxes | 216,793 | - | - | - | - | - | 144,528 | 361,321 |
| Other taxes | 34,002 | - | - | - | - | - | - | 34,002 |
| Licenses and permits | 1,295,038 | - | - | - | - | - | - | 1,295,038 |
| Intergovernmental revenues | 4,898 | - | - | - | - | - | 19,175 | 24,073 |
| Charges for services | 121,907 | - | - | - | - | - | - | 121,907 |
| Fines and forfeitures | 1,045,252 | - | - | - | - | - | 16,302 | 1,061,554 |
| Investment income | 154,154 | 11,850 | 16,816 | 127,408 | 1,820 | 44,660 | 11,339 | 368,047 |
| Contributions and donations | 3,004 | - | - | - | - | - | 104,761 | 107,765 |
| Miscellaneous revenue | 18,397 | - | - | - | - | - | - | 18,397 |
| Total revenues | 9,462,910 | 11,850 | 1,783,963 | 127,408 | 1,820 | 44,660 | 296,105 | 11,728,716 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 1,425,714 | - | 46 | - | - | - | - | 1,425,760 |
| Judicial | 293,230 | - | - | - | - | - | - | 293,230 |
| Police | 2,845,511 | - | - | - | - | - | 12,285 | 2,857,796 |
| Public works | 727,045 | - | - | - | - | - | - | 727,045 |
| Culture and recreation | 180,926 | - | - | - | - | - | 71,287 | 252,213 |
| Housing and development | 820,148 | - | - | - | - | - | - | 820,148 |
| Tourism and trade | - | - | - | - | - | - | 95,361 | 95,361 |
| Capital outlay | - | - | 208,278 | 330,986 | 577,975 | 36,608 | 125,457 | 1,279,304 |
| Debt service: | | | | | | | | |
| Principal | 94,648 | 335,000 | - | - | - | - | - | 429,648 |
| Interest | 5,065 | 885,819 | - | - | - | - | - | 890,884 |
| Total expenditures | 6,392,287 | 1,220,819 | 208,324 | 330,986 | 577,975 | 36,608 | 304,390 | 9,071,389 |
| Excess (deficiency) of revenues over (under) expenditures | 3,070,623 | (1,208,969) | 1,575,639 | (203,578) | (576,155) | 8,052 | (8,285) | 2,657,327 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Proceeds from capital lease | 133,403 | - | - | - | - | - | - | 133,403 |
| Transfers in | - | 1,228,500 | 10,000 | - | 388,816 | 959,000 | 311,080 | 2,897,396 |
| Transfers out | (1,764,980) | - | (388,816) | - | - | - | (780,000) | (2,933,796) |
| Total other financing sources (uses) | (1,631,577) | 1,228,500 | (378,816) | - | 388,816 | 959,000 | (468,920) | 97,003 |
| Special item - Sale of land | - | - | - | - | - | - | 775,000 | 775,000 |
| Net change in fund balances | 1,439,046 | 19,531 | 1,196,823 | (203,578) | (187,339) | 967,052 | 297,795 | 3,529,330 |
| FUND BALANCES, beginning of year | 3,372,190 | 412,328 | 427,959 | 3,790,540 | 129,899 | 1,028,040 | 509,764 | 9,670,720 |
| FUND BALANCES (DEFICIT), end of year | \$ 4,811,236 | \$ 431,859 | \$ 1,624,782 | \$ 3,586,962 | \$ (57,440) | \$ 1,995,092 | \$ 807,559 | \$ 13,200,050 |

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

**reconciliation of the
statement of
revenues,
expenditures, and
changes in
fund balances
of governmental
funds
to the statement
of activities

year ended
june 30, 2006**

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

Net change in fund balances-total governmental funds \$ 3,529,330

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. 260,128

Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

| | | |
|----------------------|--------------------|-----------|
| Additions | \$ 7,435,530 | |
| Deletions | (228,736) | |
| Depreciation expense | <u>(1,381,008)</u> | 5,825,786 |

Fixed assets acquired by capital leases are shown as an expenditure and other financing source in the governmental funds. The other financing source must be removed from the statement of activities; principal payments are applied to the lease liability; interest expense is recognized as it accrues.

| | | |
|--|---------------|----------|
| Other financing source - capital lease | \$ (133,403) | |
| Principal payments of capital leases | <u>94,648</u> | (38,755) |

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. 335,000

Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in governmental funds. 10,124

Change in net assets of governmental activities \$ 9,921,613

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

**general fund
statement of
revenues,
expenditures, and
changes in
fund balance
budget and actual

year ended
june 30, 2006**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 3,963,150 | \$ 3,643,310 | \$ 3,632,768 | \$ (10,542) |
| Franchise taxes | 732,300 | 809,175 | 851,466 | 42,291 |
| Alcoholic beverage taxes | 576,500 | 576,500 | 759,968 | 183,468 |
| Business taxes | 1,173,000 | 1,181,800 | 1,325,263 | 143,463 |
| Hotel/motel taxes | 185,200 | 169,200 | 216,793 | 47,593 |
| Penalties and interest on delinquent taxes | 17,900 | 57,300 | 34,002 | (23,298) |
| Total taxes | <u>6,648,050</u> | <u>6,437,285</u> | <u>6,820,260</u> | <u>382,975</u> |
| Licenses and permits: | | | | |
| Alcoholic beverage fees | 122,500 | 128,000 | 128,000 | - |
| Business licenses | 17,550 | 16,350 | 16,645 | 295 |
| Building permits | 520,500 | 1,004,930 | 1,150,393 | 145,463 |
| Total licenses and permits | <u>660,550</u> | <u>1,149,280</u> | <u>1,295,038</u> | <u>145,758</u> |
| Intergovernmental revenues: | | | | |
| Federal grants | - | - | 3,456 | 3,456 |
| Local grants | 50,000 | 1,440 | 1,442 | 2 |
| Total intergovernmental revenues | <u>50,000</u> | <u>1,440</u> | <u>4,898</u> | <u>3,458</u> |
| Charges for services: | | | | |
| Planning and development fees | 24,000 | 63,200 | 71,076 | 7,876 |
| Printing and duplicating services | 1,200 | 690 | 660 | (30) |
| Public safety services | 51,750 | 32,540 | 38,201 | 5,661 |
| Street and public improvement services | 2,750 | 3,500 | 3,428 | (72) |
| Other charges for services | 550 | 5,360 | 8,542 | 3,182 |
| Total charges for services | <u>80,250</u> | <u>105,290</u> | <u>121,907</u> | <u>16,617</u> |
| Fines and forfeitures | <u>975,000</u> | <u>956,880</u> | <u>1,045,252</u> | <u>88,372</u> |
| Investment income | <u>52,000</u> | <u>102,000</u> | <u>154,154</u> | <u>52,154</u> |
| Contributions and donations | <u>-</u> | <u>3,050</u> | <u>3,004</u> | <u>(46)</u> |
| Miscellaneous revenue | <u>15,000</u> | <u>11,800</u> | <u>18,397</u> | <u>6,597</u> |
| Total revenues | <u>\$ 8,480,850</u> | <u>\$ 8,767,025</u> | <u>\$ 9,462,910</u> | <u>\$ 695,885</u> |

(continued)

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

**general fund
statement of
revenues,
expenditures, and
changes in
fund balance
budget and actual

year ended
june 30, 2006
(continued)**

| EXPENDITURES | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Current: | | | | |
| General Government: | | | | |
| Governing body | \$ 73,960 | \$ 75,690 | \$ 63,197 | \$ 12,493 |
| Legislative committees | 8,750 | 7,250 | 4,728 | 2,522 |
| Chief executive | 369,670 | 362,490 | 334,098 | 28,392 |
| Elections | 4,000 | 1,250 | 80 | 1,170 |
| General administration | 211,355 | 199,870 | 172,684 | 27,186 |
| Financial administration | 432,975 | 451,675 | 407,391 | 44,284 |
| Accounting | 25,500 | 24,500 | 24,000 | 500 |
| Law | 63,100 | 56,100 | 43,485 | 12,615 |
| Data processing | 166,550 | 185,950 | 140,979 | 44,971 |
| General government building and plant | 178,330 | 188,530 | 167,485 | 21,045 |
| Public information | 68,505 | 77,255 | 67,587 | 9,668 |
| Total general government | <u>1,602,695</u> | <u>1,630,560</u> | <u>1,425,714</u> | <u>204,846</u> |
| Judicial: | | | | |
| Municipal court | 299,815 | 325,120 | 293,230 | 31,890 |
| Total judicial | <u>299,815</u> | <u>325,120</u> | <u>293,230</u> | <u>31,890</u> |
| Public safety: | | | | |
| Police administration | 296,610 | 308,810 | 278,430 | 30,380 |
| Criminal investigation | 243,645 | 255,395 | 238,575 | 16,820 |
| Patrol | 1,713,431 | 1,703,111 | 1,553,406 | 149,705 |
| Records and identification | 87,010 | 92,240 | 81,360 | 10,880 |
| Police training | 87,920 | 89,520 | 70,487 | 19,033 |
| Special detail services | 41,030 | 25,680 | 11,483 | 14,197 |
| Police stations and buildings | 115,910 | 120,360 | 112,726 | 7,634 |
| Dispatcher | 380,965 | 382,870 | 357,700 | 25,170 |
| Public relations | 37,950 | 38,550 | 32,397 | 6,153 |
| Park police | 122,760 | 123,310 | 108,947 | 14,363 |
| Total public safety | <u>3,127,231</u> | <u>3,139,846</u> | <u>2,845,511</u> | <u>294,335</u> |
| Public Works: | | | | |
| Public works administration | 758,395 | 773,215 | 711,058 | 62,157 |
| Paved streets | 87,300 | 1,720 | 1,220 | 500 |
| Storm drainage | 20,000 | 6,000 | 5,284 | 716 |
| Street lighting | 4,500 | 5,500 | 5,207 | 293 |
| Special detail services | 11,750 | 8,350 | 4,276 | 4,074 |
| Total public works | <u>881,945</u> | <u>794,785</u> | <u>727,045</u> | <u>67,740</u> |

(continued)

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

**general fund
statement of
revenues,
expenditures, and
changes in
fund balance
budget and actual**

**year ended
june 30, 2006
(continued)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| EXPENDITURES (continued) | | | | |
| Current: (continued) | | | | |
| Culture and recreation: | | | | |
| Playgrounds | \$ 11,500 | \$ 9,000 | \$ 5,676 | \$ 3,324 |
| Special facilities and activities | 109,700 | 113,050 | 83,889 | 29,161 |
| Park areas | 64,000 | 109,250 | 91,361 | 17,889 |
| Total culture and recreation | <u>185,200</u> | <u>231,300</u> | <u>180,926</u> | <u>50,374</u> |
| Housing and development: | | | | |
| Protective inspection administration | 346,790 | 340,985 | 308,557 | 32,428 |
| Planning and zoning | 385,270 | 324,245 | 290,110 | 34,135 |
| Code enforcement | 22,600 | 22,550 | 19,052 | 3,498 |
| Economic development and assistance | 220,490 | 226,340 | 202,429 | 23,911 |
| Total housing and development | <u>975,150</u> | <u>914,120</u> | <u>820,148</u> | <u>93,972</u> |
| Debt service: | | | | |
| Principal retirement | 94,649 | 94,649 | 94,648 | 1 |
| Interest and fiscal charges | 5,065 | 5,065 | 5,065 | - |
| Total debt service | <u>99,714</u> | <u>99,714</u> | <u>99,713</u> | <u>1</u> |
| Total expenditures | <u>7,171,750</u> | <u>7,135,445</u> | <u>6,392,287</u> | <u>743,158</u> |
| Excess of revenues over expenditures | <u>1,309,100</u> | <u>1,631,580</u> | <u>3,070,623</u> | <u>1,439,043</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from capital leases | 152,300 | 133,400 | 133,403 | 3 |
| Transfer out | (1,463,900) | (1,764,980) | (1,764,980) | - |
| Sale of capital assets | 2,500 | - | - | - |
| Net change in fund balances | <u>-</u> | <u>-</u> | <u>1,439,046</u> | <u>1,439,046</u> |
| FUND BALANCES - beginning of year | <u>3,372,190</u> | <u>3,372,190</u> | <u>3,372,190</u> | <u>-</u> |
| FUND BALANCES - end of year | <u>\$ 3,372,190</u> | <u>\$ 3,372,190</u> | <u>\$ 4,811,236</u> | <u>\$ 1,439,046</u> |

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

**proprietary funds
statement of
net assets**

june 30, 2006

| | <u>Major Enterprise Fund</u> <u>Water & Sewer Fund</u> |
|--|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 98,494 |
| Accounts receivable | 6,716 |
| Total current assets | <u>105,210</u> |
| Noncurrent assets: | |
| Restricted assets: | |
| Cash and cash equivalents | 3,445 |
| Capital assets, nondepreciable | 417,085 |
| Capital assets, depreciable, net of accumulated depreciation | 1,794,131 |
| Total noncurrent assets | <u>2,214,661</u> |
| Total assets | <u>2,319,871</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accrued interest | 14,067 |
| Total current liabilities | <u>14,067</u> |
| Noncurrent liabilities: | |
| Payable from restricted assets: | |
| Customer deposits payable | 3,445 |
| Notes payable | 367,384 |
| Total noncurrent liabilities | <u>370,829</u> |
| Total liabilities | <u>384,896</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 1,843,832 |
| Unrestricted | 91,143 |
| Total net assets | <u>\$ 1,934,975</u> |

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

**proprietary funds
statement of
revenues,
expenses and
changes in fund
net assets**

**year ended
june 30, 2006**

| | Major Enterprise Fund |
|---|-----------------------|
| | Water & Sewer Fund |
| OPERATING REVENUES | |
| Water and sewer charges | \$ 103,714 |
| OPERATING EXPENSES | |
| Salaries and benefits | 20,137 |
| Contracted services | 5,961 |
| Supplies | 18,679 |
| Depreciation | 33,367 |
| Total operating expenses | 78,144 |
| Operating income | 25,570 |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment income | 834 |
| Interest expense | (10,932) |
| Total nonoperating revenues (expenses) | (10,098) |
| Income before transfers | 15,472 |
| Transfer in | 36,400 |
| Change in net assets | 51,872 |
| Total net assets - beginning of year | 1,883,103 |
| Total net assets - ending | \$ 1,934,975 |

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

**proprietary funds
statement of
cash flows**

**year ended
june 30, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users
Payments to employees
Payments to suppliers for goods and services
Net cash provided by operating activities

| | Major Enterprise Fund | Water & Sewer Fund |
|--|-----------------------|--------------------|
| | \$ | 105,440 |
| | | (20,137) |
| | | (30,202) |
| | | <u>55,101</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfer from other fund
Net cash provided by noncapital financing activities

| | |
|--|---------------|
| | 36,400 |
| | <u>36,400</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets
Issuance of notes payable
Net cash used by capital and related financing activities

| | |
|--|-----------------|
| | (316,059) |
| | 260,699 |
| | <u>(55,360)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received
Net cash provided by investing activities

| | |
|--|------------|
| | 834 |
| | <u>834</u> |

Net increase in cash and cash equivalents

36,975

Cash and cash equivalents - beginning

64,964

Cash and cash equivalents - ending

\$ 101,939

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES

Cash flows from operating activities

Operating income
Adjustments to reconcile operating income to net cash provided by operating activities:
Depreciation and amortization

| | | |
|--|----|--------|
| | \$ | 25,570 |
| | | 33,367 |

Change in assets and liabilities

(Increase) decrease in accounts receivable
(Increase) decrease in due to other funds
Increase (decrease) in accounts payable not related to a capital assets
Increase (decrease) in customer deposits
Net cash provided by operating activities

| | |
|--|---------------|
| | 1,206 |
| | 328 |
| | (5,890) |
| | 520 |
| | <u>55,101</u> |

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

**fiduciary fund
statement of
fiduciary
assets and liabilities**

june 30, 2006

ASSETS

Cash and cash equivalents
Accounts receivable
Total assets

Agency Fund

\$ 37,367
487
\$ 37,854

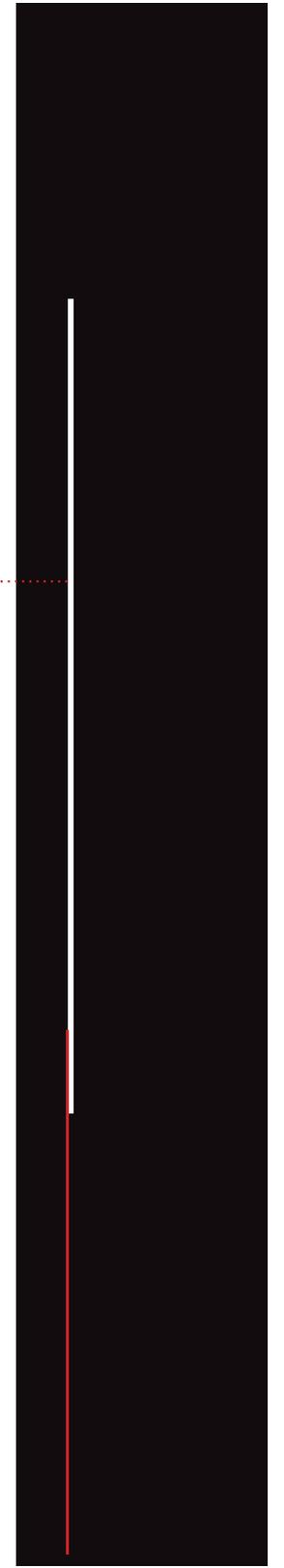
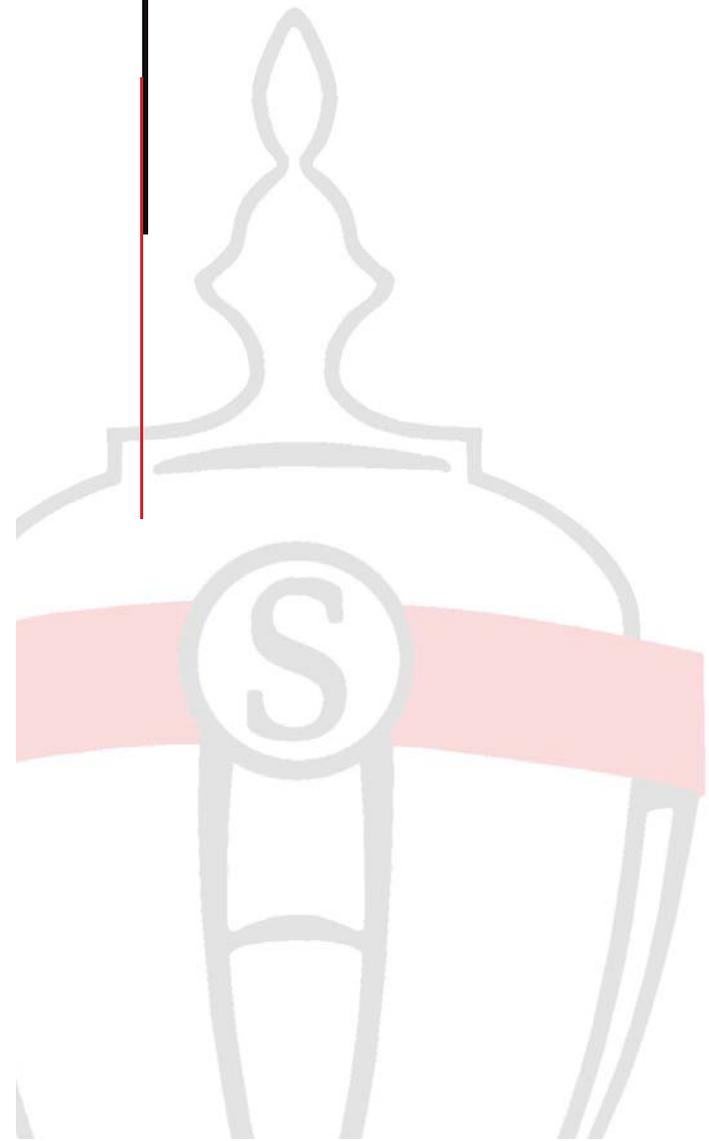
LIABILITIES

Due to others
Total liabilities

\$ 37,854
\$ 37,854

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

notes to the financial statements



**notes to the
financial statements**

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Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Suwanee (the City) operates under a Council-Manager form of government and provides the following services to its citizens: public safety (police), public works, recreation and parks, planning and zoning, building inspection, code enforcement, community development, municipal court services, and general and administrative services. The City also provides water services to a portion of the City's residents.

