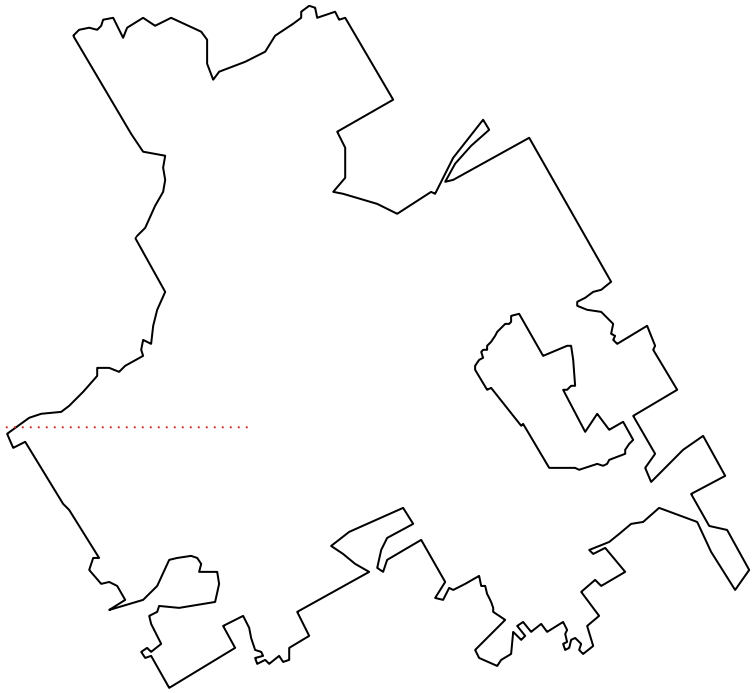
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04

city of **suwanee**

# comprehensive annual financial report

year ending june 30 2004

















# city of **suwanee,** Georgia
# comprehensive annual financial report
# year ended june 30, 2004

Prepared by:
**Financial Services** Department




suwanee city hall

# city **council**



Nick **Masino**
**Mayor**



Carol **Hassell**
Mayor Pro-Tem



Jace **Brooks**
Council Member



Jimmy **Burnette**
Council Member



Alan **Landers**
Council Member



Jeannine K. **Rispin**
Council Member

# management **team**



Hardin **Watkins**
City Manager



Marty **Allen**
Planning & Community Development Director



Rich **Edinger**
Public Works & Inspection Director



Mike **Jones**
Chief of Police



Elvira **Rogers**
Administrative Services Director



Amie **Sakmar**
Financial Services Director

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# introductory section

Letter of Transmittal
GFOA Certificate of Achievement
Organizational Chart









August 24, 2004

Citizens,
Mayor, and
Members of the City Council
**Suwanee, Georgia**:

At the annual State of the City Address, the Mayor declared 2004 as the Year of the Parks in Suwanee. During the past twelve months, the City has opened three new parks and tripled the length of its multipurpose greenway. As the City strives to maintain its small-town charm, sense of community, and open spaces, we have also been striving to improve our financial position through detailed planning and conservative management. To that end, we are pleased to submit this Comprehensive Annual Financial Report for the year ended June 30, 2004, as part of our continued commitment to providing fiscally responsible service to the citizens of Suwanee.

This report is intended to provide details on how the City receives, spends, and accounts for financial resources as well as illustrate the key indicators of its financial strength. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects and provided in a manner designed to enable the reader to obtain an understanding of the City's financial activities over the last fiscal year. Readers are encouraged to consider the information presented here in conjunction with information provided in management's discussion and analysis, the financial statements, and the notes to the financial statements.

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

- The **Introductory 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 set 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, notes to the basic financial statements, and combining and individual fund statements and schedules.
- The **Statistical Section** contains comprehensive statistical data on the City's physical, economic, social, and political characteristics.

Federal regulations also require the City to undergo a Single Audit in conformance with *The Single Audit Act of 1996* and the U.S. Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations". Information related to the Single Audit, including the schedule of expenditures of federal awards, findings and questioned costs, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations is located after the statistical section.

This report covers 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 is reported as part of the primary government.

Discretely presented component units would be 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. The Downtown Development Authority of Suwanee was established as a legally separate entity on January 24, 2001. For the fiscal year ended June 30, 2004, the Downtown Development Authority had no financial activities; therefore no disclosure exists in the financial statements.

## demographics




Suwanee began as an American Indian village along the banks of 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, a tribe of Algonquin Indians. Suwanee was incorporated in 1949, and presently has 9.7 square miles. The City is located in the north central portion of Georgia, approximately 30 miles northeast of the City of 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. The City Council is responsible for 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. These include police protection, recreation and parks, planning and zoning, building inspections, code enforcement, economic and community development, special events, municipal court services, and road, sidewalk, and infrastructure maintenance. Water services are provided to a small portion of City residents. Costs of water services are financed through user charges to water customers.

## economic condition and outlook

Fortunately, due to Suwanee's unique revenue base, Suwanee has fared well during the past fiscal year. Suwanee's mix of residential, warehouse, industrial, and commercial use helps the City avoid being dependent on only one or two revenue sources. Listed below is a summary of economic outlooks for the year:

- Building residential construction value for calendar year 2003, based on permits issued, totaled $16,150,315 an increase in value of $971,245 compared to prior periods.
- During the last year, construction of 168 single-family homes and 28 commercial units were started.
- Property tax digest values increased by 11% for the 2003 property tax year allowing the City Council to lower the millage rate from 5.999 to 5.89 mills.



- Hotel/Motel occupancy rates have been dropping since September 11, 2001. At the end of 2004, occupancy rates were still below their pre-September 11th levels.
- According to the Atlanta Business Chronicle, Book of Lists for 2003, Suwanee's zip code was ranked 8th for wealthiest zip codes based on median household income and 6th for top business parks based on the number of square feet developed.

Through careful planning, the City intends to improve and maintain its strong financial position. Additional data regarding these trends may be found on pages 20-22 of management's discussion and analysis.

## major initiatives

During fiscal year 2004, the City of Suwanee has checked some impressive items off it's "to do" list. As a community, Suwanee has begun to realize the fruit of its years of public discussions, studies, and planning for an outstanding parks program. The three newly opened parks fulfill the following purposes: providing a spacious centrally located community-gathering locale, preserving passive recreation space with access to natural areas, and constructing a family friendly super playground.



**Town Center Park,** the first park completed through the City's bond-funded open space initiative, opened on December 24, 2003. This 10-acre downtown style park was designed to be the anchor of a vibrant new mixed-use area that will be the focal center of the community. The three interlinking elliptical pathways, large planters and garden areas, classic styling with brick and granite, and terraced amphitheater seating are among the elements that give Town Center Park a distinctive look. In addition the City completed, in August 2004, a 1,500 square foot performance facility which includes a stage, restrooms, a green room, and a concessionaire room.




**PlayTown Suwanee**, a 10,000 square foot wood and Trex play structure, was built in five days with the help of about 1,200 volunteers. The volunteer work force worked steadily throughout the five-day build, with a minimum of 75 – 100 volunteers on site during each of the three daily shifts. The first construction shift Wednesday morning and the Saturday morning shift each drew about 250 volunteers. PlayTown Suwanee opened on June 13, 2004.



**Suwanee Creek Park** is an 85-acre passive park located on Buford Highway near the City's southern border. This site includes a great deal of wetland and will remain largely in its natural state. The park serves as the greenway trailhead for the Suwanee Creek Greenway, the City's multi-use trail system. In addition to a parking area for approximately 100 cars, the park features additional paved trails, two pavilions with picnic tables and grills, and open meadow areas. Suwanee Creek Park opened in August 2004.

**URA Town Center**, the City's effort to create a new downtown adjacent to Town Center Park is also well underway. Thanks to low-cost funding available through the Urban Redevelopment Agency (URA), the City was able to purchase 13 acres of land. Subsequent to year-end, the City was able to sell one of the four parcels available and has obtained a purchase contract on a second.



## operations






## for the future

**Suwanee Soiree**, a fundraiser for the Better Parks Campaign, was hosted by the City on November 21, 2003, at the Jacqueline Casey Hudgens Center for the Arts and included both a live and silent auction that raised nearly $65,000 for the effort to design and build an interactive fountain at Town Center Park. To date, the campaign, which also includes sponsorships of various park items, has raised nearly $200,000, about two-thirds of its goal.

In addition to the major capital project initiatives, the City is constantly striving to improve itself operationally and provide better service to citizens, property owners, business operators, and visitors. City staff regularly work to achieve the common goal of exceeding expectations through established standards for quality, efficiency, and effectiveness.

Suwanee Police Department continues to build relationships with neighborhood residents through its PACT (Police and Citizens Together) program. Through the program, each City neighborhood is assigned a police liaison that works with citizens on issues of concern. The Police Department has also begun offering on a quarterly basis the Georgia Teens Ride with Pride (Parents Reducing Incidents of Driver Error) program to area teens and their parents. The two-hour course, which addresses driving attitudes and teenage behaviors, is designed to help reduce the high number of crashes, injuries, and deaths involving teenage drivers. To date, more than 50 people have attended the two classes that have been offered.

Municipal Court staff and several other City employees moved into the renovated "Old City Hall" building, now known as Crossroads Center. The renovated facility provided badly needed additional office, meeting, and storage space and as a result enhanced staff's ability to provide high-quality customer service to citizens. Courtware Solutions was implemented as the new court software. This software, financed through a $4 technology fee added to most citations, has allowed the City to accept citation payments online.

To help keep Suwanee environmentally attractive, City Council improved the Buffer Landscape and Tree ordinance, adopted a conservation subdivision development ordinance, and adopted several ordinances as mandated by the North Georgia Water Planning District to help protect and improve water quality. The Council also adopted an I-85 Streetscape Master Plan designed to guide Suwanee's efforts to enhance the walkability and improve the aesthetics of the I-85 business corridor.

The well pump for the City's water system, originally installed during the 1970s, was replaced in December 2003. This improvement provides increased water pressure and improved fire protection for City water customers and allows the system to be expanded to serve a new subdivision being constructed on Stonecypher Road.

The City's top priorities include open space and park initiatives, maintenance, and expansion of infrastructure (sidewalks, water system, roads, and City facilities), 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 and identify cost projections and 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 portion of the Comprehensive Plan is reviewed and updated annually.

**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 judgments by management.

**Budget Controls**

Budgetary control is essential for good financial management and legal compliance. The City 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.

The City Manager and the Financial Services Director are responsible for compiling the annual budget for all City departments. The City Manager submits to the City Council, no later than May 1, a proposed budget for each fund for the upcoming fiscal year. City Council reviews, meets legal requirements for advertising public hearings regarding the budget, holds public hearings, and then adopts the annual budget before June 30.

**Cash Management**

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

The City's investment program is managed in accordance with all applicable laws and the City's Investment Policy, adopted by City Council. 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 investments for the fiscal year 2004 was 3.3%. The total amount earned on all investments in all funds was, $249,618. This compares with earnings of $462,864 in fiscal year 2003. This significant decrease is due to prior period idle bond proceeds being expended for land purchases and construction of the three new parks discussed under the major initiatives section.

**other information**

### 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 agents and attorneys 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 in 2001. Mauldin & Jenkins' report on the City's basic financial statements is included in the financial section of this CAFR. An audit of federal awards has also been performed in accordance with the Single Audit Act and the Office of Management and Budget's Circular A-133. All information regarding the single audit, including Mauldin & Jenkins' reports, is in the single audit section.




### Awards

The Suwanee Police Department has received two awards from the Governor's Office of Highway Safety. The department received the Occupant Protection Award, given to the agency with the best overall programs for protecting vehicle occupants. They also received the First-Time Entry Award for having the highest score among first-time entries submitted, regardless of the size of the agency. Suwanee was also recognized for it aggressive enforcement of seatbelt and child restraint laws through saturation patrols, inspections and checkpoints, and for its community-based programs, including Georgia Teens Ride with PRIDE.

Two of the City's efforts were recognized by the City-County Communications & Marketing Association (3CMA) through its Savvy Awards program. The "We Want You!" playground volunteer brochure won the Silver Circle Award in the category for Publications-Other and the Suwanee Soiree won the Silver Circle Award in the category for Special Events. The Soiree was also recognized in the Most Creative Activities with Least Dollars Spent category, placing third among cities and counties with populations of up to 135,000.

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, 2003. This award is given for publishing an easily readable, efficiently organized comprehensive annual financial report conforming to program standards. This was only the second CAFR prepared by Suwanee, and the first to be submitted to GFOA for this prestigious award. 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 to determine its eligibility for another certificate. The City is committed to this effort and will strive to maintain and surpass these standards on future reports.

**Acknowledgements**

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 the Financial Services Department to produce a quality report that is readable and beneficial to Suwanee citizens. This being the first CAFR prepared by the City under GASB Statement No. 34, the City appreciates the guidance and assistance provided by our independent auditors, Mauldin & Jenkins. We also express our appreciation to City Council for their leadership and support in planning and conducting the financial affairs of the City. The responsible and progressive manner in which they do their job ensures that Suwanee is, and will continue to be, a great place to live, work and play.