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

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with GASB Statement No. 14, "The Financial Reporting Entity", the component unit's financial statements have been included as a discretely presented component unit which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The seven (7) members of the Downtown Development Authority are appointed by the City Council and the Authority's budget must be approved by the City Council.

Blended component units, although also legally separate entities, are in substance, part of the City's operations, and data from these units are combined with the data of the City of Suwanee.

The Urban Redevelopment Agency of the City of Suwanee was established as a legally separate entity on August 22, 2002. The five (5) members of the Urban Redevelopment Agency are appointed by the Mayor and City Council and they may also be removed by the Mayor and City Council. The Urban Redevelopment Agency provides a means to issue revenue bonds for development within the City. Although it is legally separate from the City, the Urban Redevelopment Agency is reported as if it were a part of the primary government because its sole purpose is to finance the City's acquisition of property within the City's redevelopment district.

The City of Suwanee Downtown Development Authority and the Urban Redevelopment Agency of the City of Suwanee's financial information is maintained by the City's Finance Department. However, separate financial statements will not be prepared.

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 non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in a different fund.

The **Debt Service Fund** accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest associated with general government functions.

The **2005 Special Purpose Local Option Sales Tax (SPLOST) Fund** accounts for the financial resources provided by a one-cent special local option sales tax approved by voters in 2004.

The **Open Space/Green Space Capital Projects Fund** is used to account for financial resources provided from the 2002 General Obligation Bond Issue. The bonds were issued to fund the purchase of land and green space.

The **Town Center Fountain Fund** is used to account for financial resources that were used to build the interactive fountain at Town Center Park. Funding for this fountain included the funds raised by the Better Parks Campaign, SPLOST funds, and a construction assistance grant from Gwinnett County.

The **Town Center Facility Improvements Capital Projects Fund** is used to account for the long-term capital facility project at the Town Center URA property site. Current funding for this project has been provided by the funds raised from the parcels sold at the URA property site.

The City aggregates other nonmajor governmental funds in a single column in the fund financial statements.

The City reports the following major enterprise fund:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system including all revenues from sources applicable to the system's operations and all expenses of the operation.

Additionally, the City reports the following fund types:

The **agency fund** is used to account for assets held by the City's Municipal Court until they can be disbursed to other parties.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. The fiduciary fund financial statements report on the *accrual basis of accounting* yet the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other taxes are recognized predominately when the underlying transaction occurs. 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 for current obligations. 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 payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income 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 City.

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

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

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

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. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in: obligations of the United States, the State of Georgia and other political subdivisions of the State of Georgia, and other states; prime banker's acceptances; repurchase agreements; and the Georgia local government investment pool (Georgia Fund I). The City's investments are reported at fair value, based on quoted market prices.

E. Interfund Receivables and Payables

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

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

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

| Asset | Years |
|------------------------------|--------|
| Land improvements | 50 |
| Buildings | 50 |
| Public domain infrastructure | 50-100 |
| System infrastructure | 10-40 |
| Equipment | 3-30 |

G. Compensated Absences

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

H. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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 funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

I. Net Assets and Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Net assets in the statement of net assets are distinguished between amounts invested in capital assets (net of any related debt), amounts that are restricted for use by third parties or outside requirements, and amounts that are unrestricted.

J. Use of Estimates

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

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

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,794,401 difference are as follows:

| | |
|--|------------------------|
| Capital leases payable | \$ (172,925) |
| Compensated absences payable | (216,476) |
| Bonds payable | <u>(16,405,000)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u>\$ (16,794,401)</u> |

Note 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

The City of Suwanee, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City’s annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipation is designed to help insure fiscal responsibility and maintain a balanced budget. Budgeting is the responsibility of the Mayor and the City Council members, with assistance provided by the City Manager and his designated staff persons.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted by passage of an ordinance.
4. The budget was originally adopted on June 21, 2005. The level of legal budgetary control is the department level. Council approval is required to increase or decrease the total budget of any department.

5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds, and Debt Service Funds. Project length budgets are adopted for all Capital Projects Funds.

The supplementary budgetary appropriations made were not material.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At June 30, 2006, there were no outstanding encumbrances.

B. Deficit Fund Equity

The Town Center Fountain and Town Center URA Capital Projects Funds had deficit fund balances of \$57,440 and \$5,490, respectively, as of June 30, 2006. The Town Center Fountain deficit will be eliminated by a grant from Gwinnett County. The Town Center URA deficit will be eliminated by the sale of Lot 4 of the URA property site.

Note 4. DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2006 the City has no uncollateralized deposits.

Investments. At June 30, 2006, the City's investments consisted solely of certificates of deposit which do not qualify as cash equivalents under the City's policy. All certificates of deposit are covered under the custodial credit risk – deposit footnote above.

Note 5. RECEIVABLES

The City receives property tax assessments from Gwinnett County. Tax bills were levied on all real and personal property as of January 1, 2005 and were mailed to taxpayers on October 1, 2005. The due date for these taxes was December 20, 2005, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2006. Receivables are recorded when taxes are levied and billed (October 1).

Receivables at June 30, 2006 for the City's individual major funds and nonmajor funds in the aggregate are as follows. There is no allowance for uncollectible accounts related to these receivables.

| | General | 2005 SPLOST | Other Governmental Funds | Water and Sewer | Total |
|-----------------------|-------------------|-------------------|--------------------------------|--------------------|-------------------|
| Receivables: | | | | | |
| Property taxes | \$ 354,740 | \$ - | \$ - | \$ - | \$ 354,740 |
| Sales taxes | - | 288,690 | - | - | 288,690 |
| Other | 138,456 | - | 13,452 | 6,716 | 158,624 |
| Net total receivables | <u>\$ 493,196</u> | <u>\$ 288,690</u> | <u>\$ 13,452</u> | <u>\$ 6,716</u> | <u>\$ 802,054</u> |

Note 6. CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|---------------------|---------------------|------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 10,092,199 | \$ 370,621 | \$ (226,738) | \$ - | \$ 10,236,082 |
| Construction in progress | 4,736,135 | 959,445 | - | (927,088) | 4,768,492 |
| Total | <u>14,828,334</u> | <u>1,330,066</u> | <u>(226,738)</u> | <u>(927,088)</u> | <u>15,004,574</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 263,185 | 3,608 | - | - | 266,793 |
| Buildings and improvements | 6,235,314 | 2,146 | (5,776) | 927,088 | 7,158,772 |
| Machinery and equipment | 972,708 | 106,802 | (40,304) | - | 1,039,206 |
| Vehicles | 792,379 | 187,923 | (44,774) | - | 935,528 |
| Infrastructure | 25,330,808 | 5,804,985 | - | - | 31,135,793 |
| Total | <u>33,594,394</u> | <u>6,105,464</u> | <u>(90,854)</u> | <u>927,088</u> | <u>40,536,092</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 105,692 | 13,047 | - | - | 118,739 |
| Buildings and improvements | 365,577 | 181,651 | (5,776) | - | 541,452 |
| Machinery and equipment | 520,757 | 89,755 | (38,306) | - | 572,206 |
| Vehicles | 438,179 | 132,982 | (44,774) | - | 526,387 |
| Infrastructure | 6,683,471 | 963,573 | - | - | 7,647,044 |
| Total | <u>8,113,676</u> | <u>1,381,008</u> | <u>(88,856)</u> | <u>-</u> | <u>9,405,828</u> |
| Total capital assets, being depreciated, net | <u>25,480,718</u> | <u>4,724,456</u> | <u>(1,998)</u> | <u>927,088</u> | <u>31,130,264</u> |
| Governmental activities capital assets, net | <u>\$ 40,309,052</u> | <u>\$ 6,054,522</u> | <u>\$ (228,736)</u> | <u>\$ -</u> | <u>\$ 46,134,838</u> |

Business capital assets activity for the year ended June 30, 2006 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|------------------|-------------------|-------------|---------------------|
| Business-type activities / Water and Sewer Fund: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 7,500 | \$ - | \$ - | \$ - | \$ 7,500 |
| Construction in progress | 363,940 | 45,645 | - | - | 409,585 |
| Total | <u>371,440</u> | <u>45,645</u> | <u>-</u> | <u>-</u> | <u>417,085</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 4,944 | - | - | - | 4,944 |
| Machinery and equipment | 19,664 | - | (3,643) | - | 16,021 |
| Water system | 2,210,122 | - | - | - | 2,210,122 |
| Total | <u>2,234,730</u> | <u>-</u> | <u>(3,643)</u> | <u>-</u> | <u>2,231,087</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 1,607 | 247 | - | - | 1,854 |
| Machinery and equipment | 4,698 | 547 | (1,428) | - | 3,817 |
| Water system | 397,285 | 34,000 | - | - | 431,285 |
| Total | <u>403,590</u> | <u>34,794</u> | <u>(1,428)</u> | <u>-</u> | <u>436,956</u> |
| Total capital assets, being depreciated, net | <u>1,831,140</u> | <u>(34,794)</u> | <u>(2,215)</u> | <u>-</u> | <u>1,794,131</u> |
| Business-type activities capital assets, net | <u>\$ 2,202,580</u> | <u>\$ 10,851</u> | <u>\$ (2,215)</u> | <u>\$ -</u> | <u>\$ 2,211,216</u> |

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

| | |
|--|---------------------|
| Governmental activities: | |
| General Government | \$ 73,958 |
| Judicial | 3,412 |
| Public Safety | 152,697 |
| Public Works | 988,890 |
| Culture & Recreation | 151,061 |
| Housing & Development | <u>10,990</u> |
| Total depreciation expense - governmental activities | <u>\$ 1,381,008</u> |

Note 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2006.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities | | | | | |
| Capital leases | \$ 134,170 | \$ 133,403 | \$ (94,648) | \$ 172,925 | \$ 92,756 |
| General obligation bonds | 16,740,000 | - | (335,000) | 16,405,000 | 350,000 |
| Compensated absences | <u>226,600</u> | <u>160,754</u> | <u>(170,878)</u> | <u>216,476</u> | <u>69,272</u> |
| Governmental activities Long-term liabilities | <u>\$ 17,100,770</u> | <u>\$ 294,157</u> | <u>\$ (600,526)</u> | <u>\$ 16,794,401</u> | <u>\$ 512,028</u> |

For governmental activities, compensated absences and capital leases are generally liquidated by the General Fund.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| Business-type activities | | | | | |
| Notes payable | \$ 106,685 | \$ 260,699 | \$ - | \$ 367,384 | \$ - |
| Business-type activities Long-term liabilities | <u>\$ 106,685</u> | <u>\$ 260,699</u> | <u>\$ -</u> | <u>\$ 367,384</u> | <u>\$ -</u> |

Capital Leases. The City has entered into lease agreements as lessee for financing the acquisition of vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The cost of assets under capital leases as of June 30, 2006:

| | |
|-----------|------------------------------------|
| | Governmental Activities |
| Equipment | \$ <u>308,135</u> |

The City's total capital lease debt service requirements to maturity are as follows:

| | | |
|--|----|-----------------------|
| Fiscal year ending June 30, | | |
| 2007 | \$ | 98,770 |
| 2008 | | 59,308 |
| 2009 | | 23,642 |
| Total minimum lease payments | | <u>181,720</u> |
| Less amount representing interest | | 8,795 |
| Present value of future minimum lease payments | \$ | <u><u>172,925</u></u> |

General Obligation Bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. During the 2002 fiscal year, the City issued \$17,695,000 in general obligation bonds to finance the costs of acquiring and improving land to be used for greenspace and passive park and recreational areas. The bonds, maturing in January 2032, have interest rates that range from 4.50% to 7.00%. The amount of general obligation bonds outstanding at June 30, 2006 is \$16,405,000.

The debt service requirements to maturity on the general obligation bonds are as follows:

| Year ending June 30, | Principal | Interest |
|----------------------|-----------------------------|-----------------------------|
| 2007 | \$ 350,000 | \$ 877,856 |
| 2008 | 360,000 | 853,356 |
| 2009 | 370,000 | 828,156 |
| 2010 | 390,000 | 802,256 |
| 2011 | 405,000 | 774,956 |
| 2012-2016 | 2,290,000 | 3,500,206 |
| 2017-2021 | 2,865,000 | 2,880,344 |
| 2022-2026 | 3,645,000 | 2,077,232 |
| 2027-2031 | 4,655,000 | 1,038,450 |
| 2032 | 1,075,000 | 56,438 |
| Total | \$ <u><u>16,405,000</u></u> | \$ <u><u>13,689,250</u></u> |

Notes Payable. During the year ended June 30, 2006, the Water and Sewer Fund had a construction loan approved of up to \$380,000 with the Georgia Environmental Facilities Authority. This construction loan bears interest of 3.98%. As of June 30, 2006, the City had drawn funds in the amount of \$367,384 on this construction loan. When construction is complete, the City has an agreement with the Georgia Environmental Facilities Authority to transfer the full amount of the construction loan drawn into a long-term note payable. No amount of this note is expected to be payable in the next fiscal year and thus the amount drawn to date is classified as long-term.

Note 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2006 is as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------------------|------------------|
| General Fund | Town Center - Facility Improvements | \$ 50,000 |
| | | <u>\$ 50,000</u> |

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

The composition of interfund transfers for the year ended June 30, 2006 is as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|-----------------------------------|-----------------------------|---------------------|
| Town Center Fountain | 2005 SPLOST | \$ 388,816 |
| Town Center Facility Improvements | General Fund | 189,000 |
| Town Center Facility Improvements | Nonmajor governmental funds | 770,000 |
| Debt Service Fund | General Fund | 1,228,500 |
| Water and Sewer | General Fund | 36,400 |
| 2005 SPLOST | Nonmajor governmental funds | 10,000 |
| Nonmajor governmental funds | General Fund | 311,080 |
| | | <u>\$ 2,933,796</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission (Regional Development Center - RDC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2006, the City's membership dues were paid by Gwinnett County, Georgia. The City did not pay any annual dues. 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 chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

Atlanta Regional Commission
Office of Financial Services Manager
40 Courtland Street NE
Atlanta, GA 30303

Note 10. PENSION PLAN

Effective November 1, 2005, the City changed its retirement program for full time employees from a 401(a) defined contribution plan, the City of Suwanee Money Purchase Pension Plan, to a defined benefit plan, the Georgia Municipal Association Employee Pension Plan for the City of Suwanee. Employees hired or rehired on or after November 1, 2005 automatically participate in the defined benefit plan. Current employees hired before November 1, 2005 had a choice of remaining in the 401(a) plan or electing to participate in the defined benefit plan. Employees that remained in the 401(a) plan will continue to receive contributions under the terms of the 401(a) plan.

Defined Contribution Plan

The City of Suwanee Money Purchase Pension Plan, a defined contribution plan is administered by an insurance company, the Prudential Financial Group. A participant is covered after ninety (90) days of service. The City is required to contribute 5% of annual covered payroll, with 100% of these funds going into a fixed-rate savings account. The City's total payroll for the fiscal year was \$3,414,433, including \$1,299,834 of payroll covered by this plan. Contributions by the City totaled \$53,510 for the fiscal year ended June 30, 2006. Plan provisions and contribution requirements are established by City ordinance and may be amended by the Suwanee City Council.

The employee vesting schedule for the 401 (a) plan is as follows:

| | |
|-------------------|------|
| Less than 2 years | 0% |
| 2 years | 20% |
| 3 years | 40% |
| 4 years | 60% |
| 5 years | 80% |
| 6 years | 100% |

Defined Benefit Plan

Employees electing to participate in the Georgia Municipal Association Employee Pension Plan for the City of Suwanee, (the GMA plan), ceased contributions to the 401(a) plan on November 1, 2005 and all related, subsequent contributions were made to the GMA plan. Prior full time service with the City was counted for eligibility for retirement and death benefits for vesting. The City contributed 20% of full time service with the City before November 1, 2005 towards the amount of benefits payable under the plan. Employees may use their funds in the 401(a) plan to purchase some or all of the remaining past service to increase the amount of benefits payable under the plan. The GMA plan currently requires an annual employee contribution of 2% and the City contributes 11% of regular earnings.

The GMA plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The GMA Plan is an agent multiple-employer pension plan, administered by Towers Perrin. The City Council, in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements, of the GMA Plan, as provided in the Plan document. GMA issued a publicly available financial report that includes financial statements and required supplementary information. Benefits are provided by the GMA plan whereby retirees receive 1.5% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street SW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

Membership

At June 30, 2006, the Plan membership consisted of the following:

| | |
|--|-----------|
| Retired participants and beneficiaries currently receiving benefits | - |
| Terminated participants and beneficiaries entitled to benefits, but not yet receiving benefits | - |
| Active participants | 73 |
| Total | <u>73</u> |

Funding Policy. The City is required to contribute an actuarially determined amount annually to The Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by GMA Plan trustees and meets or exceeds the minimum contribution requirement contained in State of Georgia statutes.

Annual Pension Cost. The City's annual pension cost and net pension obligation for the current year were determined as follows:

| <u>Derivation of Annual Pension Cost</u> | <u>June 30, 2006</u> |
|--|----------------------|
| Annual required contribution | \$ 173,236 |
| Interest on net pension asset | - |
| Adjustment of net pension asset | - |
| Annual pension cost | <u>\$ 173,236</u> |

| <u>Basis of Valuation</u> | |
|---------------------------------------|------------------|
| Current Valuation Date | November 1, 2005 |
| Annual Return on Invested Plan Assets | 8.0% |
| Projected Annual Salary Increases | 4.5% |
| Expected Annual Inflation | 3.0% |
| Actuarial Value of Assets | Market Value |
| Actuarial Cost Methodology | Aggregate |
| Amortization Method | N/A |
| Remaining Amortization Period | N/A |

The aggregate actuarial cost methodology, which does not identify or separately amortize any unfunded actuarial accrued liabilities, is used by the GMA Plan. As a result, no Schedule of Funding Progress is included as required supplementary information of this report.

| <u>Fiscal Year Beginning</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual City Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Asset</u> |
|------------------------------|----------------------------------|---------------------------------|--------------------------------------|--------------------------|
| 7/1/05 | \$ 173,236 | 173,236 | 100% | \$ - |

Prior trend information does not exist as the GMA Plan started in fiscal year 2006. As information is accumulated, then trend history of the annual pension cost and actual city contributions will be presented.

Note 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

A part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three (3) years have not exceeded insurance coverage.

Note 12. COMMITMENTS AND CONTINGENCIES

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet at June 30, 2006, the City has contractual commitments on uncompleted construction contracts of approximately \$110,004 for building renovation, community development, and expansion.

Litigation:

The City is involved in several pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

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

Note 13. HOTEL MOTEL TAX

The City believes it is in compliance with OCGA Section 36-81-7 related to the disbursement of hotel/motel taxes collected. Obligated collections were \$144,528 (40% of \$361,321) as reported in the City's Hotel/Motel Tax Fund. Expenditures totaled \$95,361 leaving a fund balance of \$125,446 to be used for tourism and trade.

Note 14. FUND CHANGES

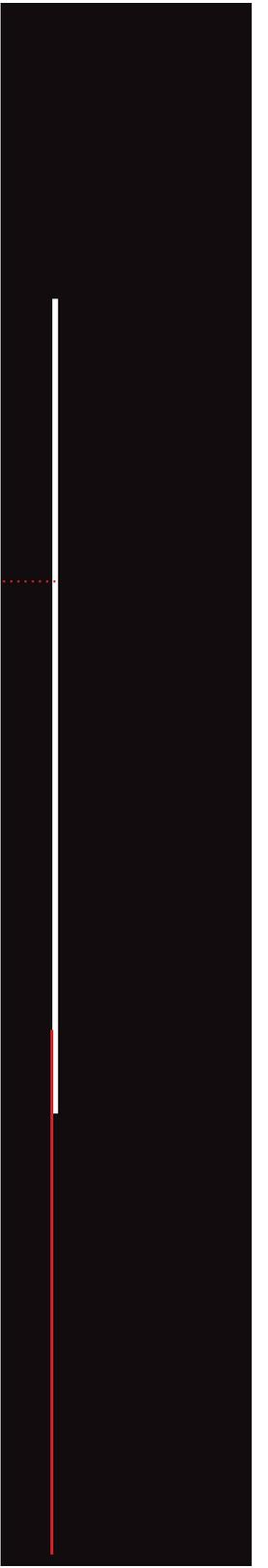
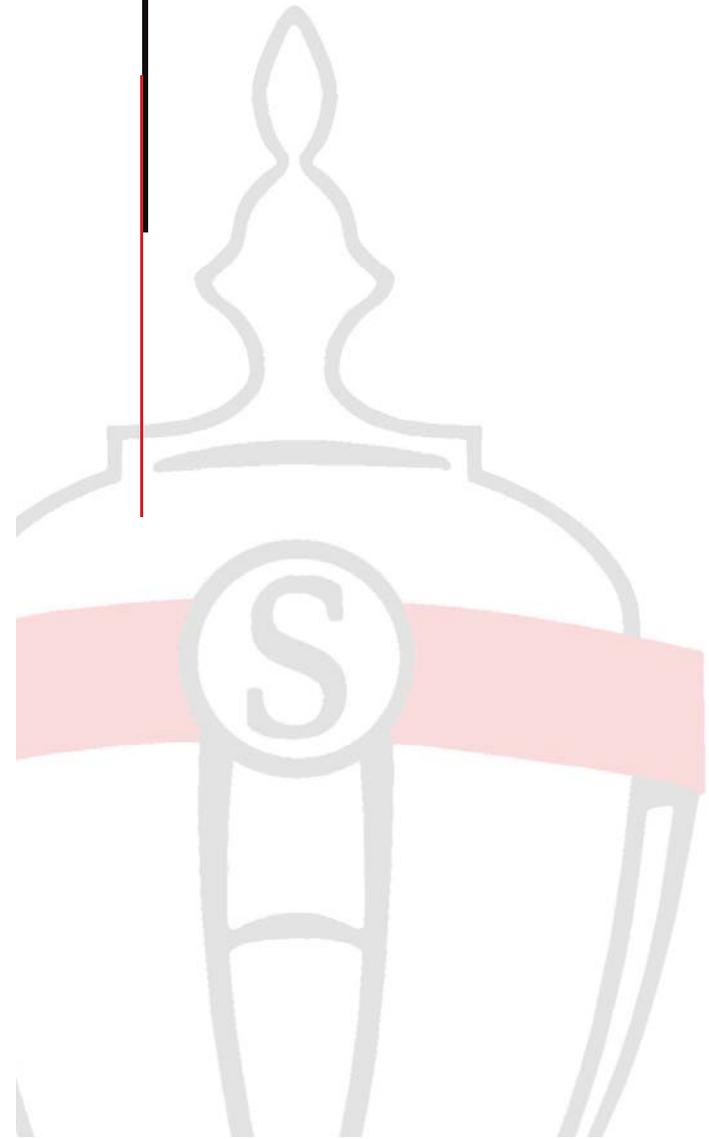
The following funds were created during the current fiscal year:

The Public Works Yard Expansion Fund was created as a capital projects fund. This fund will be used to account for financial resources to be used for the expansion of the Public Works yard.

Note 15. SPECIAL ITEM

During fiscal year 2006, the City sold one track of land with a book value of \$217,739. The parcel was sold for \$775,000 resulting in a gain on the sale of capital assets of \$557,261 reported in the government-wide financial statements. This gain on the sale of capital assets was reported as a special item in the Statement of Activities due to the infrequent nature with which the City sells land that it owns. The proceeds from the sale were also reported in the non-major governmental fund financial statements as a special item of \$775,000.

governmental funds



**non-major
governmental funds
special revenue**

- Suwanee Day**Accounts for the donations received for the production of Suwanee Day.
- Better Parks Campaign**.....Accounts for financial resources associated with fund raising for Long Beach Mississippi.
- Cemetery**Accounts for donations and contributions received for the Jackson Street Cemetery project.
- Confiscated Assets**.....Accounts for cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.
- Hotel/Motel Tax**.....Accounts for the hotel/motel taxes collected as required by law.

**non-major
governmental funds
capital projects**

- Paved Streets**.....Accounts for the financial resources that will be used to pave various streets in the city.
- Storm Drainage**.....Accounts for the financial resources that will be used to improve storm drainage systems in the city.
- Town Center URA**Accounts for the financial resources provided from the Urban Redevelopment Revenue bond issue. In September 2002, the City issued \$1.4 million in revenue bonds to finance the cost of acquiring and improving land to be used for the Town Center project and the future City facility. The 2002 revenue bond was paid in full during fiscal year 2005.
- Public Works Yard Expansion**....Accounts for the financial resources for the acquisition of three parcels next to the current public works yard on Mary Lou Street. Purchasing these parcels will allow for the expansion of the current yard.
- Pedestrian Underpass**Accounts for financial resources to be used to construct a pedestrian tunnel that connects from City Hall to Main Street.

non-major
governmental funds
combining balance
sheet

june 30, 2006

| | Special Revenue | | | | | |
|--------------------------------------|------------------|--------------------------|------------------|-----------------------|--------------------|-------------------|
| | Suwanee Day | Better Parks Campaign | Cemetery Fund | Confiscated Assets | Hotel/Motel Tax | Total |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 24,745 | \$ 21,248 | \$ 21,439 | \$ 16,502 | \$ 53,541 | \$ 137,475 |
| Investments | - | - | - | - | 59,826 | 59,826 |
| Accounts receivable | - | - | - | - | 13,452 | 13,452 |
| Restricted cash | - | - | - | - | - | - |
| Total assets | <u>\$ 24,745</u> | <u>\$ 21,248</u> | <u>\$ 21,439</u> | <u>\$ 16,502</u> | <u>\$ 126,819</u> | <u>\$ 210,753</u> |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,288 | \$ - | \$ - | \$ - | \$ 1,373 | \$ 2,661 |
| Escrow deposits | - | - | - | - | - | - |
| Total liabilities | <u>1,288</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,373</u> | <u>2,661</u> |
| Fund balances: | | | | | | |
| Unreserved, undesignated | <u>23,457</u> | <u>21,248</u> | <u>21,439</u> | <u>16,502</u> | <u>125,446</u> | <u>208,092</u> |
| Total fund balances | <u>23,457</u> | <u>21,248</u> | <u>21,439</u> | <u>16,502</u> | <u>125,446</u> | <u>208,092</u> |
| Total liabilities and fund balances | <u>\$ 24,745</u> | <u>\$ 21,248</u> | <u>\$ 21,439</u> | <u>\$ 16,502</u> | <u>\$ 126,819</u> | <u>\$ 210,753</u> |

Capital Projects

| <u>Paved Streets</u> | <u>Storm Drainage</u> | <u>Town Center URA</u> | <u>Public Works Yard Expansion</u> | <u>Pedestrian Underpass</u> | <u>Total</u> | <u>Total Non-major Governmental Funds</u> |
|----------------------|-----------------------|------------------------|------------------------------------|-----------------------------|-------------------|---|
| \$ 151,248 | \$ 82,844 | \$ 3,565 | \$ 200,000 | \$ 170,865 | \$ 608,522 | \$ 745,997 |
| - | - | - | - | - | - | 59,826 |
| - | - | - | - | - | - | 13,452 |
| - | - | 18,000 | - | - | 18,000 | 18,000 |
| <u>\$ 151,248</u> | <u>\$ 82,844</u> | <u>\$ 21,565</u> | <u>\$ 200,000</u> | <u>\$ 170,865</u> | <u>\$ 626,522</u> | <u>\$ 837,275</u> |
| \$ - | \$ - | \$ 9,055 | \$ - | \$ - | \$ 9,055 | \$ 11,716 |
| - | - | 18,000 | - | - | 18,000 | 18,000 |
| - | - | 27,055 | - | - | 27,055 | 29,716 |
| 151,248 | 82,844 | (5,490) | 200,000 | 170,865 | 599,467 | 807,559 |
| <u>151,248</u> | <u>82,844</u> | <u>(5,490)</u> | <u>200,000</u> | <u>170,865</u> | <u>599,467</u> | <u>807,559</u> |
| <u>\$ 151,248</u> | <u>\$ 82,844</u> | <u>\$ 21,565</u> | <u>\$ 200,000</u> | <u>\$ 170,865</u> | <u>\$ 626,522</u> | <u>\$ 837,275</u> |

non-major governmental funds combining statement of revenues, expenditures, and changes in fund balances

year ended
june 30, 2006

| | Special Revenue | | | | | |
|--|------------------|-----------------------|------------------|--------------------|-------------------|-------------------|
| | Suwanee Day | Better Parks Campaign | Cemetery Fund | Confiscated Assets | Hotel/Motel Tax | Total |
| REVENUES | | | | | | |
| Hotel/motel taxes | \$ - | \$ - | \$ - | \$ - | \$ 144,528 | \$ 144,528 |
| Fines and forfeitures | - | - | - | 16,302 | - | 16,302 |
| Investment income | 728 | 93 | 307 | 69 | 2,068 | 3,265 |
| Contributions and donations | 79,604 | 22,322 | 2,835 | - | - | 104,761 |
| Intergovernmental | - | - | - | - | - | - |
| Total revenues | <u>80,332</u> | <u>22,415</u> | <u>3,142</u> | <u>16,371</u> | <u>146,596</u> | <u>268,856</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Police | - | - | - | 12,285 | - | 12,285 |
| Culture and recreation | 71,287 | - | - | - | - | 71,287 |
| Tourism and trade | - | - | - | - | 95,361 | 95,361 |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | <u>71,287</u> | <u>-</u> | <u>-</u> | <u>12,285</u> | <u>95,361</u> | <u>178,933</u> |
| Excess (deficiency) of revenues over expenditures | 9,045 | 22,415 | 3,142 | 4,086 | 51,235 | 89,923 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfer in | - | - | 10,000 | - | - | 10,000 |
| Transfer out | <u>(10,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,000)</u> |
| Total other financing sources (uses) | <u>(10,000)</u> | <u>-</u> | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Special item - Sale of land | - | - | - | - | - | - |
| Net change in fund balances | (955) | 22,415 | 13,142 | 4,086 | 51,235 | 89,923 |
| FUND BALANCES (DEFICIT) - beginning of year | <u>24,412</u> | <u>(1,167)</u> | <u>8,297</u> | <u>12,416</u> | <u>74,211</u> | <u>118,169</u> |
| FUND BALANCES - end of year | \$ <u>23,457</u> | \$ <u>21,248</u> | \$ <u>21,439</u> | \$ <u>16,502</u> | \$ <u>125,446</u> | \$ <u>208,092</u> |

Capital Projects

| Paved Streets | Storm Drainage | Town Center URA | Public Works Yard Expansion | Pedestrian Underpass | Total | Total Non-major Governmental Funds |
|-------------------|------------------|-------------------|-----------------------------|----------------------|-------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 144,528 |
| - | - | - | - | - | - | 16,302 |
| 2,015 | 1,516 | 968 | - | 3,575 | 8,074 | 11,339 |
| - | - | - | - | - | - | 104,761 |
| <u>19,175</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>19,175</u> | <u>19,175</u> |
| <u>21,190</u> | <u>1,516</u> | <u>968</u> | <u>-</u> | <u>3,575</u> | <u>27,249</u> | <u>296,105</u> |
| - | - | - | - | - | - | 12,285 |
| - | - | - | - | - | - | 71,287 |
| - | - | - | - | - | - | 95,361 |
| <u>22,527</u> | <u>22,286</u> | <u>60,302</u> | <u>-</u> | <u>20,342</u> | <u>125,457</u> | <u>125,457</u> |
| <u>22,527</u> | <u>22,286</u> | <u>60,302</u> | <u>-</u> | <u>20,342</u> | <u>125,457</u> | <u>304,390</u> |
| (1,337) | (20,770) | (59,334) | - | (16,767) | (98,208) | (8,285) |
| 86,080 | 15,000 | - | 200,000 | - | 301,080 | 311,080 |
| <u>-</u> | <u>-</u> | <u>(770,000)</u> | <u>-</u> | <u>-</u> | <u>(770,000)</u> | <u>(780,000)</u> |
| <u>86,080</u> | <u>15,000</u> | <u>(770,000)</u> | <u>200,000</u> | <u>-</u> | <u>(468,920)</u> | <u>(468,920)</u> |
| <u>-</u> | <u>-</u> | <u>775,000</u> | <u>-</u> | <u>-</u> | <u>775,000</u> | <u>775,000</u> |
| 84,743 | (5,770) | (54,334) | 200,000 | (16,767) | 207,872 | 297,795 |
| <u>66,505</u> | <u>88,614</u> | <u>48,844</u> | <u>-</u> | <u>187,632</u> | <u>391,595</u> | <u>509,764</u> |
| \$ <u>151,248</u> | \$ <u>82,844</u> | \$ <u>(5,490)</u> | \$ <u>200,000</u> | \$ <u>170,865</u> | \$ <u>599,467</u> | \$ <u>807,559</u> |

special revenue funds
schedule of revenues,
expenditures, and
changes in fund
balances
budget and actual

year ended
june 30, 2006

Suwanee Day

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ 650 | \$ 728 | \$ 78 |
| Contributions and donations | 61,000 | 80,960 | 79,604 | (1,356) |
| Total revenues | 61,000 | 81,610 | 80,332 | (1,278) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | 61,000 | 71,610 | 71,287 | 323 |
| Total expenditures | 61,000 | 71,610 | 71,287 | 323 |
| Excess of revenues over (under) expenditures | - | 10,000 | 9,045 | (955) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (10,000) | (10,000) | - |
| Total other financing uses | - | (10,000) | (10,000) | - |
| Net change in fund balances | - | - | (955) | (955) |
| FUND BALANCES - beginning of year | 24,412 | 24,412 | 24,412 | - |
| FUND BALANCES - end of year | \$ 24,412 | \$ 24,412 | \$ 23,457 | \$ (955) |