Respectfully submitted,

Amie Sakmar
Financial Services Director

Hardin Watkins
City Manager

# Certificate of Achievement for Excellence in Financial Reporting

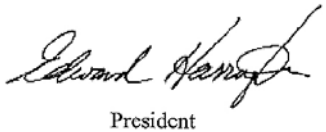
Presented to

## City of Suwanee, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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

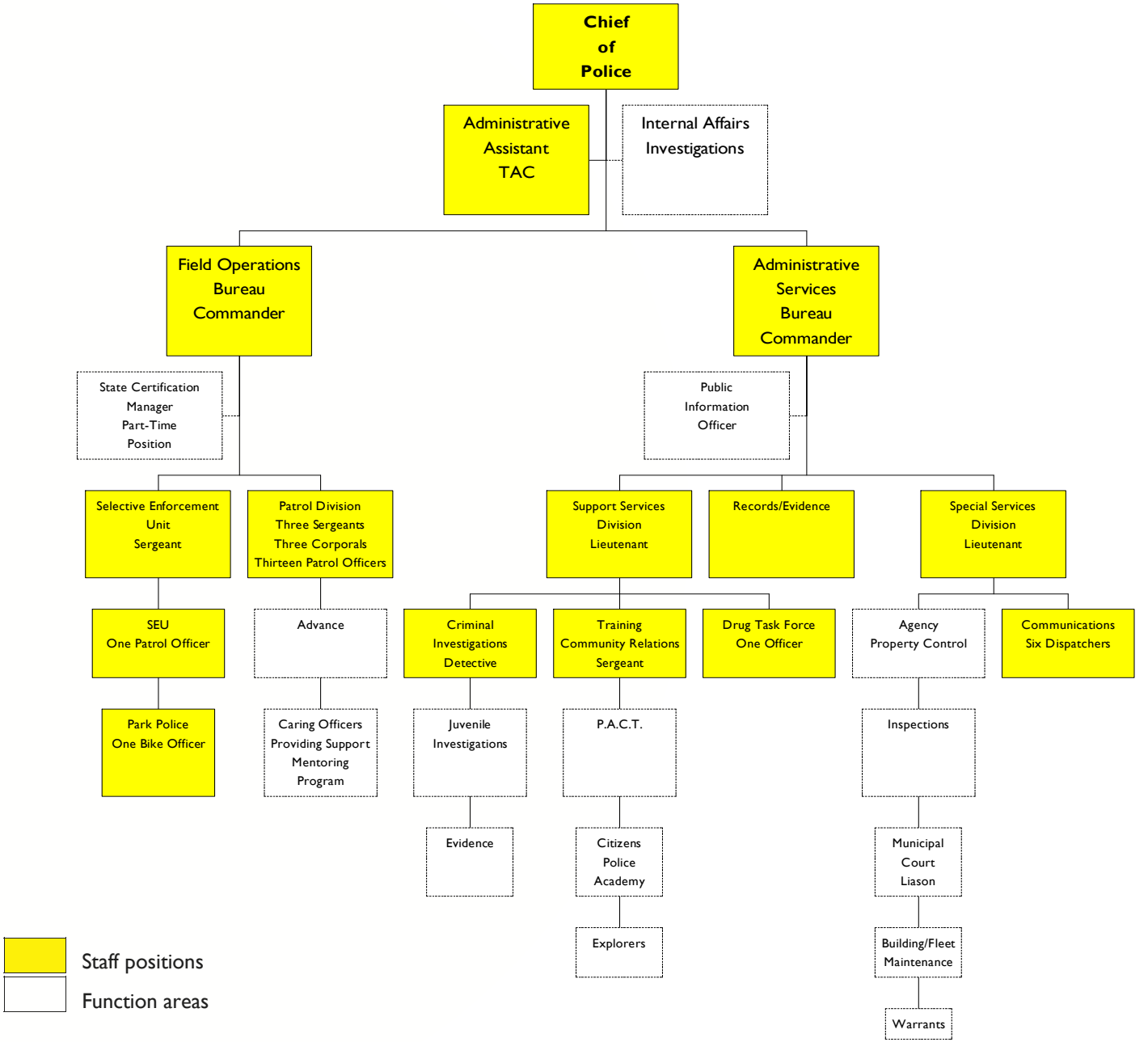


Executive Director

## city of suwanee administration organizational chart



## city of suwanee police department organizational chart



# financial section

Independent Auditor's Report
Management's Discussion and Analysis

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# 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, 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, 2004, 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, each major fund, and the aggregate remaining fund information of the City of Suwanee, Georgia, as of June 30, 2004, 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.

As discussed in Note 1 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* Statement No. 37, *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34,* and Statement No. 38, *Certain Financial Statement Note Disclosures,* effective July 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2004 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 24) 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, statistical section, and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented 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.

Mauldin & Jenkins, LLC

Macon, Georgia
August 24, 2004

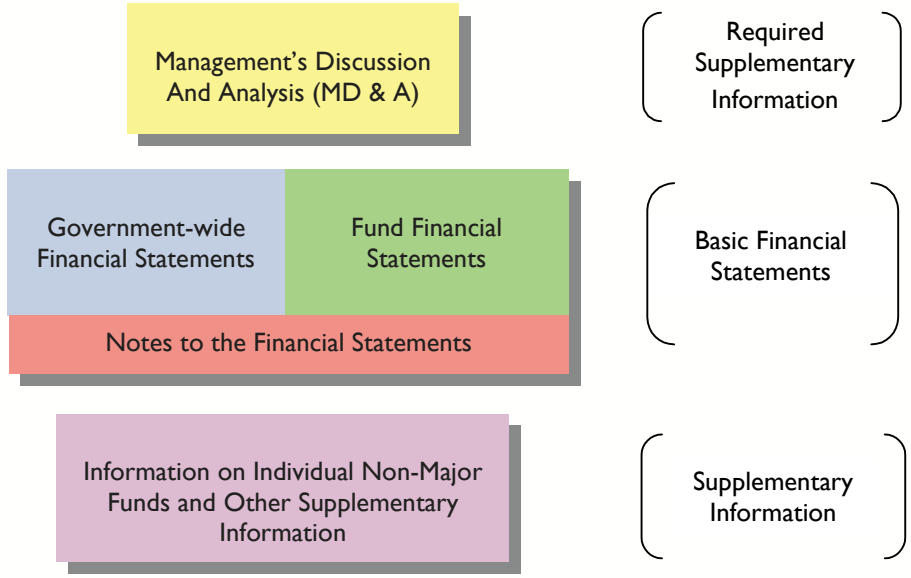
439 MULBERRY STREET POST OFFICE BOX 1877 MACON, GEORGIA 31202-1877 478-464-8000 FAX 478-464-8051 www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## management's discussion and analysis

As management of the City of Suwanee, we offer readers of the City's financial statements this narrative overview of the financial activities of the City for the fiscal year ended June 30, 2004. This narrative is intended to assist the reader in understanding significant financial issues, provide an overview of financial activities, identify changes in financial position, identify material deviations from the original budget, and identify individual fund issues or concerns. We encourage readers to consider this information in conjunction with the additional information that is furnished in the financial statements, and the notes to the financial statements.