special revenue funds
schedule of revenues,
expenditures, and
changes in fund
balances
budget and actual

year ended
june 30, 2006

Better Parks Campaign

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ 50 | \$ 93 | \$ 43 |
| Contributions and donations | - | 32,675 | 22,322 | (10,353) |
| Total revenues | - | 32,725 | 22,415 | (10,310) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation | - | 32,725 | - | 32,725 |
| Total expenditures | - | 32,725 | - | 32,725 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer out | - | - | - | - |
| Net change in fund balances | - | - | 22,415 | 22,415 |
| FUND BALANCES (DEFICIT)- beginning of year | <u>(1,167)</u> | <u>(1,167)</u> | <u>(1,167)</u> | <u>-</u> |
| FUND BALANCES (DEFICIT) - end of year | <u>\$ (1,167)</u> | <u>\$ (1,167)</u> | <u>\$ 21,248</u> | <u>\$ 22,415</u> |

special revenue funds
schedule of revenues,
expenditures, and
changes in fund
balances
budget and actual

year ended
june 30, 2006

Cemetery

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ - | \$ - | \$ 307 | \$ 307 |
| Contributions and donations | 5,000 | 5,000 | 2,835 | (2,165) |
| Total revenues | 5,000 | 5,000 | 3,142 | (1,858) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 15,000 | 15,000 | - | 15,000 |
| Total expenditures | 15,000 | 15,000 | - | 15,000 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 10,000 | 10,000 | 10,000 | - |
| Net change in fund balances | - | - | 13,142 | 13,142 |
| FUND BALANCES - beginning of year | 8,297 | 8,297 | 8,297 | - |
| FUND BALANCES - end of year | \$ 8,297 | \$ 8,297 | \$ 21,439 | \$ 13,142 |

special revenue funds
schedule of revenues,
expenditures, and
changes in fund
balances
budget and actual

year ended
june 30, 2006

Confiscated Assets

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ - | \$ 16,350 | \$ 16,302 | \$ (48) |
| Investment income | - | 50 | 69 | 19 |
| Total revenues | - | 16,400 | 16,371 | (29) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Police | - | 16,400 | 12,285 | 4,115 |
| Total expenditures | - | 16,400 | 12,285 | 4,115 |
| Net change in fund balances | - | - | 4,086 | 4,086 |
| FUND BALANCES - beginning of year | 12,416 | 12,416 | 12,416 | - |
| FUND BALANCES - end of year | \$ 12,416 | \$ 12,416 | \$ 16,502 | \$ 4,086 |

special revenue funds
 schedule of revenues,
 expenditures, and
 changes in fund
 balances
 budget and actual

year ended
 june 30, 2006

Hotel/Motel Tax Fund

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|-------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Hotel/motel taxes | \$ 123,480 | \$ 123,480 | \$ 144,528 | \$ 21,048 |
| Investment income | 2,000 | 2,000 | 2,068 | 68 |
| Total revenues | <u>125,480</u> | <u>125,480</u> | <u>146,596</u> | <u>21,116</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Tourism and trade | <u>132,580</u> | <u>125,480</u> | <u>95,361</u> | <u>30,119</u> |
| Total expenditures | <u>132,580</u> | <u>125,480</u> | <u>95,361</u> | <u>30,119</u> |
| Net change in fund balances | (7,100) | - | 51,235 | 51,235 |
| FUND BALANCES - beginning of year | <u>74,211</u> | <u>74,211</u> | <u>74,211</u> | - |
| FUND BALANCES - end of year | \$ <u><u>67,111</u></u> | \$ <u><u>74,211</u></u> | \$ <u><u>125,446</u></u> | \$ <u><u>51,235</u></u> |

special revenue funds
schedule of revenues,
expenditures, and
changes in fund
balances
budget and actual

year ended
june 30, 2006

Debt Service

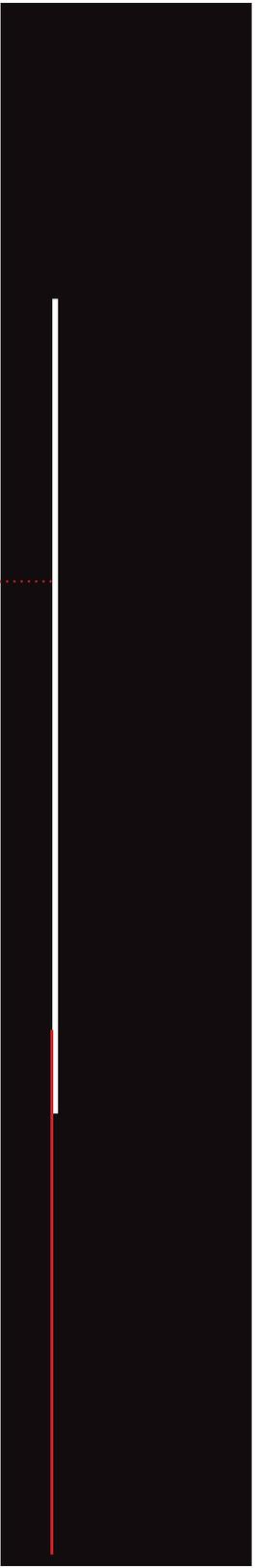
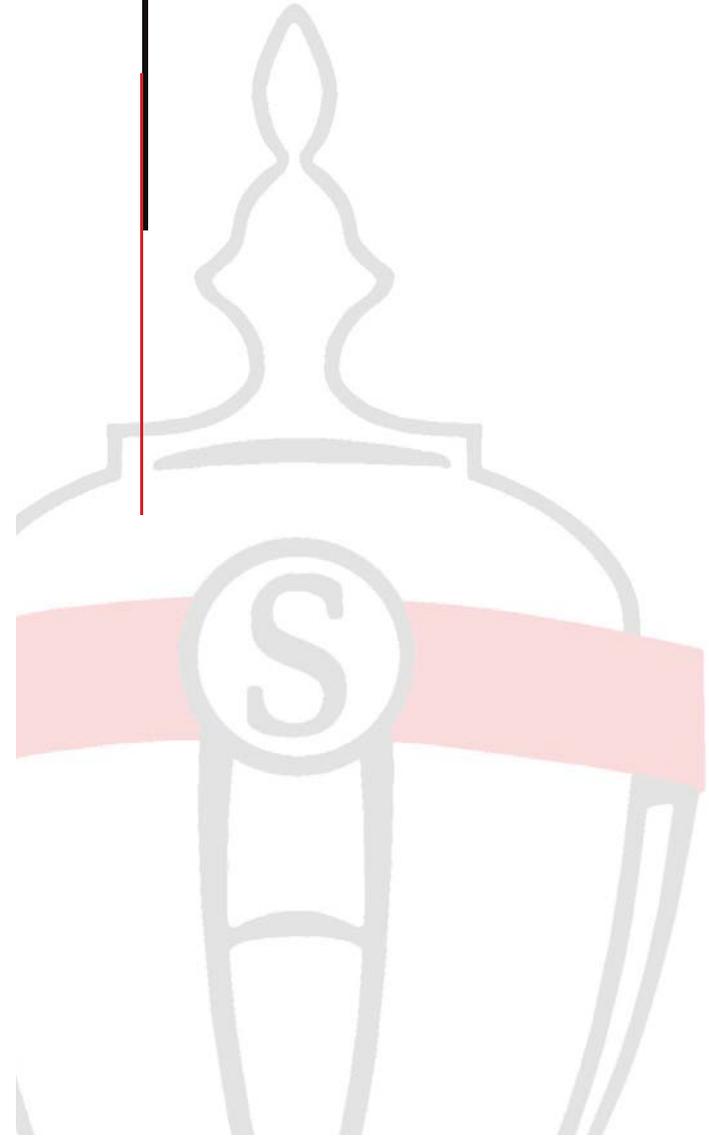
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ 2,500 | \$ 2,500 | \$ 11,850 | \$ 9,350 |
| Total revenues | <u>2,500</u> | <u>2,500</u> | <u>11,850</u> | <u>9,350</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal retirement | 335,000 | 335,000 | 335,000 | - |
| Interest | <u>892,840</u> | <u>892,840</u> | <u>885,819</u> | <u>7,021</u> |
| Total expenditures | <u>1,227,840</u> | <u>1,227,840</u> | <u>1,220,819</u> | <u>7,021</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | <u>1,225,340</u> | <u>1,225,340</u> | <u>1,228,500</u> | <u>3,160</u> |
| Net change in fund balances | - | - | 19,531 | 19,531 |
| FUND BALANCES - beginning of year | <u>412,328</u> | <u>412,328</u> | <u>412,328</u> | - |
| FUND BALANCES - end of year | <u>\$ 412,328</u> | <u>\$ 412,328</u> | <u>\$ 431,859</u> | <u>\$ 19,531</u> |

**SPLOST proceeds
schedule of
expenditures
2005 issue

year ended
june 30, 2006**

| Description | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|--|-------------------------------|------------------------------|----------------|-------------------|-------------------|
| Roads, Streets & Bridges | \$ 4,642,660 | \$ 4,642,660 | \$ - | \$ 159,686 | \$ 159,686 |
| Recreational Facilities | 900,000 | 900,000 | - | 436,988 | 436,988 |
| Public Safety Facilities and Equipment | <u>1,054,400</u> | <u>1,054,400</u> | <u>-</u> | <u>420</u> | <u>420</u> |
| | <u>\$ 6,597,060</u> | <u>\$ 6,597,060</u> | <u>\$ -</u> | <u>\$ 597,094</u> | <u>\$ 597,094</u> |

agency fund



agency fund

Municipal Court Fund - Accounts for the collection of various fines and forfeitures (mostly traffic violations) which are disbursed to other parties.

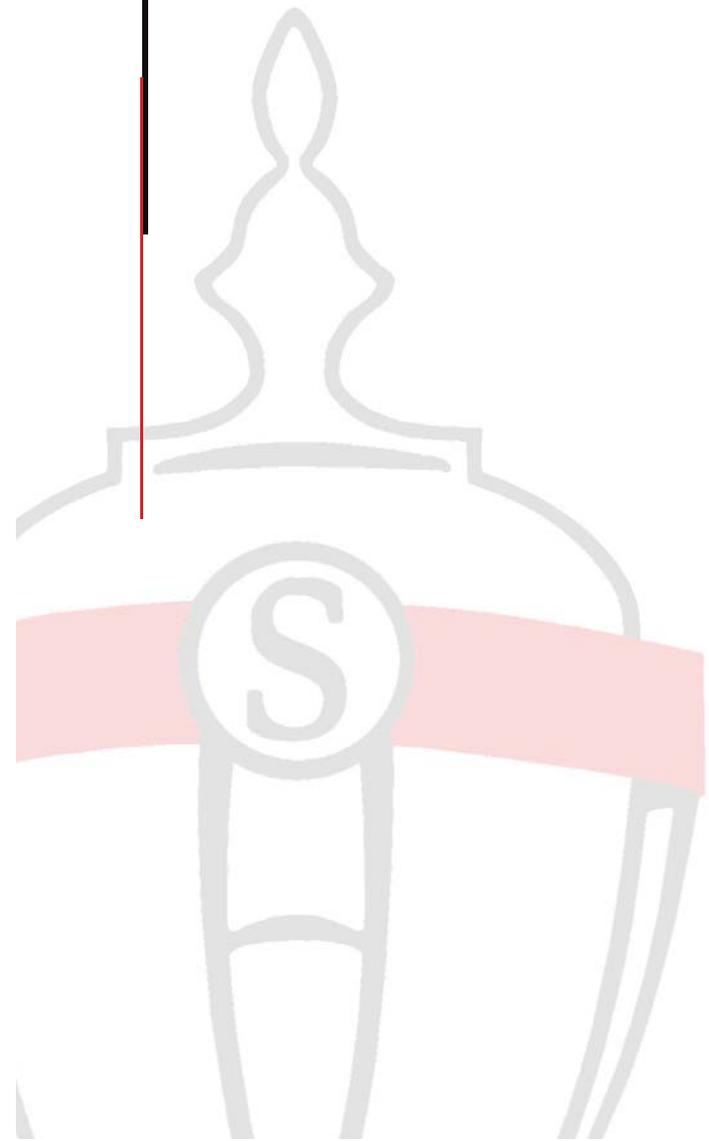
suwanee crossroads center - municipal court building



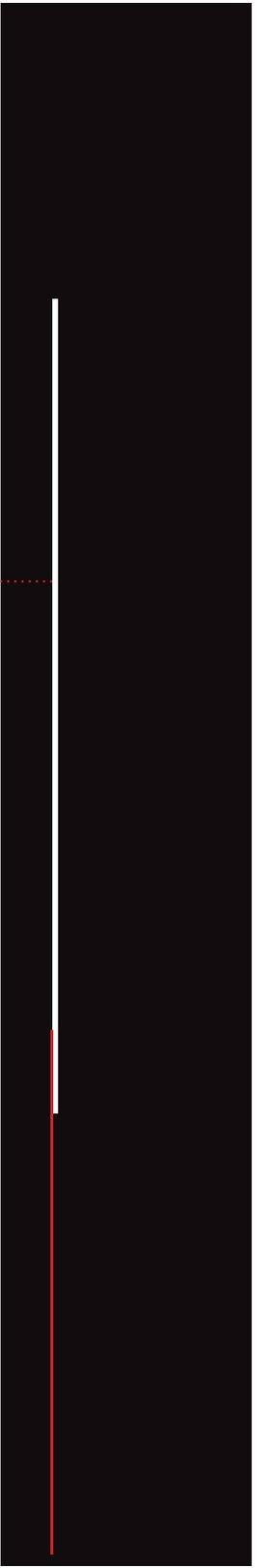
**municipal court fund
statement of changes
in assets and
liabilities**

**year ended
june 30, 2006**

| | Balance June 30, 2005 | Increases | Decreases | Balance June 30, 2006 |
|---------------------------|--------------------------|---------------------|---------------------|--------------------------|
| Cash and cash equivalents | \$ 31,611 | \$ 1,583,832 | \$ 1,578,076 | \$ 37,367 |
| Accounts receivable | 1,387 | 2,000 | 2,900 | 487 |
| Total assets | <u>32,998</u> | <u>1,585,832</u> | <u>1,580,976</u> | <u>37,854</u> |
| Due to others | 32,998 | 1,585,832 | 1,580,976 | 37,854 |
| Total liabilities | <u>\$ 32,998</u> | <u>\$ 1,585,832</u> | <u>\$ 1,580,976</u> | <u>\$ 37,854</u> |



component unit



component unit

Downtown Development Authority - The mission of the Downtown Development Authority of the City of Suwanee is to revitalize, create, and historically preserve, and maintain Old Town Suwanee so that it is a symbol of community pride, making it the heart of the City, and a visible example of why Suwanee is a great place to live, work, play, invest, and do business.

pierces corner - downtown suwanee



component unit
balance sheet

june 30, 2006

Downtown
Development
Authority

ASSETS

Cash and cash equivalents

\$ 45,050

Total assets

45,050

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable

-

Total Liabilities

-

Fund balances:

Unreserved, undesignated

45,050

Total fund balances

45,050

Total liabilities and fund balances

\$ 45,050

Reconciliation of the balance sheet to the statement of net assets:

Fund balance

\$ 45,050

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

394,875

Net assets of governmental activities

\$ 439,925

component unit
statement of
revenues,
expenditures and
changes in
fund balance

year ended
june 30, 2006

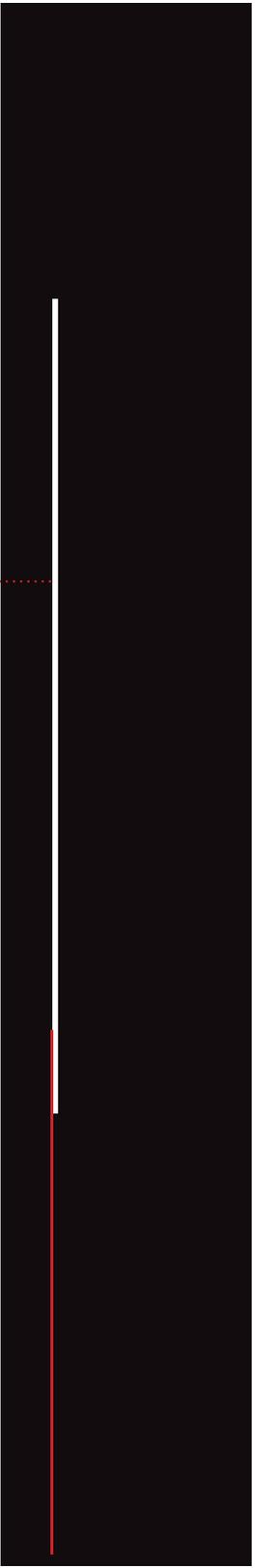
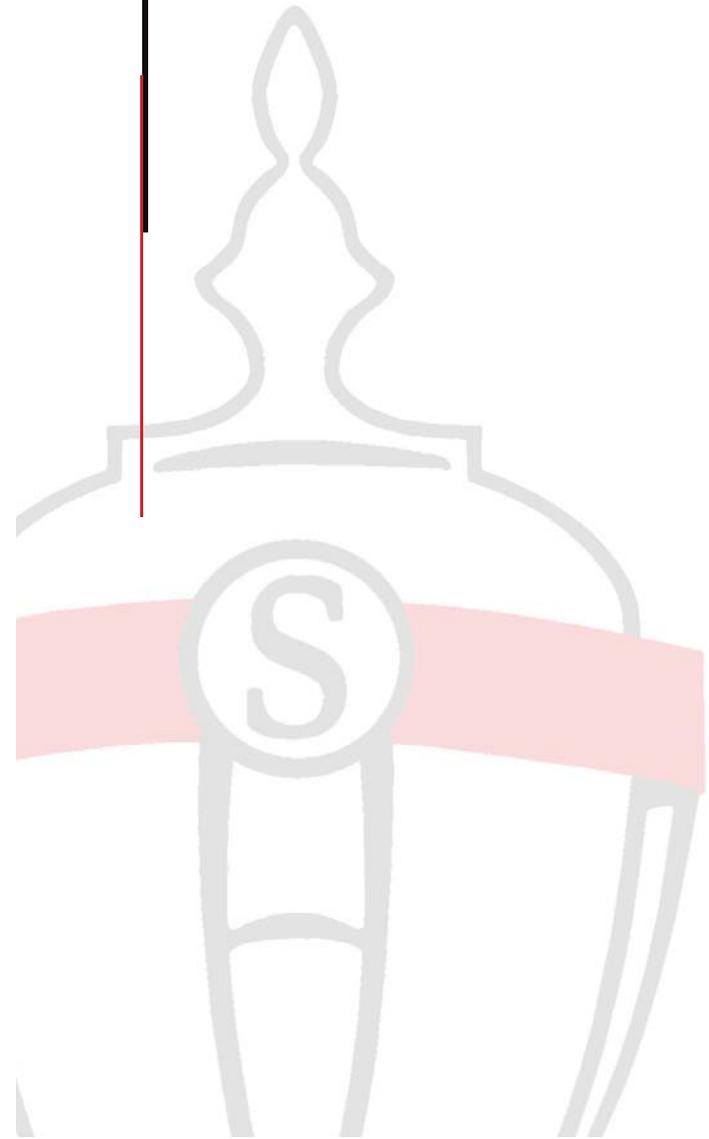
| | | Downtown Development Authority |
|--|--|--------------------------------------|
| REVENUES | | |
| Investment income | | \$ 228 |
| Contributions and donations | | <u>75,110</u> |
| Total revenues | | <u>75,338</u> |
| EXPENDITURES | | |
| Current: | | |
| Housing and development | | <u>40,204</u> |
| Total expenditures | | <u>40,204</u> |
| Excess of revenues over expenditures | | 35,134 |
| FUND BALANCES, beginning of year | | <u>9,916</u> |
| FUND BALANCES, end of year | | <u>\$ 45,050</u> |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balance to the statement of activities: | | |
| Net change in fund balance | | \$ 35,134 |
| Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Assets, the costs of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Depreciation expense | | <u>(8,100)</u> |
| Changes in net assets of governmental activities | | <u>\$ 27,034</u> |

component unit
schedule of revenues,
expenditures,
and changes in
fund balances
budget and actual

year ended
june 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment income | \$ 12 | \$ 12 | \$ 228 | \$ 216 |
| Contributions and donations | <u>75,100</u> | <u>75,100</u> | <u>75,110</u> | <u>10</u> |
| Total revenues | <u>75,112</u> | <u>75,112</u> | <u>75,338</u> | <u>226</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Housing and development | <u>75,112</u> | <u>75,112</u> | <u>40,204</u> | <u>34,908</u> |
| Total expenditures | <u>75,112</u> | <u>75,112</u> | <u>40,204</u> | <u>34,908</u> |
| Excess of revenues over expenditures | - | - | 35,134 | 35,134 |
| FUND BALANCES - beginning of year | <u>9,916</u> | <u>9,916</u> | <u>9,916</u> | <u>-</u> |
| FUND BALANCES - end of year | <u>\$ 9,916</u> | <u>\$ 9,916</u> | <u>\$ 45,050</u> | <u>\$ -</u> |

statistical section



statistical section

The statistical section provides users with additional historical perspective, content, and detail to assist in understanding the information in the financial statements, notes to financial statements, required supplementary information, and for assessing the City's economic condition.

| contents | page |
|--|------|
| financial trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | S-2 |
| revenue capacity These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes. | S-13 |
| debt capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | S-19 |
| 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. | S-24 |
| operating information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs. | S-26 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The City implemented GASB statement 34 for fiscal year June 20, 2004; schedules presenting government-wide information start with fiscal year 2004.

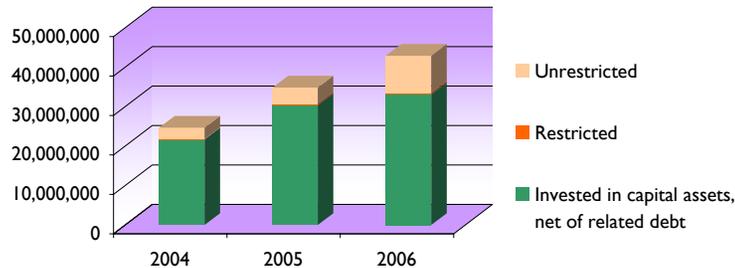
net assets by component
last three fiscal years
(accrual basis of accounting)

| | Fiscal Year | | |
|--|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 |
| Governmental activities ⁽¹⁾ | | | |
| Invested in capital assets, net of related debt | \$ 19,798,930 | \$ 28,249,009 | \$ 33,073,810 |
| Restricted | 119,246 | 412,328 | 431,859 |
| Unrestricted | 2,834,037 | 4,286,986 | 9,364,267 |
| Total governmental activities net assets | 22,752,213 | 32,948,323 | 42,869,936 |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | 1,870,458 | 2,095,895 | 1,843,832 |
| Restricted | - | - | - |
| Unrestricted | 40,893 | (212,792) | 91,143 |
| Total business-type activities net assets | 1,911,351 | 1,883,103 | 1,934,975 |
| Primary government | | | |
| Invested in capital assets, net of related debt | 21,669,388 | 30,344,904 | 34,917,642 |
| Restricted | 119,246 | 412,328 | 431,859 |
| Unrestricted | 2,874,930 | 4,074,194 | 9,455,410 |
| Total primary government net assets | \$ 24,663,564 | \$ 34,831,426 | \$ 44,804,911 |

NOTE:

(1) The large increases in Governmental activities for invested in capital assets, net of related debt are due to donations of infrastructure by developers and annexed properties. Unrestricted net assets continued growth is due to the 2005 special purpose local option sales tax (SPLOST) revenue received from Gwinnett County for future construction projects and growth in the area. Additional narrative detail on construction growth can be found on page 21 of the management discussion and analysis section.

Primary Government Net Assets



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changes in net assets

last three fiscal years
(accrual basis of
accounting)

| | Fiscal Year | | |
|---|-----------------------|----------------------|---------------------|
| | 2004 | 2005 | 2006 |
| Expenses | | | |
| Governmental activities: | | | |
| General government | \$ 1,202,975 | \$ 1,385,716 | \$ 1,464,204 |
| Judicial | 213,200 | 236,030 | 273,744 |
| Police | 2,384,653 | 2,643,854 | 2,800,988 |
| Public works | 1,334,086 | 1,742,494 | 1,697,500 |
| Culture and recreation | 146,780 | 185,431 | 359,366 |
| Housing and development ⁽¹⁾ | 641,826 | 1,166,798 | 811,030 |
| Tourism and trade | 134,362 | 184,247 | 95,361 |
| Interest on long-term debt | 980,909 | 943,654 | 890,884 |
| Total governmental activities expenses | <u>7,038,791</u> | <u>8,488,224</u> | <u>8,393,077</u> |
| Business-type activities: | | | |
| Water and sewer | <u>71,267</u> | <u>102,649</u> | <u>89,076</u> |
| Total business-type activities expenses | <u>71,267</u> | <u>102,649</u> | <u>89,076</u> |
| Total primary government expenses | <u>\$ 7,110,058</u> | <u>\$ 8,590,873</u> | <u>\$ 8,482,153</u> |
| Program revenues | | | |
| Governmental activities: | | | |
| Charge for services: | | | |
| General government | \$ 164,643 | \$ 157,176 | \$ 153,187 |
| Police | 977,670 | 1,049,768 | 1,099,754 |
| Public works | 376 | 118 | 3,428 |
| Housing and development ⁽²⁾ | 298,109 | 842,076 | 1,222,129 |
| Operating grants and contributions | 1,685,783 | 70,721 | 112,663 |
| Capital grants and contributions ⁽³⁾ | 1,477,448 | 9,217,917 | 5,824,160 |
| Total governmental activities program revenues | <u>4,604,029</u> | <u>11,337,776</u> | <u>8,415,321</u> |
| Business-type activities: | | | |
| Charge for services: | | | |
| Water and sewer | <u>56,849</u> | <u>73,964</u> | <u>103,714</u> |
| Total business-type activities program revenues | <u>56,849</u> | <u>73,964</u> | <u>103,714</u> |
| Total primary government program revenues | <u>\$ 4,660,878</u> | <u>\$ 11,411,740</u> | <u>\$ 8,519,035</u> |
| Net (expense)/revenue | | | |
| Governmental activities | \$ (2,434,762) | \$ 2,849,552 | \$ 22,244 |
| Business-type activities | <u>(14,418)</u> | <u>(28,685)</u> | <u>14,638</u> |
| Total primary government net expenses | <u>\$ (2,449,180)</u> | <u>\$ 2,820,867</u> | <u>\$ 36,882</u> |

| | Fiscal Year | | |
|---|---------------------|----------------------|---------------------|
| | 2004 | 2005 | 2006 |
| General revenues and other changes in net assets | | | |
| Governmental activities: | | | |
| Taxes | | | |
| Property taxes | \$ 3,210,749 | \$ 3,525,468 | \$ 3,892,897 |
| Franchise fees | 618,509 | 714,216 | 851,466 |
| Alcoholic beverage taxes | 601,034 | 646,093 | 759,968 |
| Sales taxes ⁽⁴⁾ | 780,604 | 1,134,738 | 1,767,147 |
| Other taxes | 1,563,206 | 1,592,896 | 1,720,586 |
| Unrestricted investment earnings | 249,547 | 236,064 | 368,047 |
| Miscellaneous | - | 25,982 | 18,397 |
| Contribution | - | 4,290 | - |
| Transfers | - | - | (36,400) |
| Special item gain on sale of capital asset ⁽⁵⁾ | - | 1,445,096 | 557,261 |
| Total governmental activities | 7,023,649 | 9,324,843 | 9,899,369 |
| Business-type activities: | | | |
| Unrestricted investment earnings | 71 | 437 | 834 |
| Transfers | - | - | 36,400 |
| Total business-type activities | 71 | 437 | 37,234 |
| Total primary government | \$ 7,023,720 | \$ 9,325,280 | \$ 9,936,603 |
| Change in net assets | | | |
| Governmental activities | \$ 4,588,887 | \$ 12,174,395 | \$ 9,921,613 |
| Business-type activities | (14,347) | (28,248) | 51,872 |
| Total primary government | \$ 4,574,540 | \$ 12,146,147 | \$ 9,973,485 |

NOTES:

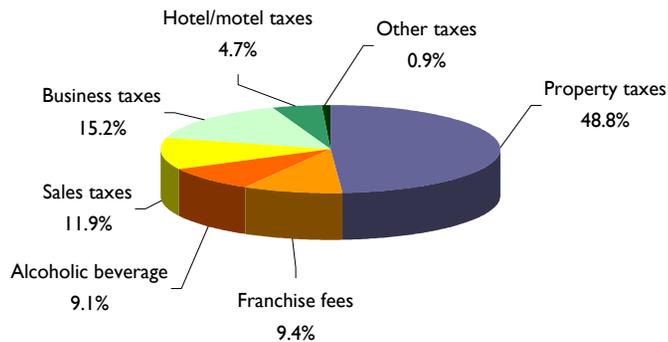
- (1) Fiscal year 2005's large increase in housing and development was due to start up funding for the DDA of \$420,000.
- (2) License and permit fees large increase in fiscal year 2005 and 2006 is due to the significant increase in the number of permits issued. In calendar year 2004 and 2005, Suwanee issued 538 and 703 construction permits. In comparison, Suwanee issued 384 in calendar year 2003.
- (3) Capital grants and contributions large increases reported in fiscal year 2005 and 2006 are due to donations of infrastructure by developers and annexed properties.
- (4) In fiscal year 2005, the City entered into an intergovernmental agreement with Gwinnett County for 2005 SPLOST. In total the City will be allocated \$6,597,000 over four years.
- (5) During fiscal year 2005 and 2006, the City sold 3 tracts of land resulting in a gain of \$1,445,096 in 2005 and \$557,261 in 2006.

governmental activities
tax revenues by source

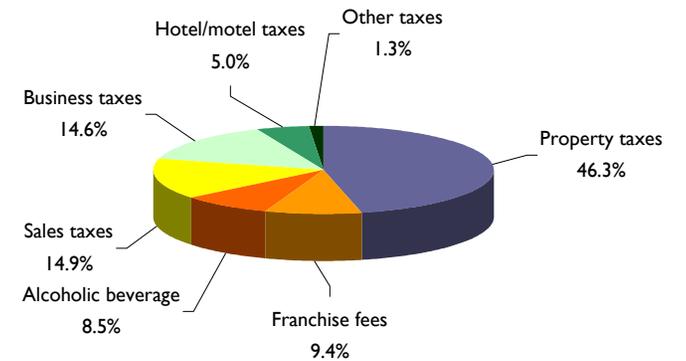
last three fiscal years
(accrual basis of
accounting)

| Fiscal Year | Property Taxes | Franchise Fees | Alcoholic Beverage Taxes | Sales Taxes | Business Taxes | Hotel/Motel Taxes | Other Taxes | Total |
|-------------|----------------|----------------|--------------------------|-------------|----------------|-------------------|-------------|--------------|
| 2004 | \$ 3,210,749 | \$ 618,509 | \$ 601,034 | \$ 780,604 | \$ 997,542 | \$ 305,757 | \$ 60,255 | \$ 6,574,450 |
| 2005 | 3,525,468 | 714,216 | 646,093 | 1,134,738 | 1,111,413 | 383,905 | 97,578 | 7,613,411 |
| 2006 | 3,892,897 | 851,466 | 759,968 | 1,767,147 | 1,325,263 | 361,321 | 34,002 | 8,992,064 |

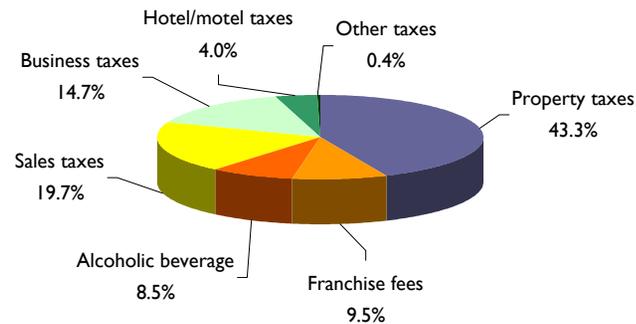
2004 Tax Revenue by Source



2005 Tax Revenue by Source



2006 Tax Revenue by Source



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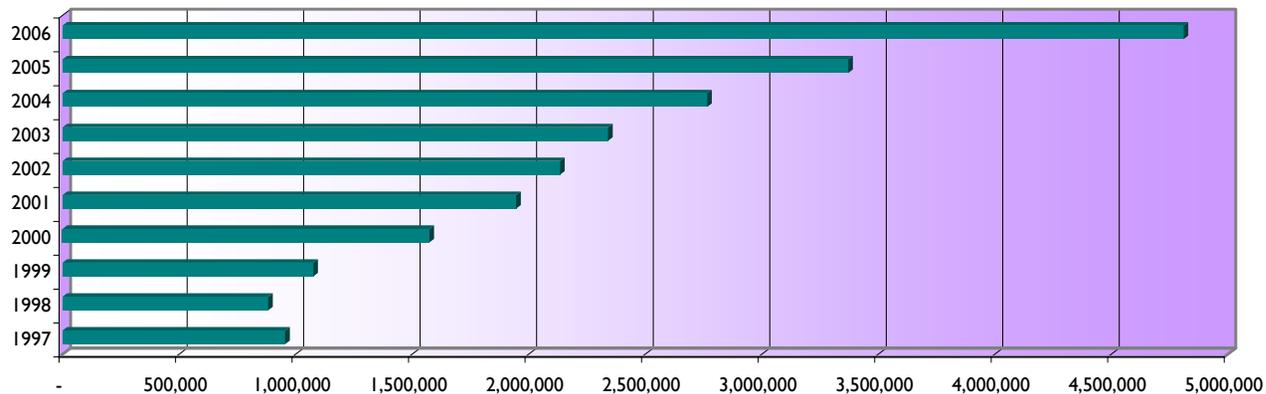
| fund balances of governmental funds | Fiscal Year | | | |
|-------------------------------------|-------------------|-------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 ⁽¹⁾ |
| General fund | | | | |
| Unreserved | \$ 955,344 | \$ 882,366 | \$ 1,076,354 | \$ 1,574,629 |
| Total general fund | <u>\$ 955,344</u> | <u>\$ 882,366</u> | <u>\$ 1,076,354</u> | <u>\$ 1,574,629</u> |
| All other governmental funds | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Special revenue funds | - | - | - | 66,732 |
| Capital projects funds | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 66,732</u> |

NOTES:

- (1) In fiscal year 2000, the City separated 40% of the hotel/motel tax proceeds into a separate special revenue fund. Before 2000, these receipts and related expenditures were reported in the general fund.
- (2) During fiscal year 2002, the City issued \$17.69 million in general obligation bonds to finance the costs of acquiring and improving land to be used for greenspace, passive parks, and recreational areas.

| Fiscal Year | | | | | |
|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| 2001 | 2002 ⁽²⁾ | 2003 | 2004 | 2005 | 2006 |
| \$ 1,946,613 | \$ 2,135,102 | \$ 2,340,953 | \$ 2,766,402 | \$ 3,372,190 | \$ 4,811,236 |
| <u>\$ 1,946,613</u> | <u>\$ 2,135,102</u> | <u>\$ 2,340,953</u> | <u>\$ 2,766,402</u> | <u>\$ 3,372,190</u> | <u>\$ 4,811,236</u> |
| \$ - | \$ 310,109 | \$ 63,702 | \$ 119,246 | \$ 412,328 | \$ 431,859 |
| 127,121 | 150,996 | 136,657 | 257,129 | 118,169 | 208,092 |
| <u>514,075</u> | <u>16,451,458</u> | <u>8,908,104</u> | <u>4,307,474</u> | <u>5,768,033</u> | <u>7,748,863</u> |
| <u>\$ 641,196</u> | <u>\$ 16,912,563</u> | <u>\$ 9,108,463</u> | <u>\$ 4,683,849</u> | <u>\$ 6,298,530</u> | <u>\$ 8,388,814</u> |