## overview of the financial statements

This is the City's first Financial Report issued under the Governmental Accounting Standards Board (GASB) Statement No. 34. Since the presentation required under GASB Statement No. 34 is different than information required previously, we are providing the following illustration to assist readers in understanding the financial statements.




The City's basic audited financial statements include: the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains additional supplementary information (combining financial statements) in addition to the basic financial statement's themselves. The basic financial statements include two sets of statements that provide different views of the City, the government-wide financial statements and the fund financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. These statements provide both short-term and long-term information about the City's financial status, which assists in assessing the City's economic condition at the end of the fiscal year. All governmental and business type activities are consolidated to arrive at a total for the City. The government-wide financial statements include two statements:

- The statement of net assets presents information on all of the City's assets and liabilities, for all fund types except for fiduciary, 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. Before GASB 34, capital assets and long term liabilities were excluded from governmental funds balance sheets and were presented within the General Fixed Assets and General Long Term Debt Account Groups. This new statement combines the governmental fund's current financial resources with capital assets and long-term liabilities.

- The statement of activities presents information on how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. This causes revenues and expenses to be reported in this statement for some items that will not result in cash flows until future periods, such as uncollected taxes and earned but unused vacation leave. This new statement 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.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). Governmental activities of the City include general government, police services, judiciary, public works, culture and recreation, and housing and development. Business type activities include the water and sewer activity .

The government-wide financial statements can be found on pages 25-26.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements focus on individual parts of City government, 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 funds.

**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. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balance of spendable resources at year-end available for future spending. These statements provide a detailed short-term view of the City's finances that assists 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 fourteen governmental funds. There are four governmental funds that are considered major funds for financial reporting purposes: General, Debt Service, Trice Trail, and Open/Green Space. 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 the other, non-major, governmental funds are combined into a single, aggregated column.

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 30. The basic governmental fund financial statements can be found on pages 27-29.

**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. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 34-36.

**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. The City 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 37.

**Notes to the financial statements.** The notes to the financial statements provided 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 40-60 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 with the exception of the General Fund which is presented in the Basic Financial Statements.

## financial highlights

- Suwanee's assets exceeded its liabilities at June 30, 2004 by $24,663,564 (net assets). Of this amount, $2,874,930 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors, and $21,669,388 is invested in capital assets, net of related debt.
- As of June 30, 2004, the City's governmental funds reported a combined ending fund balance of $7,450,251, a decrease of $4,043,333 in comparison with the last fiscal year. Of this amount, $7,331,005 is unreserved in the various governmental

funds and represents 52.3% of the total governmental funds expenditures. The large decrease in fund balance is due to the construction of three major parks and the greenway extension thus transferring current resources (cash and investments) to long-term resources (fixed assets).

- At June 30, 2004, the General fund reported an unreserved fund balance of $2,766,402; an increase of $381,281 or 16.5% from the last fiscal year. This represents 53.1% of the general fund expenditures.

- The net decrease in the City's long-term obligations was $378,300. This decrease includes bond and lease principal payments of $551,608.

## government-wide financial analysis

This is the first year that the City has presented financial statements under the new reporting model required by GASB Statement No. 34. In this first year under the new reporting model the City did not restate prior fiscal years for the purpose of providing comparative information for the MD&A. Statements in future reports will include current and prior year data, which will provide greater opportunities for comparative analysis.

**Net Assets June 30, 2004**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Assets: | | | |
| Current and other assets | $ 8,628,662 | $ 44,790 | $ 8,673,452 |
| Capital assets | 33,819,053 | 1,928,291 | 35,747,344 |
| Total assets | 42,447,715 | 1,973,081 | 44,420,796 |
| Liabilities: | | | |
| Long-term liabilities outstanding | 18,678,972 | 57,833 | 18,733,805 |
| Other liabilities | 1,019,530 | 3,897 | 1,023,427 |
| Total liabilities | 19,695,502 | 61,730 | 19,757,232 |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 19,798,930 | 1,870,458 | 21,669,388 |
| Restricted for debt service | 119,246 | - | 119,246 |
| Unrestricted | 2,834,037 | 40,893 | 2,874,930 |
| Total net assets | $ 22,752,213 | $ 1,911,351 | $ 24,663,564 |

As noted earlier, net assets may over time serve as a useful indicator of the City's financial position. At June 30, 2004, assets exceeded liabilities by $24,663,564. The largest portion of the City's net assets, 87.9%, are invested in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, other immovable assets), net of any related outstanding debt used to acquire those assets. These capital assets are used by the City to provide services to citizens and are not available for future spending. The City has restrictions on $119,246 of net assets to be spent on debt service. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

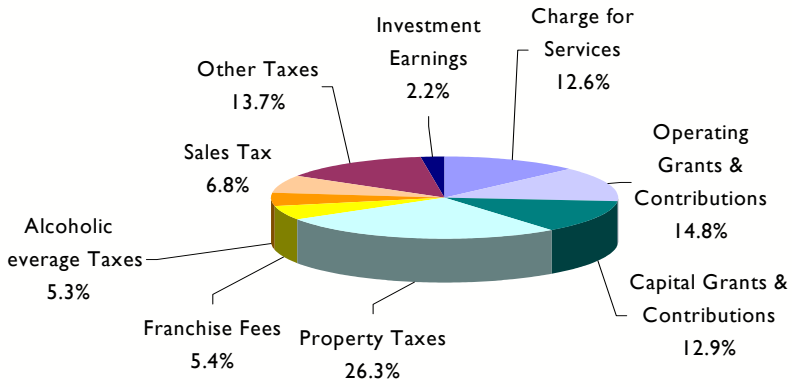
At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, including the City as a whole, as well as for its separate governmental and business –type activities. Growth in net assets is an indication that Suwanee's financial position has improved over 2003. The following condensed financial information was derived from the government-wide Statement of Activities and reflects how net assets changed during fiscal year 2004.

**Governmental activities.** Governmental activities increased the City's net asset by $4,389,235 thereby accounting for 100 % of the total growth in net assets. A large percentage of the increase in net assets in governmental activities is related to construction and donation of capital assets, 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.

| Change in Net Assets | Governmental Activities 2004 | Business-type Activities 2004 | Total 2004 |
|---|---|---|---|
| Revenues | | | |
| Program revenues: | | | |
| Charge for services | $ 1,440,798 | $ 56,849 | $ 1,497,647 |
| Operating grants and contributions | 1,685,783 | | 1,685,783 |
| Capital grants and contributions | 1,477,448 | | 1,477,448 |
| General revenues: | | | |
| Property taxes | 3,011,097 | | 3,011,097 |
| Franchise fees | 618,509 | | 618,509 |
| Alcoholic beverage taxes | 601,034 | | 601,034 |
| Sales tax | 780,604 | | 780,604 |
| Other taxes | 1,563,206 | | 1,563,206 |
| Unrestricted Investment earnings | 249,547 | 71 | 249,618 |
| Total revenues | 11,428,026 | 56,920 | 11,484,946 |
| Expenses: | | | |
| General government | 1,202,975 | | 1,202,975 |
| Judicial | 213,200 | | 213,200 |
| Public safety | 2,384,653 | | 2,384,653 |
| Public works | 1,334,086 | | 1,334,086 |
| Culture and recreation | 146,780 | | 146,780 |
| Housing and development | 776,188 | | 776,188 |
| Interest on long term debt | 980,909 | | 980,909 |
| Water and sewer | | 71,267 | 71,267 |
| Total expenses | 7,038,791 | 71,267 | 7,110,058 |
| Increase in net assets | 4,389,235 | (14,347) | 4,374,888 |
| Net assets – July 1, 2003 | 18,362,978 | 1,925,698 | 20,288,676 |
| Net assets – June 30, 2004 | $ 22,752,213 | $ 1,911,351 | $ 24,663,564 |

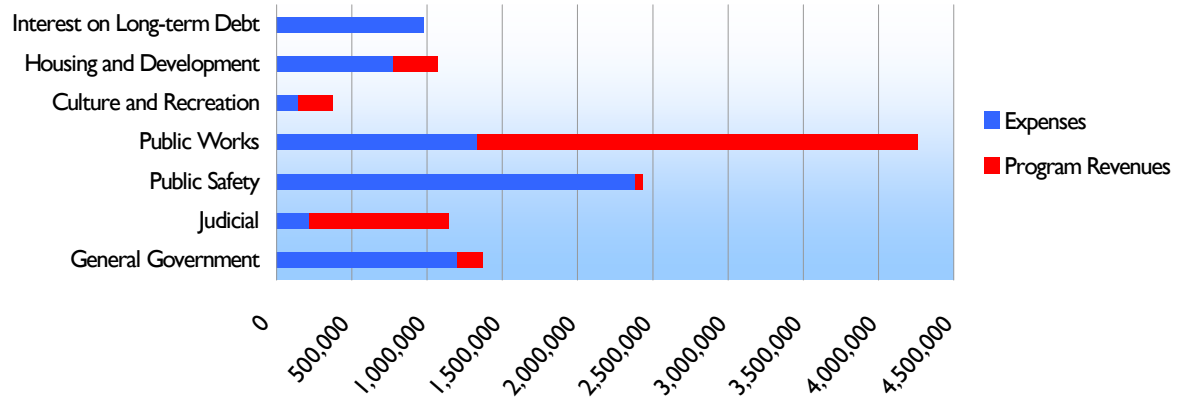
Governmental activities revenue totaled $11,428,026 for fiscal year 2004. Property taxes are the largest revenue source for governmental activities, accounting for 26.3% of total revenues. Operating Grants and Contributions and Other Taxes are the second and third largest revenue source accounting for 14.75% and 13.68% of governmental revenues for the year.

Revenue by Source - Governmental Activities FY 2004



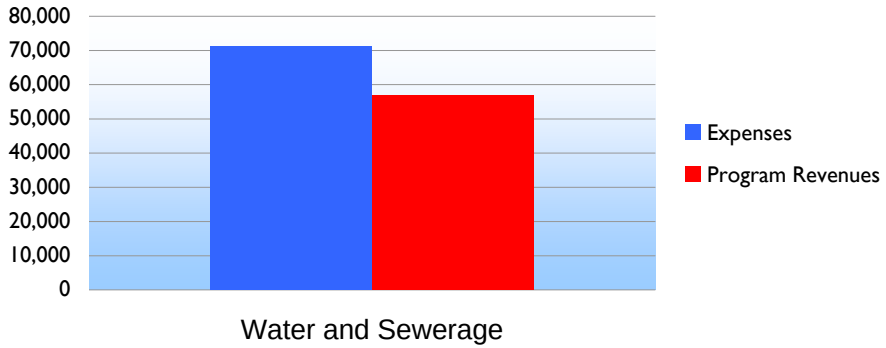

Governmental expenses totaled $7,038,791 for the fiscal year. Of the expenditures, 33.88% or $2,384,653 is related to public safety. Public Works amounted to $1,334,086, or 18.95%. Interest on long-term debt accounted for 13.93% of overall governmental expenses. The chart below compares governmental activities with their respective program revenues, if any.

**Expenses and Program Revenues - Governmental Activities FY 2004**



**Business-type activities**. Business-type activities decreased the City's net assets by $14,347 accounting for 0% of the total growth in the City's net assets.

**Expenses and Program Revenues - Business-type Activities FY 2004**




## 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, 2004, the City's governmental funds reported a combined ending fund balances of $7,450,251, a decrease of $4,4034,333 in comparison with the prior year. Approximately 37.1% of the ending fund balance ($2,766,402) constitutes unreserved fund balance, which is available to meet the City's current and future needs. The remainder of fund balance is reserved or included in a specific fund to indicate that it is not available for new spending because it has been committed to pay debt service ($119,246), to pay for capital projects ($4,307,474), and for various other purposes ($257,129).

The general fund is the chief operating fund of the City. At June 30, 2004, unreserved fund balance of the general fund was $2,766,402. 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 53.1% of total general fund expenditures. The fund balance of the general fund increased by $381,281 during the current fiscal year.