Unreserved Fund Balance



changes in fund balances of governmental funds last ten fiscal years (modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes ⁽¹⁾ | \$ 1,618,097 | \$ 1,784,870 | \$ 2,138,576 | \$ 2,537,179 | \$ 2,939,938 | \$ 3,303,845 | \$ 5,398,952 | \$ 6,510,250 | \$ 7,702,971 | \$ 8,731,935 |
| Licenses and permits | 224,666 | 317,618 | 233,092 | 290,614 | 820,391 | 477,914 | 406,198 | 427,549 | 944,046 | 1,295,038 |
| Intergovernmental revenues ⁽²⁾ | 88,123 | 77,249 | 80,805 | 155,579 | 10,156 | 488,316 | 578,561 | 1,455,554 | 111,427 | 24,073 |
| Charges for services | - | - | - | - | 55,324 | 48,905 | 125,183 | 68,244 | 124,957 | 121,907 |
| Fines and forfeitures | 249,091 | 351,210 | 585,680 | 752,000 | 543,730 | 821,387 | 772,931 | 929,865 | 980,134 | 1,061,554 |
| Investment income | 39,316 | 37,033 | 35,991 | 55,837 | 171,317 | 191,296 | 462,793 | 249,547 | 236,064 | 368,047 |
| Contributions and donations | - | - | - | - | 11,344 | 29,803 | 48,298 | 232,061 | 107,259 | 107,765 |
| Miscellaneous | 189,434 | 114,744 | 132,870 | 224,086 | 57,202 | 20,887 | 116,248 | 15,140 | 25,982 | 18,397 |
| Total revenues | 2,408,727 | 2,682,724 | 3,207,014 | 4,015,295 | 4,609,402 | 5,382,353 | 7,909,164 | 9,888,210 | 10,232,840 | 11,728,716 |
| Expenditures | | | | | | | | | | |
| General government | 378,384 | 495,201 | 685,583 | 713,010 | 793,424 | 948,744 | 1,040,264 | 1,195,145 | 1,269,468 | 1,425,760 |
| Judicial | 103,365 | 108,389 | 234,887 | 296,892 | 151,298 | 161,403 | 182,857 | 218,740 | 236,046 | 293,230 |
| Police | 767,266 | 851,199 | 1,024,818 | 1,231,057 | 1,604,515 | 2,001,586 | 2,251,708 | 2,376,153 | 2,614,816 | 2,857,796 |
| Public works | 241,237 | 223,846 | 307,558 | 308,901 | 401,371 | 501,163 | 494,649 | 617,473 | 855,276 | 727,045 |
| Culture and recreation | 5,221 | 19,465 | 16,930 | 39,864 | 72,394 | 90,878 | 51,478 | 109,103 | 213,019 | 252,213 |
| Housing and development | 116,870 | 123,508 | 246,931 | 401,011 | 454,266 | 581,551 | 617,171 | 623,757 | 1,158,423 | 820,148 |
| Tourism and trade | 80,415 | 179,118 | 214,494 | 104,103 | 115,575 | 125,976 | 160,021 | 134,362 | 184,247 | 95,361 |
| Capital outlay ⁽³⁾ | 1,660,226 | 395,443 | 235,474 | 415,486 | 126,925 | 2,170,610 | 10,384,662 | 7,218,559 | 1,121,063 | 1,279,304 |
| Debt service: ⁽⁴⁾ | | | | | | | | | | |
| Principal | - | 345,000 | 38,082 | 101,918 | 77,416 | 115,371 | 521,610 | 551,608 | 1,697,556 | 429,648 |
| Interest | - | 14,534 | 8,269 | 2,478 | 8,987 | 8,966 | 1,294,263 | 980,909 | 943,655 | 890,884 |
| Total expenditures | 3,352,984 | 2,755,703 | 3,013,026 | 3,614,720 | 3,806,171 | 6,706,248 | 16,998,683 | 14,025,809 | 10,293,569 | 9,071,389 |
| Excess of revenues over (under) expenditures | (944,257) | (72,979) | 193,988 | 400,575 | 803,231 | (1,323,895) | (9,089,519) | (4,137,599) | (60,729) | 2,657,327 |

| | Fiscal Year | | | | | | | | | |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|----------------------|-----------------------|-----------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds from capital lease | - | - | - | 164,432 | 143,216 | 152,035 | 92,459 | 94,266 | 68,725 | 133,403 |
| Transfer in | - | - | - | - | 10,200 | 311,069 | 1,655,063 | 1,865,619 | 4,196,919 | 2,897,396 |
| Transfer out | - | - | - | - | (10,200) | (311,069) | (1,655,063) | (1,865,619) | (4,196,919) | (2,933,796) |
| Sale of capital assets | - | - | - | - | - | - | - | - | 4,422 | - |
| Bond proceeds | 485,000 | - | - | - | - | 17,845,110 | 1,464,320 | - | - | - |
| Issuance costs | - | - | - | - | - | (213,393) | (65,509) | - | - | - |
| Total other financing sources (uses) | <u>485,000</u> | <u>-</u> | <u>-</u> | <u>164,432</u> | <u>143,216</u> | <u>17,783,752</u> | <u>1,491,270</u> | <u>94,266</u> | <u>73,147</u> | <u>97,003</u> |
| Special item - Sale of land | - | - | - | - | - | - | - | - | 2,208,051 | 775,000 |
| Net change in fund balances | <u>\$ (459,257)</u> | <u>\$ (72,979)</u> | <u>\$ 193,988</u> | <u>\$ 565,007</u> | <u>\$ 946,447</u> | <u>\$ 16,459,857</u> | <u>\$ (7,598,249)</u> | <u>\$ (4,043,333)</u> | <u>\$ 2,220,469</u> | <u>\$ 3,529,330</u> |
| Debt service as a percentage of non capital expenditures | - | 15.2% | 1.7% | 3.3% | 2.3% | 2.7% | 27.5% | 22.5% | 28.8% | 16.9% |

NOTES:

- (1) In fiscal year 2003, the City's millage rate increased from 2.5 to 5.999. This increase was used to pay the debt service on the 2002 General Obligation Bonds.
- (2) In fiscal year 2004, the large increase in intergovernmental funds was due to receiving \$1,404,392 in Federal Transportation funds for phase III of the Suwanee Greenway Trail System.
- (3) During fiscal year 2002 and 2003, the City purchased over 200 acres of open/green space for park lands. In fiscal year 2004, the City completed phase III of the Suwanee Greenway and completed construction of three new parks.
- (4) In March of 2002, the City issued \$17.6 million in General Obligation Bonds. The first bond principal and interest payment was deferred nine months, causing a large interest payment in fiscal year 2003. In fiscal year 2005, the City paid off the Urban Redevelopment loan.

general government tax revenue by source

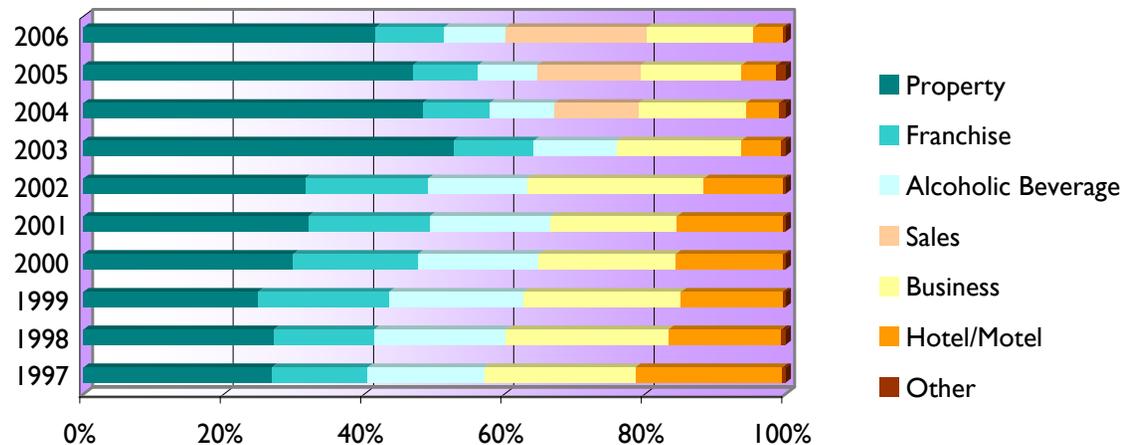
last ten fiscal years
(modified accrual basis
of accounting)

| Fiscal Year | Property Taxes | Franchise Fees | Alcoholic Beverage Taxes | Sales Taxes ⁽¹⁾ | Business Taxes | Hotel/Motel Taxes | Other Taxes | Total |
|-------------|----------------|----------------|--------------------------|----------------------------|----------------|-------------------|-------------|--------------|
| 1997 | \$ 434,248 | \$ 220,988 | \$ 269,026 | \$ - | \$ 347,674 | \$ 339,242 | \$ 6,919 | \$ 1,618,097 |
| 1998 | 483,981 | 254,767 | 335,973 | - | 412,722 | 286,725 | 10,702 | 1,784,870 |
| 1999 | 532,425 | 399,268 | 410,289 | - | 478,616 | 309,321 | 8,657 | 2,138,576 |
| 2000 | 758,238 | 450,699 | 435,884 | - | 495,390 | 388,981 | 7,987 | 2,537,179 |
| 2001 | 942,625 | 506,978 | 507,384 | - | 529,461 | 441,520 | 11,970 | 2,939,938 |
| 2002 | 1,042,962 | 579,100 | 469,714 | - | 828,868 | 370,329 | 12,872 | 3,303,845 |
| 2003 | 2,845,756 | 616,263 | 636,986 | - | 957,768 | 308,685 | 33,494 | 5,398,952 |
| 2004 | 3,146,549 | 618,509 | 601,034 | 780,604 | 997,542 | 305,757 | 60,255 | 6,510,250 |
| 2005 | 3,615,028 | 714,216 | 646,093 | 1,134,738 | 1,111,413 | 383,905 | 97,578 | 7,702,971 |
| 2006 | 3,632,768 | 851,466 | 759,968 | 1,767,147 | 1,325,263 | 361,321 | 34,002 | 8,731,935 |

NOTE:

(1) In fiscal year 2004, the City received \$780,604 in 2001 SPLOST. In fiscal year 2005, the City entered into an intergovernmental agreement with Gwinnett County for the 2004 SPLOST. In total the City will be allocated \$6,597,000 over the next four years.

Tax Revenue Percentage by Year



**assessed value and
estimated actual value of taxable property
last ten years**

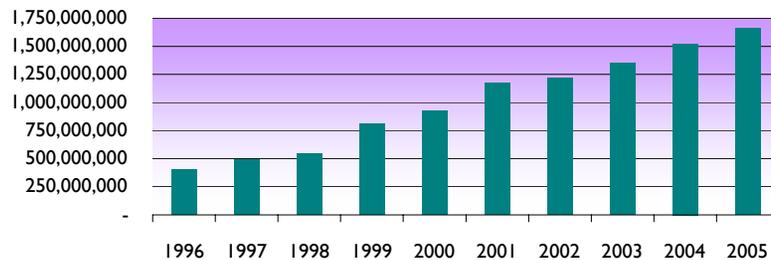
| Calendar Year | Real Property | | Personal Property | | Less Tax Exempt Real Property | Total Taxable Assessed Value | Total Direct Tax Rate ⁽²⁾ | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value ⁽³⁾ |
|---------------|----------------------|---------------------|-------------------|----------------------|-------------------------------|------------------------------|--------------------------------------|--------------------------------|---|
| | Residential Property | Commercial Property | Motor Vehicle | Other ⁽¹⁾ | | | | | |
| 1996 | \$ 94,742,770 | \$ 64,145,049 | \$ 10,161,530 | \$ 503,680 | \$ 6,825,360 | \$ 162,727,669 | 2.50 | \$ 406,819,173 | 40% |
| 1997 | 113,684,100 | 73,909,634 | 14,032,861 | 533,019 | 6,916,560 | 195,243,054 | 2.50 | 488,107,635 | 40% |
| 1998 | 132,868,680 | 84,267,385 | 6,845,990 | 175,527 | 7,207,520 | 216,950,062 | 2.50 | 542,375,155 | 40% |
| 1999 | 163,536,730 | 150,796,469 | 17,705,092 | 294,160 | 9,593,480 | 322,738,971 | 2.50 | 806,847,428 | 40% |
| 2000 | 186,362,940 | 173,578,084 | 22,449,155 | 32,352 | 11,207,120 | 371,215,411 | 2.50 | 928,038,528 | 40% |
| 2001 | 214,848,040 | 238,941,057 | 28,292,690 | 46,949 | 11,517,760 | 470,610,976 | 2.50 | 1,176,527,440 | 40% |
| 2002 | 239,667,520 | 225,944,082 | 34,262,410 | 55,460 | 12,903,800 | 487,025,672 | 5.999 | 1,217,564,180 | 40% |
| 2003 | 256,198,630 | 261,460,110 | 37,014,660 | 23,780 | 15,026,160 | 539,671,020 | 5.89 | 1,349,177,550 | 40% |
| 2004 | 279,918,490 | 309,531,654 | 37,110,630 | 33,880 | 17,319,720 | 609,274,934 | 5.81 | 1,523,187,335 | 40% |
| 2005 | 297,321,988 | 347,844,146 | 36,509,110 | 25,290 | 16,549,490 | 665,151,044 | 5.77 | 1,662,877,610 | 40% |

NOTES:

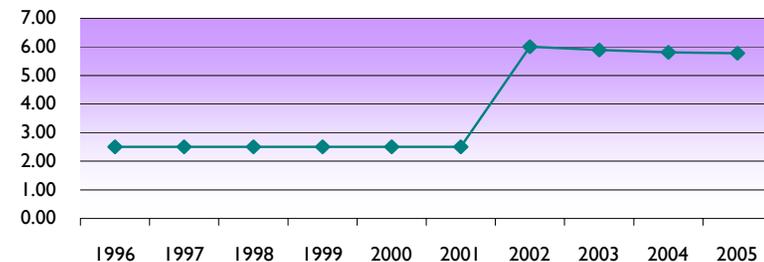
- (1) Includes mobile homes, timber, and heavy equipment.
- (2) In fiscal year 2003, the City's millage rate increased from 2.5 to 5.999. This increase was used to pay the debt service on the 2002 General Obligation Bonds.
- (3) Property in Gwinnett County is reassessed on a rotating three year period by tax district as required by State law. Gwinnett County assesses property at 40% of actual value for all types of real and personal property.

Source: Consolidated Digest Reports provided by Gwinnett County Tax Commissioner's Office.

Estimated Taxable Value 1996 - 2005



Millage Rate 1996 -2005



property tax rates
direct and overlapping
governments

last ten fiscal years

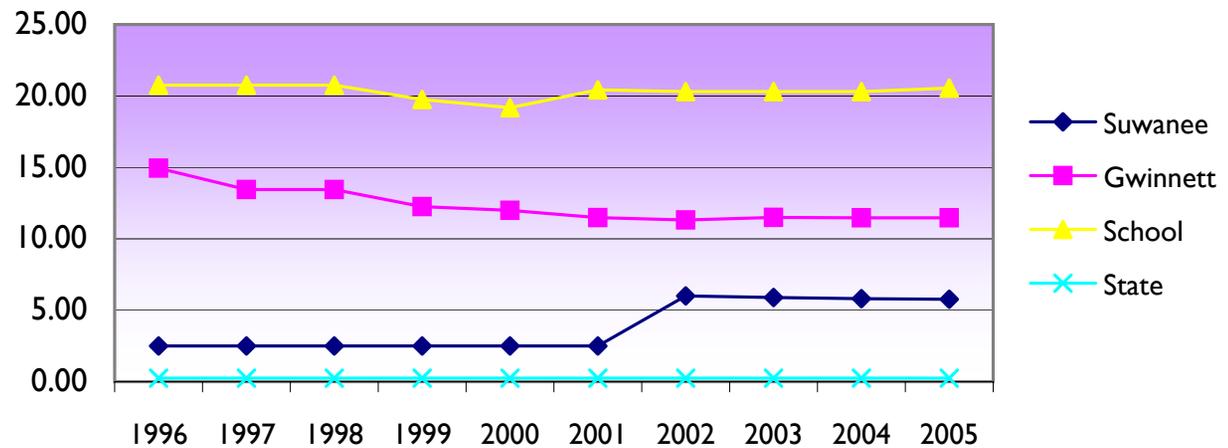
| Calendar Year | City of Suwanee Millage | | | | Overlapping Rates Gwinnett County Millage | | | | |
|------------------|----------------------------|---------|---------|-------|---|-----------------|--------------------|------------|-------|
| | Debt | | | | Operating | Debt Service | Fire Protection | Recreation | Total |
| | Operating | Service | Capital | Total | | | | | |
| 1996 | 2.50 | | | 2.50 | 10.10 | 0.95 | 2.90 | 1.00 | 14.95 |
| 1997 | 2.50 | | | 2.50 | 9.30 | 0.75 | 2.40 | 1.00 | 13.45 |
| 1998 | 2.50 | | | 2.50 | 9.40 | 0.75 | 2.30 | 1.00 | 13.45 |
| 1999 | 2.50 | | | 2.50 | 8.65 | 0.60 | 2.10 | 0.90 | 12.25 |
| 2000 | 2.50 | | | 2.50 | 8.48 | 0.57 | 2.06 | 0.88 | 11.99 |
| 2001 | 2.50 | | | 2.50 | 8.43 | 0.30 | 1.90 | 0.86 | 11.49 |
| 2002 | 2.50 | 3.24 | 0.26 | 6.00 | 8.30 | 0.30 | 1.87 | 0.85 | 11.32 |
| 2003 | 2.50 | 2.94 | 0.45 | 5.89 | 8.29 | 0.49 | 1.87 | 0.85 | 11.50 |
| 2004 | 2.50 | 2.79 | 0.52 | 5.81 | 8.27 | 0.49 | 1.87 | 0.84 | 11.47 |
| 2005 | 3.18 | 2.25 | 0.34 | 5.77 | 10.14 | 0.49 | - | 0.84 | 11.47 |

Source: Gwinnett County Comprehensive Annual Financial Report for December 31, 2005.