The following provides an explanation of revenues by source that changed significantly over the prior year:

**Revenues Classified by Source-General Fund**

| Revenues by Source | FY 2004 Amount | FY 2004 Percent of Total | FY 2003 Amount | FY 2003 Percent of Total | Increase/ (Decrease) Amount | Increase/ (Decrease) Percent of Change |
|---|---|---|---|---|---|---|
| Taxes | $ 5,672,150 | 78.7 | $ 5,275,478 | 78.5 | $ 396,672 | 7.5 |
| Licenses and permits | 427,549 | 5.9 | 406,198 | 6.0 | 21,351 | 5.3 |
| Intergovernmental | 45,162 | 0.6 | 23,104 | 0.3 | 22,058 | 95.5 |
| Charges for service | 68,244 | 0.9 | 125,183 | 1.9 | (56,939) | (45.5) |
| Fines and forfeitures | 927,203 | 12.9 | 766,028 | 11.4 | 161,175 | 21.0 |
| Other | 71,686 | 1.0 | 124,521 | 1.9 | (52,835) | (42.4) |
| Total | $ 7,211,994 | 100 | $ 6,720,512 | 100 | $ 491,482 | 7.3 |

- Tax revenues increased by $331,970 due to an 11% increase in the tax digest. The remaining increase relates to increases in other tax collections.
- Licenses and permits increased by $21,351 due to growth in residential and commercial construction during the fiscal year which resulted in an increase in the number of building permits issued.
- Intergovernmental grants increased by $22,058 due to an increase in storm drainage funding from Gwinnett County.
- Charges for services decreased by $56,939. The majority of the decrease is due to a reduction in special duty police patrols. In fiscal year 2003, the State of Georgia completed renovations to the I-85 rest stop in Suwanee. After completing the renovations, the State of Georgia's Department of Transportation contracted with the City to provide extra patrols for the rest stop for six months. This contract was not renewed in fiscal year 2004.
- Fines and forfeitures increased by $161,175. This increase was due to increase in the volume of calls for services, volume of traffic on City streets, additional patrol officers, and the newly added capabilities of paying for tickets on-line.
- Other revenues decreased by $52,835. The majority of the decrease is due to a change in accounting for sponsorships for Suwanee Day. Suwanee Day activities are not accounted for in the general fund instead they have been moved to a special revenue fund.

The following provides an explanation of expenditures by function that changed significantly over the prior year.

**Expenditures by Function – General Fund**

| Expenditures by Function | FY 2004 Amount | FY 2004 Percent of Total | FY 2003 Amount | FY 2003 Percent of Total | Increase/ (Decrease) Amount | Increase/ (Decrease) Percent of Change |
|---|---|---|---|---|---|---|
| General government | $ 1,195,145 | 22.9 | $ 1,040,264 | 21.8 | $ 154,881 | 14.9 |
| Judicial | 218,740 | 4.2 | 182,857 | 3.8 | 35,883 | 19.6 |
| Public Safety | 2,370,427 | 45.5 | 2,249,662 | 47.1 | 120,765 | 5.4 |
| Public works | 617,473 | 11.8 | 494,649 | 10.4 | 122,824 | 24.8 |
| Culture and recreation | 68,485 | 1.3 | 50,663 | 1.1 | 17,822 | 26 |
| Housing and development | 623,757 | 12.1 | 617,171 | 12.9 | 6,586 | 1.1 |
| Debt service-principal retirement | 109,936 | 2.1 | 128,792 | 2.7 | (18,856) | (14.6) |
| Debt service-interest | 7,179 | 0.1 | 11,225 | 0.2 | (4,046) | (36.0) |
| Total | $ 5,211,142 | 100 | $ 4,775,283 | 100 | $ 435,859 | 9.1 |

- General government expenditures increased by $154,881 or 15%. This increase was primarily due to the cost of implementing a new accounting software program.
- Judicial expenditures increased by $35,883 or 20%. The key factor for this increase was the addition of two court dates per month to handle the increase volume on court dates.
- Police expenditures increased by $120,765 or 5%. In fiscal year 2004 two new officers were added to the police force and a new park police department was added.
- Public works expenditures increased by $122,824 or 25%. During fiscal year 2004 the City opened three new parks which created the need for additional staff to manage the maintenance on the new parks.
- Culture and recreation increased by $17,822 or 26%. The majority of this increase was for the Town Center Park ground maintenance agreement entered into during fiscal year 2004.

Capital project funds account for the financial resources used for the purchase and construction of major capital facilities. During fiscal year 2004 the City had two capital project funds that were considered major funds, the Open/Green Space fund and the Trice Trail fund. At the end of the current fiscal year, unreserved fund balance of the Open/Green Space fund was $3,984,399, representing a decrease of $4,254,706 over the prior year. Current year expenditures exceed revenues by $4,254,706. The reader should be aware that the $17.6 million 2002 General Obligation Bond proceeds provided the majority of the financial resources available in the Open/ Green Space fund.

The Trice Trail fund unreserved fund balance at year end was $97,867, representing a decrease of $95,848 over the prior year. Current year expenditures exceed revenues by $107,636. The majority of the financial resources for the Trice Trail fund were provided by a federal transportation grant.

The debt service fund has a total fund balance of $119,246 as of June 30, 2004, 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 information about financial status. At the fiscal year end, the Water and Sewer fund had an operating loss of $14,347 compared to an operating loss of $45,145 in the prior year. Operating revenues were 25% above those in fiscal year 2003 and operating expenses were 21% lower than the prior year. During the current fiscal year the City has been working on improvements to the water tank and modifications on the hook-up to Gwinnett County's cross-connection. These changes will extend service to a new neighborhood, improve water pressure, enhance fire protection, and allow the City to make overall system improvements for the 230 current water customers. The costs for these improvements will be approximately $400,000, the majority of which will be paid by a new residential neighborhood through impact fees. In the interim, the City has been approved for a construction line of credit with the Georgia Environmental Facilities Authority. As of June 30, 2004 the City has drawn $57,833 on this line of credit.

## general fund budgetary highlights

Differences between the original budget ($6,935,198) and the final amended budget ($7,312,906) amounted to an overall increase of $377,708, which is summarized below.

- Transfers to capital project funds increased the final amended budget by $320,208.
- Transfers to the debt service fund increased the final amended budget by $54,114
- The remaining difference of $3,386 represents various small increases to departmental budgets.

A detailed budgetary comparison schedule for the General Fund for the fiscal year ended June 30, 2004, can be found on page 34. The following chart is a summary of that schedule.

| | Budget | | | |
|---|---|---|---|---|
| Revenues, transfers, and other financing sources | Original | Final | Actual | Variance with Final |
| Taxes | $ 5,439,587 | $ 5,587,476 | $ 5,672,150 | $ 84,674 |
| Licenses and permits | 375,415 | 403,539 | 427,549 | 24,010 |
| Intergovernmental revenues | 43,000 | 45,162 | 45,162 | - |
| Charge for service | 98,350 | 67,609 | 68,244 | 635 |
| Fines and forfeitures | 830,000 | 885,000 | 927,203 | 42,203 |
| Investment income | 52,000 | 45,731 | 53,546 | 7,815 |
| Miscellaneous revenues | 4,750 | 15,179 | 18,140 | 2,961 |
| Other financing sources | 92,096 | 172,789 | 170,157 | (2,632) |
| Total | 6,935,198 | 7,222,485 | 7,382,151 | 159,666 |
| Expenditures and Transfers Out | | | | |
| Expenditures | 5,519,788 | 5,523,174 | 5,211,142 | 312,032 |
| Transfers Out | 1,415,410 | 1,789,732 | 1,789,728 | 4 |
| Total | 6,935,198 | 7,312,906 | 7,000,870 | 312,036 |
| Change in Fund Balance | $ - | $ (90,421) | $ 381,281 | $ 471,702 |

## capital assets and debt administration

During the year, general fund revenues exceed budgetary projections and expenditures were less than budgetary estimates. Actual revenues were $159,666 higher than estimates. Whereas expenditures were $312,036 lower than the final budgetary appropriations.