Overlapping Rates

| Gwinnett County School Board Millage | | | State | Total Direct & Overlapping Rates |
|--------------------------------------|--------------|-------|-------|----------------------------------|
| Operations | Debt Service | Total | | |
| 17.10 | 3.65 | 20.75 | 0.25 | 38.45 |
| 17.10 | 3.65 | 20.75 | 0.25 | 36.95 |
| 18.10 | 2.65 | 20.75 | 0.25 | 36.95 |
| 17.45 | 2.30 | 19.75 | 0.25 | 34.75 |
| 17.12 | 2.05 | 19.17 | 0.25 | 33.91 |
| 18.62 | 1.80 | 20.42 | 0.25 | 34.66 |
| 18.62 | 1.68 | 20.30 | 0.25 | 37.87 |
| 18.87 | 1.43 | 20.30 | 0.25 | 37.94 |
| 18.87 | 1.43 | 20.30 | 0.25 | 37.83 |
| 19.25 | 1.30 | 20.55 | 0.25 | 38.04 |

Direct and Overlapping Property Tax Rates



principal
property tax payers

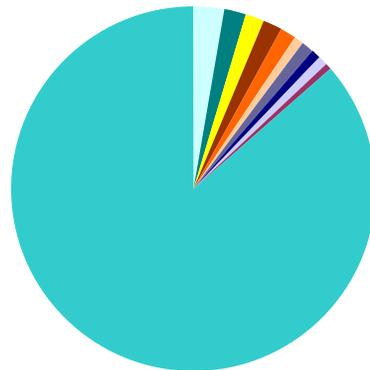
current and
seven years ago⁽¹⁾

| Taxpayer | 2005 | | | 1999 | | |
|--|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Caswyck-McGinnis LLC ⁽²⁾ | \$ 18,444,680 | 1 | 2.8% | \$ 5,050,440 | 4 | 1.6% |
| Schwans Bakery Operations LLC | 12,979,611 | 2 | 2.0% | | | |
| CRLP McGinnis Ferry Road LLC | 11,343,880 | 3 | 1.7% | | | |
| TGC Atlanta I-85 LLC | 10,286,600 | 4 | 1.5% | | | |
| Wal-Mart | 9,234,344 | 5 | 1.4% | | | |
| AMB Property LP | 6,918,960 | 6 | 1.0% | | | |
| Motorola, Inc ⁽³⁾ | 6,670,800 | 7 | 1.0% | 14,229,710 | 1 | 4.4% |
| Gwinnett Prado LP | 5,829,600 | 8 | 0.9% | 4,194,560 | 7 | 1.3% |
| Inland Southeast Suwanee LLC | 5,052,800 | 9 | 0.8% | | | |
| Systemax Suwanee LLC | 4,518,800 | 10 | 0.7% | | | |
| Hudgens Family Foundation ⁽⁴⁾ | | | | 7,210,510 | 2 | 2.2% |
| Falcons Nest LTD ⁽³⁾ | | | | 5,626,340 | 3 | 1.7% |
| Glass Sherwin Etal ⁽⁵⁾ | | | | 4,603,480 | 5 | 1.4% |
| Klockner Namasco Corporation | | | | 4,525,320 | 6 | 1.4% |
| Horizon Village Associates | | | | 3,069,800 | 8 | 1.0% |
| Prefco XIX Limited Partnership | | | | 2,079,980 | 9 | 0.6% |
| Kinney EYukiko Etal | | | | 1,898,940 | 10 | 0.6% |
| Totals | \$ 91,280,075 | | 13.7% | \$ 52,489,080 | | 16.3% |

NOTES:

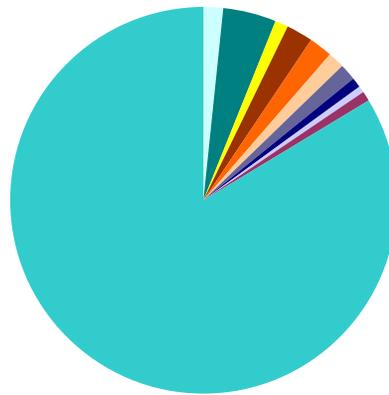
- (1) Detailed property records are not available prior to 1999. Over the next two fiscal periods the City will transition to a ten year schedule.
- (2) In 2000, Caswyck-McGinnis LLC added 342 additional apartment units.
- (3) Motorola purchased the Falcons Nest LTD property in 2002. Also in 2002, Motorola closed down an operations warehouse and re-located outside the City limits. Motorola was planning on building a business complex on the Falcons Nest LTD property but due to a change in business plans, this project has been put on hold indefinitely.
- (4) The Hudgens Family Foundation owned several large parcels that has since been subdivided and individually sold off over the past six years.
- (5) Glass Sherwin Etal owned one large parcel (750 acres) that has since been developed into a golf course and residential community.

2005 Principal Property Taxpayers



- Caswyck-McGinnis LLC
- Schwans Bakery Operations LLC
- CRLP McGinnis Ferry Road LLC
- TGC Atlanta I-85 LLC
- Wal-Mart
- AMB Property LP
- Motorola, Inc
- Gwinnett Prado LP
- Inland Southeast Suwanee LLC
- Systemax Suwanee LLC
- All Other Taxpayers

1999 Principal Property Taxpayers



- Caswyck-McGinnis LLC
- Motorola, Inc
- Gwinnett Prado LP
- Hudgens Family Foundation
- Falcons Nest LTD
- Glass Sherwin Etal
- Klockner Namasco Corporation
- Horizon Village Associates
- Prefco XIX Limited Partnership
- Kinney E Yukiko Etal
- All Other Taxpayers

property tax levies
and collections

last ten fiscal years

| Fiscal Year Ended ⁽¹⁾ | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collection to Date | | Outstanding Delinquent Taxes ⁽²⁾ | Outstanding Delinquent Taxes as Percent of Current Levy ⁽²⁾ |
|----------------------------------|----------------------------------|--|--------------------|---------------------------------|--------------------------|--------------------|---|--|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy | | |
| 1997 | \$ 390,177 | \$ 383,320 | 98.2% | \$ 18,887 | \$ 402,207 | 103.1% | \$ 21,344 | 5.5% |
| 1998 | 482,638 | 457,346 | 94.8% | 2,567 | 459,913 | 95.3% | 56,255 | 11.7% |
| 1999 | 569,190 | 512,844 | 90.1% | 17,807 | 530,651 | 93.2% | 33,321 | 5.9% |
| 2000 | 710,344 | 671,228 | 94.5% | 18,461 | 689,689 | 97.1% | 59,824 | 8.4% |
| 2001 | 835,607 | 820,058 | 98.1% | 36,746 | 856,804 | 102.5% | 33,552 | 4.0% |
| 2002 | 1,087,771 | 944,110 | 86.8% | 11,529 | 955,639 | 87.9% | 95,688 | 8.8% |
| 2003 | 2,787,421 | 2,779,439 | 99.7% | 19,792 | 2,799,231 | 100.4% | 94,681 | 3.4% |
| 2004 | 2,909,099 | 2,875,854 | 98.9% | 71,043 | 2,946,897 | 101.3% | 162,072 | 5.6% |
| 2005 | 3,291,780 | 3,255,174 | 98.9% | 49,152 | 3,304,326 | 100.4% | 132,844 | 4.0% |
| 2006 | 3,518,199 | 3,266,243 | 92.8% | 36,150 | 3,302,393 | 93.9% | 354,740 | 10.1% |

NOTE:

- (1) Relates to preceding calendar year digest.
- (2) These columns are presented to satisfy continuing disclosure requirements for the 2002 General Obligation bond issue. Liens are filed on outstanding property accounts in May of each year.

Source:

Consolidated Digest Reports provided by Gwinnett County Tax Commissioner's Office.

City of Suwanee Finance Department, property tax bill and collection reports.

ratio of outstanding
debt by type

last ten fiscal years

| Fiscal Year | Governmental Activities | | | Business-type Activities | Total Primary Government | Percentage of Personal Income ⁽⁴⁾ | Per Capita ⁽⁴⁾ |
|----------------|--|---------------------------------|-------------------|--------------------------------|--------------------------------|--|------------------------------|
| | General Obligation Bond ⁽¹⁾ | Revenue Bonds ⁽²⁾ | Capital Leases | Note Payable ⁽³⁾ | | | |
| 1997 | \$ - | \$ - | \$ - | \$ - | \$ - | - | \$ - |
| 1998 | - | - | - | - | - | - | - |
| 1999 | - | - | - | - | - | - | - |
| 2000 | - | - | 127,710 | - | 127,710 | 0.05% | 15 |
| 2001 | - | - | 193,510 | - | 193,510 | 0.07% | 21 |
| 2002 | 17,695,000 | - | 230,174 | - | 17,925,174 | 5.97% | 1,796 |
| 2003 | 17,385,000 | 1,381,502 | 193,841 | - | 18,960,343 | 6.16% | 1,838 |
| 2004 | 17,065,000 | 1,259,830 | 178,171 | 57,833 | 18,560,834 | 5.62% | 1,719 |
| 2005 | 16,740,000 | - | 134,170 | 106,685 | 16,980,855 | 4.91% | 1,479 |
| 2006 | 16,405,000 | - | 172,925 | 367,384 | 16,945,309 | 3.69% | 1,119 |

NOTES:

- (1) During fiscal year 2002, the City issued \$17.69 million in general obligation bonds to finance the costs of acquiring and improving land to be used for greenspace, passive parks, and recreational areas.
- (2) During fiscal year 2003, the City issued \$1.46 million in revenue bonds to finance the costs of acquiring and improving land to be used for the future City Hall location. In fiscal year 2005, these bonds were paid in full.
- (3) The City entered into a construction line of credit with the Georgia Environmental Facilities Authority for improvements to the City's water system.
- (4) The schedule of Demographic and Economic Statistics on page S-24 provides information on personal income and population.

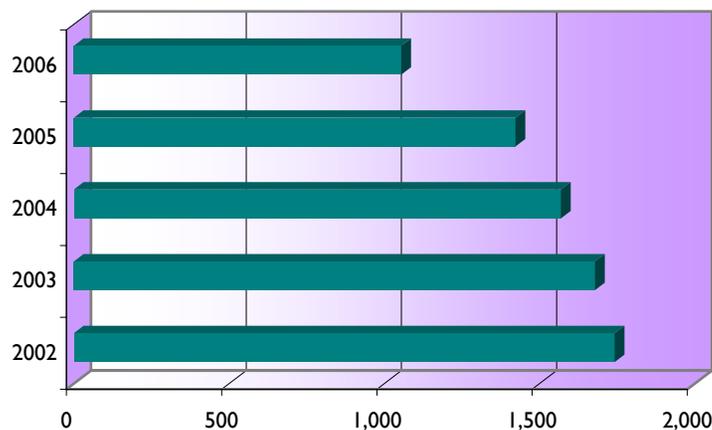
ratios of
general bonded
debt outstanding
last ten fiscal years

| Fiscal Year | General Obligation Bond | Less: Amount Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property ⁽¹⁾ | Per Capita ⁽²⁾ |
|-------------|-------------------------|---|------------|---|---------------------------|
| 1997 | \$ - | \$ - | \$ - | - | - |
| 1998 | - | - | - | - | - |
| 1999 | - | - | - | - | - |
| 2000 | - | - | - | - | - |
| 2001 | - | - | - | - | - |
| 2002 | 17,695,000 | 310,109 | 17,384,891 | 1.48% | 1,742 |
| 2003 | 17,385,000 | 63,702 | 17,321,298 | 1.42% | 1,679 |
| 2004 | 17,065,000 | 119,246 | 16,945,754 | 1.26% | 1,569 |
| 2005 | 16,740,000 | 412,328 | 16,327,672 | 1.07% | 1,423 |
| 2006 | 16,405,000 | 431,859 | 15,973,141 | 0.96% | 1,055 |

NOTES:

- (1) Details of estimated actual taxable value of property can be found on page S-13.
- (2) Details of population data can be found on page S-24.

Debt Per Capita 2002 - 2006



direct and overlapping
governmental
activities debt

as of June 30, 2006

| Jurisdiction | Gross Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|----------------------|---------------------------------------|--|
| Direct Debt: | | | |
| City of Suwanee General Obligation Bonds | \$ 16,405,000 | 100.00% | \$ 16,405,000 |
| Overlapping Debt:⁽¹⁾ | | | |
| Gwinnett County General Obligation Bonds | 116,400,000 | 2.63% | 3,061,320 |
| Gwinnett County Board of Education | 202,460,000 | 2.63% | 5,324,698 |
| Total Overlapping Debt | 318,860,000 | | 8,386,018 |
| Total Direct General Obligation and Overlapping Debt | \$ 335,265,000 | | \$ 24,791,018 |

NOTE:

(1) The percentage of overlapping debt chargeable to property in the City is calculated by dividing the gross assessed valuation of property in the City by the gross assessed valuation of property in the overlapping entity.

Source: Gwinnett County Comprehensive Annual Financial Report for December 31, 2005.

legal debt margin
information
last ten fiscal years

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 |
| Assessed value of all taxable property | \$ 169,553,029 | \$ 202,159,614 | \$ 224,157,582 | \$ 332,332,451 |
| Debt limit: 10% of assessed value | 16,955,303 | 20,215,961 | 22,415,758 | 33,233,245 |
| Total net debt applicable to limit | - | - | - | - |
| Legal debt margin | <u>\$ 16,955,303</u> | <u>\$ 20,215,961</u> | <u>\$ 22,415,758</u> | <u>\$ 33,233,245</u> |
| Total net debt applicable to the limit as a percentage of debt limit | - | - | - | - |

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|--|----------------------|
| Assessed value | \$ 665,151,044 |
| Add back: exempt real property | <u>16,549,490</u> |
| Total assessed value | <u>681,700,534</u> |
| Debt limit: 10% of total assessed value | <u>68,170,053</u> |
| Debt applicable to limit | |
| General obligation bond | 16,405,000 |
| Less: Amount set aside for repayment of general obligation debt | <u>431,859</u> |
| Total net debt applicable to limit | <u>15,973,141</u> |
| Legal debt margin | <u>\$ 52,196,912</u> |

NOTE:

Under Georgia financing laws, the City's outstanding general obligation debt should not exceed 10 percent of the total assessed property value and may be offset by amounts set aside for repaying the general obligation bonds.

| | | Fiscal Year | | | | | | | | | |
|----|-------------------|-------------|-------------------|------|-------------------|------|-------------------|----|-------------------|----|-------------------|
| | | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | | | | |
| \$ | 382,422,531 | \$ | 482,128,736 | \$ | 499,929,472 | \$ | 554,697,180 | \$ | 626,594,654 | \$ | 681,700,534 |
| | 38,242,253 | | 48,212,874 | | 49,992,947 | | 55,469,718 | | 62,659,465 | | 68,170,053 |
| | - | | 17,384,891 | | 17,321,298 | | 16,945,754 | | 16,327,672 | | 15,973,141 |
| \$ | <u>38,242,253</u> | \$ | <u>30,827,983</u> | \$ | <u>32,671,649</u> | \$ | <u>38,523,964</u> | \$ | <u>46,331,793</u> | \$ | <u>52,196,912</u> |
| | - | | 36.06% | | 34.65% | | 30.55% | | 26.06% | | 23.43% |

demographic and economic statistics

last ten fiscal years

| Fiscal Year | Population ^(a) | Personal Income ^(b) | Per Capita Personal Income | Unemployment Rate ^(c) | Residential Construction Value ^(d) | Commercial Construction Value ^(d) |
|---------------------|---------------------------|--------------------------------|----------------------------|----------------------------------|---|--|
| 1997 | 5,956 | \$ 163,843,604 | \$ 27,509 | 2.50% | \$ 30,126,400 | \$ 6,894,000 |
| 1998 | 6,924 | 199,785,096 | 28,854 | 2.40% | 27,644,600 | 18,519,400 |
| 1999 | 8,152 | 245,619,760 | 30,130 | 2.20% | 36,365,000 | 11,530,400 |
| 2000 | 8,725 | 278,004,675 | 31,863 | 2.70% | 22,339,400 | 188,627,686 |
| 2001 | 9,100 | 284,711,700 | 31,287 | 3.20% | 45,786,000 | 72,037,400 |
| 2002 | 9,979 | 300,377,879 | 30,101 | 4.60% | 15,971,300 | 43,135,700 |
| 2003 | 10,318 | 307,754,986 | 29,827 | 4.40% | 15,179,070 | 21,854,673 |
| 2004 | 10,800 | 330,156,000 | 30,570 | 4.30% | 16,150,315 | 17,122,370 |
| 2005 ⁽¹⁾ | 11,478 | 345,923,964 | 30,138 | 4.80% | 31,482,503 | 20,788,787 |
| 2006 | 15,147 | 458,605,719 | 30,277 | 4.50% | 66,032,181 | 218,819,202 |

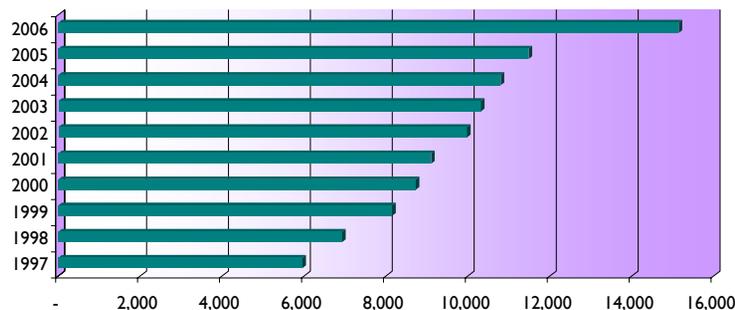
NOTE:

(1) Suwanee has experienced significant increases in the number of residential and commercial units permits issued over the past two years. Additional narrative detail on construction growth can be found in the page 21 of the management discussion and analysis section.