**Capital assets.** At June 30, 2004, the City's investment in capital assets in both governmental and business-type activities amounted to $35,747,344, net of depreciation. This includes land, land improvements, buildings, machinery and equipment, park facilities, and infrastructure.

Governmental assets additions during the year totaled $8,730,828. Business–type assets additions for the water system totaled $64,129 for improvements to the water tank. Major projects consisted of the following:

- Trice Trail phase III was constructed at a cost of $1,512,691;
- Suwanee Creek Park was constructed at a cost of $1,661,796;
- Town Center Park was constructed at a cost of $2,863,788;
- PlayTown Suwanee was constructed at a cost of $539,249; and
- Renovations to the Old City Hall, Suwanee Crossroads Center, totaled $228,642.

**Capital Assets (Net of Depreciation)**

| | Governmental Activities June 30, 2004 | Business-type Activities June 30, 2004 | Total June 30, 2004 |
|---|---|---|---|
| Land | $ 10,859,575 | $ | $ 10,859,575 |
| Land improvements | 169,415 | 3,585 | 173,000 |
| Buildings | 1,701,605 | | 1,701,605 |
| Water distribution | | 1,844,904 | 1,844,904 |
| Machinery and equipment | 491,106 | 15,673 | 506,779 |
| Vehicles | 381,026 | | 381,026 |
| Infrastructure | 10,384,451 | | 10,384,451 |
| Construction in progress | 9,831,875 | 64,129 | 9,896,004 |
| Total | $ 33,819,053 | $ 1,928,291 | $ 35,747,344 |

Additional information on capital assets can be found in note 6 on pages 51-53 of this report.

**Long-term debt.** At the end of the fiscal year, the City had a total bonded debt outstanding of $18,324,830. Of this amount, $17,065,000 is comprised of debt which is backed by the full faith and credit of the City (general obligation bonds) and $1,259,830 represents bonds secured by specified revenue sources (revenue bonds).

The City's total bonded debt decreased by $441,672, or 2% during the current fiscal year. The City maintains an AA- rating from two 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 $52,949,117; current bonded debt is below this limit with 34.4% of the legal debt limit used. Information regarding long-term debt can be found in note 7 on pages 53-55 of this report.

## economic factors and next year's budgets and rates

Suwanee was the 5th fastest-growing City in Georgia and the fastest growing small City in Metro Atlanta during the 1990's. Since 1990, the City has grown more than 288% to an estimated population of 10,800 at June 30, 2004. 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 2003, Suwanee's zip code was ranked 8th for wealthiest zip codes based on median household income and 6th for top business parks based on the number of square feet developed. During the budget process for fiscal year 2005, we predicted a 12% growth rate in the City's real property tax digest. Based on this continued growth, City Council lowered the millage rate from 5.89 mills to 5.81 mills for fiscal year 2005.

The City has experienced a decline in hotel/motel occupancy rates since September 11, 2001. With the idea of reversing this trend, the City Council dedicated funds during the fiscal year 2005 budget process to study and improve the I-85 business corridor where all of the city's hotels are located. City Council budgeted $60,000 for an economic study and an additional $80,000 for streetscape improvements to the corridor.

The unemployment rate for Suwanee at December 30, 2003, was 5.1%, which is lower than the previous year rate of 5.7% and lower than the State of Georgia's rate of 6.0%. However, the City's unemployment rate continues to be higher than Gwinnett County's rate (4.1%) as noted in the previous five years (see page S-27 in the Statistical Section).

## requests 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. Phone number (770) 945-8996.

# basic financial statements

Government-wide Financial Statements
Fund Financial Statements

## statement of net assets
## june 30, 2004

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,860,366 | $ 62,742 | $ 1,923,108 |
| Investments | 6,288,261 | - | 6,288,261 |
| Taxes receivable | 162,072 | - | 162,072 |
| Accounts receivable | 81,806 | 5,553 | 87,359 |
| Intergovernmental receivable | 164,947 | - | 164,947 |
| Internal balances | 26,548 | (26,548) | - |
| Restricted cash | 44,662 | 3,043 | 47,705 |
| Capital assets, nondepreciable | 20,691,450 | 64,129 | 20,755,579 |
| Capital assets, depreciable, net of accumulated depreciation | 13,127,603 | 1,864,162 | 14,991,765 |
| Total assets | 42,447,715 | 1,973,081 | 44,420,796 |
| **LIABILITIES** | | | |
| Accounts payable | 974,868 | 659 | 975,527 |
| Accrued interest | - | 195 | 195 |
| Liabilities payable from restricted assets | 44,662 | 3,043 | 47,705 |
| Capital leases due within one year | 101,019 | - | 101,019 |
| Capital leases due in more than one year | 77,152 | - | 77,152 |
| Compensated absences due within one year | 55,351 | - | 55,351 |
| Compensated absences due in more than one year | 117,620 | - | 117,620 |
| Note payable due in more than one year | - | 57,833 | 57,833 |
| Bonds payable due within one year | 454,635 | - | 454,635 |
| Bonds payable due in more than one year | 17,870,195 | - | 17,870,195 |
| Total liabilities | 19,695,502 | 61,730 | 19,757,232 |
| **NET ASSETS** | | | |
| Investment in capital assets, net of related debt | 19,798,930 | 1,870,458 | 21,669,388 |
| Restricted for debt service | 119,246 | - | 119,246 |
| Unrestricted | 2,834,037 | 40,893 | 2,874,930 |
| Total net assets | $ 22,752,213 | $ 1,911,351 | $ 24,663,564 |