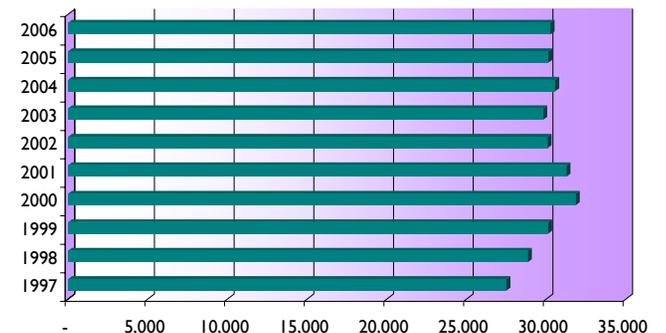
Sources:

- (a) City of Suwanee Planning Department.
- (b) Bureau of Economic Analysis.
- (c) Georgia Department of Labor, not seasonally adjusted.
- (d) City of Suwanee Planning and Development Permit Summary.

Population Changes 1997 - 2006



Per Capita Personal Income 1997 - 2006



principal employers

current year
and five years ago⁽¹⁾

| Employer | 2006 ^(a) | | 2001 ^(b) | |
|--|---------------------|------|---------------------|------|
| | Employees | Rank | Employees | Rank |
| Dish Network/Echosphere Corporation | 585 | 1 | 350 | 2 |
| Southeastern Freight Lines, Inc. | 372 | 2 | 360 | 1 |
| Wal-Mart | 361 | 3 | - | - |
| Mrs. Smith's/Schwans Bakery Operations LLC | 325 | 4 | 330 | 3 |
| Publix Supermarkets | 216 | 5 | 270 | 5 |
| Cracker Barrel Old County Store, Inc. | 155 | 6 | 140 | 6 |
| Kroger Company | 141 | 7 | 125 | 7 |
| Williams Brothers Lumber Company | 132 | 8 | - | - |
| TruGreen Chemlawn | 131 | 9 | 99 | 10 |
| Touchstone Homes | 100 | 10 | - | - |
| Systemax-Global Computer Supplies, Inc. ⁽²⁾ | - | - | 300 | 4 |
| E-deltacom/Interstate Fibernet, Inc. | - | - | 117 | 8 |
| Atlanta Cable Sales, Inc | - | - | 100 | 9 |

NOTE:

(1) Total City employment numbers are not available prior to 2001.

(2) Systemax-Global Computer Supplies moved outside of the Suwanee city limits in 2005.

Sources:

(a) City of Suwanee Business License Division.

(b) Gwinnett Chamber of Commerce, 2001 Issued Occupation Licenses Report.

full-time equivalent
city government
employees by function

last ten fiscal years

| Function | Full-time Equivalent Employees as of June 30, 2006 | | | | | | | | | |
|----------------------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Government | | | | | | | | | | |
| Chief Executive | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 4 |
| General Administration | 4 | 4 | 4 | 1 | 1 | 1 | 2 | 2 | 3 | 2 |
| Financial Administration | 1 | 1 | 1 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| Judicial | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Police | | | | | | | | | | |
| Police Administration | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Criminal Investigation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Patrol | 11 | 12 | 13 | 16 | 20 | 22 | 23 | 23 | 23 | 22 |
| Records and Identification | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Dispatcher | 2 | 2 | 2 | 2 | 3 | 4 | 6 | 6 | 6 | 7 |
| Public Relations | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Park Police | - | - | - | - | - | - | - | 1 | 2 | 2 |
| Public Works | 2 | 2 | 2 | 3 | 4 | 4 | 5 | 7 | 8 | 9 |
| Housing and Development | | | | | | | | | | |
| Protective Inspection | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Planning & Zoning | - | 1 | 1 | 1 | 2 | 3 | 3 | 3 | 3 | 4 |
| Economic Development | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total | 29 | 32 | 34 | 41 | 51 | 55 | 61 | 64 | 68 | 71 |

NOTE:

In fiscal year 2000, the City hired a Financial Services Director. Job functions and individuals were reclassified from general administration to financial administration.

Source: City of Suwanee Payroll Department.

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operating indicators
by function

last ten years

| Function | Calendar Year | | | | | | | | | |
|--|---------------|--------|--------|--------|--------|--------|---------|--------|--------|---------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| General government | | | | | | | | | | |
| Business licenses issued | 400 | 423 | 567 | 600 | 692 | 761 | 1,048 | 1,319 | 2,545 | 2,813 |
| Number of parcels | 3,715 | 4,311 | 4,739 | 5,028 | 5,539 | 5,768 | 6,051 | 6,177 | 6,501 | 6,926 |
| Judicial | | | | | | | | | | |
| Cases processed | 1,894 | 1,682 | 1,864 | 4,546 | 5,295 | 7,656 | 8,400 | 8,979 | 8,945 | 10,941 |
| Jury trials | * | * | * | * | 144 | 180 | 190 | 210 | 240 | 300 |
| Warrants issued | * | * | * | * | * | 390 | 235 | 250 | 321 | 406 |
| Police | | | | | | | | | | |
| Calls for service ⁽¹⁾ | 3,225 | 4,086 | 4,891 | 5,739 | 24,845 | 28,741 | 26,340 | 26,845 | 26,668 | 27,125 |
| Traffic accidents | 350 | 416 | 525 | 620 | 745 | 814 | 893 | 1,085 | 1,099 | 1,140 |
| Part I offenses | 250 | 223 | 258 | 301 | 395 | 278 | 342 | 368 | 445 | 416 |
| Traffic citations | 1,673 | 1,470 | 3,061 | 4,676 | 5,350 | 7,990 | 8,103 | 8,377 | 9,981 | 11,407 |
| Public works | | | | | | | | | | |
| Service order request | * | * | * | * | * | 290 | 513 | 573 | 371 | 244 |
| Street overlay (sq. ft.) | 56,569 | 47,139 | 53,856 | 73,413 | 78,186 | 66,211 | 182,092 | 71,976 | 79,960 | 106,695 |
| Hours of litter pick-up service provided | 215 | 298 | 335 | 367 | 388 | 295 | 385 | 499 | 434 | 516 |
| Culture and recreation | | | | | | | | | | |
| Number of annual city- sponsored events | 2 | 2 | 2 | 2 | 6 | 8 | 8 | 13 | 16 | 14 |
| Number of annual non-city sponsored events | * | * | * | * | * | * | * | * | 2 | 10 |
| Suwanee Day attendance | 3,000 | 4,000 | 4,000 | 6,000 | 6,000 | 10,000 | 4,000 | 10,000 | 30,000 | 30,000 |
| Protective Inspection | | | | | | | | | | |
| Number of residential permits | 217 | 259 | 215 | 98 | 164 | 87 | 82 | 117 | 295 | 557 |
| Number of total construction permits | 437 | 521 | 533 | 403 | 459 | 392 | 319 | 384 | 538 | 793 |
| Number of sign permits | * | * | 125 | 144 | 137 | 136 | 223 | 214 | 210 | 250 |

| Function | Calendar Year | | | | | | | | | |
|--------------------------------------|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Planning and Zoning | | | | | | | | | | |
| Zoning certification letters | * | * | 2 | 19 | 21 | 14 | 11 | 17 | 24 | 29 |
| Rezoning cases processed | 9 | 14 | 24 | 25 | 36 | 11 | 21 | 22 | 13 | 14 |
| Special use permits processed | * | * | * | * | * | 6 | 3 | 6 | 4 | 2 |
| Variances processed | 32 | 63 | 12 | 34 | 20 | 22 | 23 | 11 | 16 | 13 |
| Development review | * | 52 | 26 | 40 | 38 | 42 | 32 | 29 | 24 | 35 |
| Development permits | * | 52 | 25 | 37 | 38 | 38 | 27 | 26 | 21 | 26 |
| Water | | | | | | | | | | |
| Average daily consumption in gallons | 46,279 | 46,627 | 45,931 | 47,325 | 44,537 | 50,112 | 43,049 | 40,970 | 45,128 | 40,330 |

NOTES:

(1) The large increase in calls for service from 1999 to 2000 was due to a change in the methodology of classifying calls for service.

* Detailed information not available.

Source: Various City departments

capital assets
statistics by function
last five years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Administration | | | | | | | | | | |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Police | | | | | | | | | | |
| Patrol Units | 7 | 10 | 14 | 17 | 20 | 21 | 22 | 24 | 27 | 26 |
| Other Police Vehicles | 1 | 1 | 1 | 1 | 2 | 2 | 3 | 4 | 4 | 5 |
| Public Works | | | | | | | | | | |
| Vehicles | 3 | 3 | 4 | 4 | 5 | 5 | 6 | 6 | 5 | 6 |
| Street (miles) ⁽¹⁾ | - | - | - | 32 | 35 | 40 | 40 | 44 | 44 | 54 |
| Streetlights ⁽¹⁾ | - | - | - | 340 | 375 | 430 | 510 | 609 | 620 | 710 |
| Culture and Recreation | | | | | | | | | | |
| Acreage | 16 | 16 | 16 | 16 | 16 | 141 | 217 | 226 | 233 | 233 |
| Park sites | 3 | 3 | 3 | 3 | 3 | 5 | 10 | 12 | 13 | 13 |
| Water | | | | | | | | | | |
| Water mains | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Storage capacity ⁽²⁾ | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 150,000 |
| Housing and development | | | | | | | | | | |
| Vehicles | 2 | 2 | 3 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |

NOTES:

(1) Detail information prior to 2000 is not available.

(2) In 2006 the City completed major renovations and improvements to the water system.

Source: Various City departments.

schedule of insurance in force, june 30, 2006⁽¹⁾

| Type of Insurance | Coverage | Liability Limit | Company ⁽²⁾ | Policy Number | Policy Period | | Annual Premium |
|--|--|---|------------------------|---------------|---------------|----------|----------------|
| | | | | | From | To | |
| LIABILITY | | | | | | | |
| General Liability | Damages of bodily injury or property caused by an occurrence | \$ 1,000,000 limit each claim with a 5,000,000 aggregate 1,000 deductible | GIRMA | SU-3 | 05/01/06 | 04/30/07 | \$ 36,069 |
| Public Officials Liability | Employment practices Zoning Claims | 1,000,000 limit each claim with a 5,000,000 aggregate 2,500 deductible | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 38,848 |
| Automobile Liability | Damages of bodily injury or property caused by an occurrence | 1,000,000 combined single limit 1,000 deductible | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 30,317 |
| Law Enforcement Liability | False arrest/wrongful imprisonment Assault & Battery | 1,000,000 limit each claim no aggregate limit 2,500 deductible | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 19,945 |
| PROPERTY | | | | | | | |
| Property Including Equipment | Blanket building & content Business interruption Property in Transit | \$9,216,044 total insured value building & content replacement cost | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 13,176 |
| Boiler & Machinery | Blanket building & content | \$9,216,044 total insured value building & content replacement cost | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 1,081 |
| Environment Impairment Liability | Pollution coverage | combined single limit \$1,000,000 per occurrence deductible \$1,000 | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 17,217 |
| OTHER CASUALTY | | | | | | | |
| Workers Compensation Self Insurance Fund | While Working | | GMA | Cust # 312 | 01/01/06 | 12/31/06 | 94,103 |
| Automobile Physical Damage | All risks for scheduled City vehicles only | Automatic coverage for vehicles up to 100,000 deductible 1,000 | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 9,912 |
| Crime Coverage | Public employee dishonesty per loss | 500,000 limit with 1,000 deductible | GIRMA | SU-3 | 05/01/06 | 04/30/07 | 743 |

schedule of insurance in force, june 30, 2006⁽¹⁾

| Type of Insurance | Coverage | Liability Limit | Company ⁽²⁾ | Policy Number | Policy Period | | Annual Premium |
|--------------------------|---|---|-----------------------------|---------------|---------------|----------|----------------|
| | | | | | From | To | |
| OTHER INSURANCE | | | | | | | |
| Employee Life insurance | Basic Life | \$ Varies by employee salary / max. 50,000 | Greater Georgia Life | IM547 | 07/01/05 | 06/30/06 | \$ 8,118 |
| Dependent Life Insurance | Basic Life | 5,000 coverage for the spouse 2,500 coverage for each child (if covered by medical plan) | Greater Georgia Life | IM547 | 07/01/05 | 06/30/06 | (3) |
| Long Term Disability | 90 day elimination period 60% benefit until age 65 | N/A | Ft. Dearborn Life | MG18818 | 07/01/05 | 06/30/06 | 12,743 |
| Short Term Disability | 1st day accident/8th day illness 13 week/ \$200 weekly benefit | N/A | Ft. Dearborn Life | MG18818 | 07/01/05 | 06/30/06 | 5,467 |
| Medical | 1st of the month following 30 days 100% coinsurance | Lifetime Maximum - Unlimited | Blue Cross/ Blue Shield HMO | 1018871 | 07/01/05 | 06/30/06 | 381,351 |
| | 1st of the month following 30 days | Lifetime Maximum - Unlimited \$2,000,000 500 individual deductible 1,500 family deductible 90% coinsurance | Blue Cross/ Blue Shield PPO | 1018871 | 07/01/05 | 06/30/06 | (4) |
| Dental | Employee and Family | 1,000 Max benefit per person per year 1,000 Ortho Benefit | Guardian Life | G-359487 | 07/01/05 | 06/30/06 | 52,712 |

NOTES:

(1) This schedule has been included to satisfy continuing bond disclosure requirements for the 2002 General Obligation bond issue.

(2) Georgia Interlocal Risk Management Agency (GIRMA)

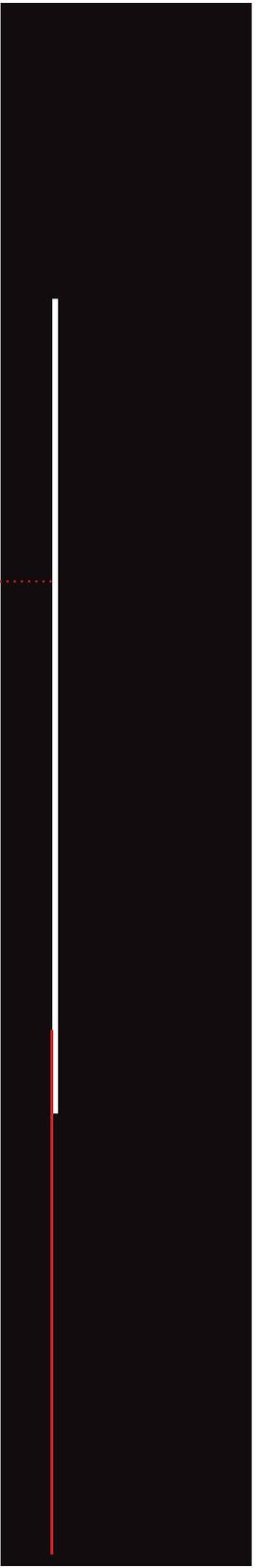
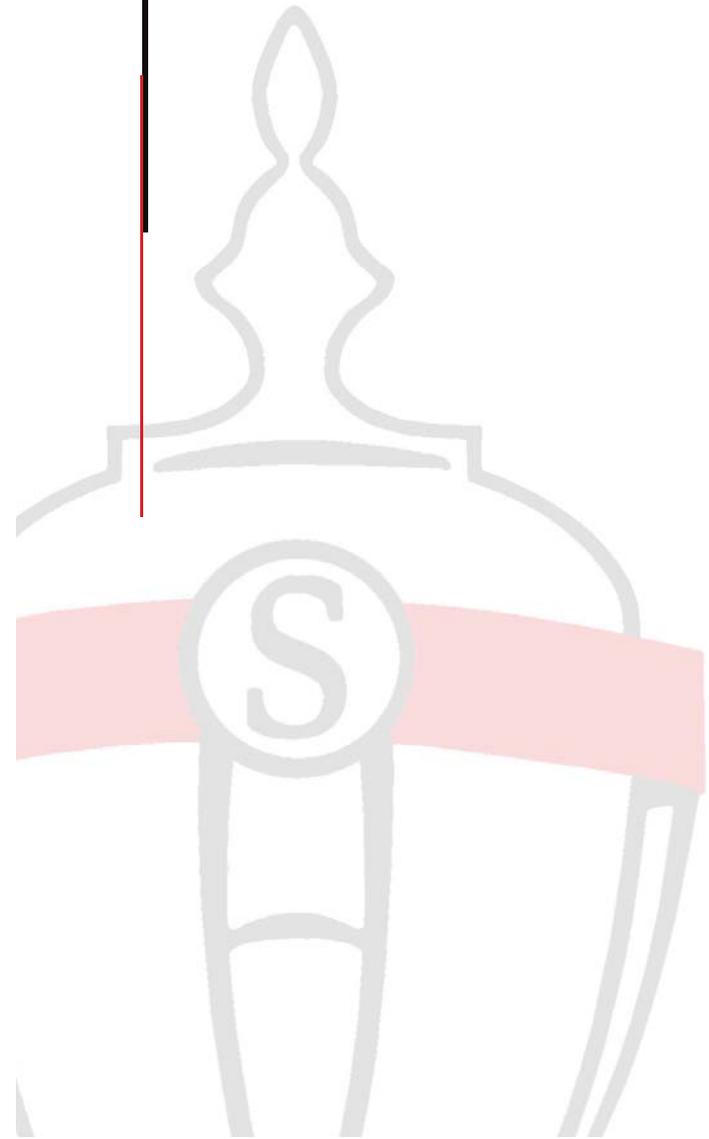
Georgia Municipal Association (GMA)

(3) Total cost paid for by the employee.

(4) Premiums for HMO and PPO are included together under the HMO premiums total.

Source: City of Suwanee Human Resource Department

compliance section





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Suwanee, Georgia (the “City”), as of and for the year ended June 30, 2006, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated August 21, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by

error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the City Council, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
August 21, 2006



city of suwanee
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suwanee, georgia

www.suwanee.com