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

## statement of activities for the fiscal year ended june 30, 2004

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Assets: Governmental Activities | Net (Expenses) Revenues and Changes in Net Assets: Business-type Activities | Net (Expenses) Revenues and Changes in Net Assets: Total |
|---|---|---|---|---|---|---|---|
| Governmental activities: | | | | | | | |
| General government | $ 1,202,975 | $ 164,643 | $ 3,000 | $ - | $ (1,035,332) | $ - | $ (1,035,332) |
| Judicial | 213,200 | 927,203 | - | - | 714,003 | - | 714,003 |
| Public safety | 2,384,653 | 50,467 | - | 1,832 | (2,332,354) | - | (2,332,354) |
| Public works | 1,334,086 | 376 | 1,453,722 | 1,475,616 | 1,595,628 | - | 1,595,628 |
| Culture and recreation | 146,780 | - | 229,061 | - | 82,281 | - | 82,281 |
| Housing and development | 776,188 | 298,109 | - | - | (478,079) | - | (478,079) |
| Interest on long-term debt | 980,909 | - | - | - | (980,909) | - | (980,909) |
| Total governmental activities | 7,038,791 | 1,440,798 | 1,685,783 | 1,477,448 | (2,434,762) | - | (2,434,762) |
| Business-type activities: | | | | | | | |
| Water and sewer | 71,267 | 56,849 | - | - | - | (14,418) | (14,418) |
| Total business-type activities | 71,267 | 56,849 | - | - | - | (14,418) | (14,418) |
| Total primary government | $ 7,110,058 | $ 1,497,647 | $ 1,685,783 | $ 1,477,448 | (2,434,762) | (14,418) | (2,449,180) |
| General Revenues: | | | | | | | |
| Property taxes | | | | | 3,011,097 | - | 3,011,097 |
| Franchise taxes | | | | | 618,509 | - | 618,509 |
| Alcoholic beverage taxes | | | | | 601,034 | - | 601,034 |
| Sales taxes | | | | | 780,604 | - | 780,604 |
| Other taxes | | | | | 1,563,206 | - | 1,563,206 |
| Unrestricted investment earnings | | | | | 249,547 | 71 | 249,618 |
| Total general revenues | | | | | 6,823,997 | 71 | 6,824,068 |
| Change in net assets | | | | | 4,389,235 | (14,347) | 4,374,888 |
| Net assets, beginning of year | | | | | 18,362,978 | 1,925,698 | 20,288,676 |
| Net assets, end of year | | | | | $ 22,752,213 | $ 1,911,351 | $ 24,663,564 |

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

## governmental funds balance sheet june 30, 2004

| | General | Debt Service | Trice Trail | Open Space/ Green Space | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and cash equivalents | $ 852,870 | $ 119,246 | $ 7,920 | $ 449,186 | $ 431,144 | $ 1,860,366 |
| Investments | 1,748,429 | - | - | 4,482,878 | 56,954 | 6,288,261 |
| Property taxes receivable | 162,072 | - | - | - | - | 162,072 |
| Accounts receivable | 81,806 | - | - | - | - | 81,806 |
| Intergovernmental receivable | - | - | 164,947 | - | - | 164,947 |
| Due from other funds | 106,198 | - | - | - | - | 106,198 |
| Restricted cash | - | - | - | - | 44,662 | 44,662 |
| Total assets | $ 2,951,375 | $ 119,246 | $ 172,867 | $ 4,932,064 | $ 532,760 | $ 8,708,312 |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ 26,092 | $ - | $ - | $ 947,665 | $ 1,111 | $ 974,868 |
| Due to other funds | - | - | 75,000 | - | 4,650 | 79,650 |
| Deferred revenue | 158,881 | - | - | - | - | 158,881 |
| Escrow deposits | - | - | - | - | 44,662 | 44,662 |
| Total liabilities | 184,973 | - | 75,000 | 947,665 | 50,423 | 1,258,061 |
| **FUND BALANCES** | | | | | | |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Debt service | - | 119,246 | - | - | - | 119,246 |
| Unreserved, reported in: | | | | | | |
| General fund, undesignated | 2,310,060 | - | - | - | - | 2,310,060 |
| General fund, designated for: | | | | | | |
| Sidewalks | 39,352 | - | - | - | - | 39,352 |
| City hall expansion | 31,990 | - | - | - | - | 31,990 |
| Open space acquisition | 360,000 | - | - | - | - | 360,000 |
| Economic development facility acquisition | 25,000 | - | - | - | - | 25,000 |
| Special revenue funds, undesignated | - | - | - | - | 257,129 | 257,129 |
| Capital project funds, undesignated | - | - | 97,867 | 3,984,399 | 225,208 | 4,307,474 |
| Total fund balances | 2,766,402 | 119,246 | 97,867 | 3,984,399 | 482,337 | 7,450,251 |
| Total liabilities and fund balances | $ 2,951,375 | $ 119,246 | $ 172,867 | $ 4,932,064 | $ 532,760 | |

| | |
|---|---|
| **Capital assets** used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 33,819,053 |
| **Other long-term assets** are not available to pay for current period expenditures, and therefore, are deferred in the funds. | 158,881 |
| **Long-term liabilities** are not due and payable in the current period and, therefore, are not reported in the funds. | (18,675,972) |
| **Net assets of governmental activities** | $ 22,752,213 |

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

## governmental funds statement of revenues, expenditures and changes in fund balances for the fiscal year ended june 30, 2004

| | General | Debt Service | Trice Trail | Open Space/ Green Space | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUES** | | | | | | |
| Property taxes | $ 2,946,897 | $ - | $ - | $ - | $ - | $ 2,946,897 |
| Franchise taxes | 618,509 | - | - | - | - | 618,509 |
| Alcoholic beverage taxes | 601,034 | - | - | - | - | 601,034 |
| Sales taxes | 64,702 | - | - | 715,902 | - | 780,604 |
| Other taxes | 1,441,008 | - | - | - | 122,198 | 1,563,206 |
| Licenses and permits | 427,549 | - | - | - | - | 427,549 |
| Intergovernmental | 45,162 | - | 1,404,392 | - | 6,000 | 1,455,554 |
| Charges for services | 68,244 | - | - | - | - | 68,244 |
| Fines and forfeitures | 927,203 | - | - | - | 2,662 | 929,865 |
| Investment income | 53,546 | 1,426 | 664 | 192,756 | 1,155 | 249,547 |
| Contributions and donations | 3,000 | - | - | 53,898 | 175,163 | 232,061 |
| Miscellaneous | 15,140 | - | - | - | - | 15,140 |
| Total revenues | 7,211,994 | 1,426 | 1,405,056 | 962,556 | 307,178 | 9,888,210 |
| **EXPENDITURES** | | | | | | |
| Current: | | | | | | |
| General government | 1,195,145 | - | - | - | 276,558 | 1,471,703 |
| Judicial | 218,740 | - | - | - | - | 218,740 |
| Public safety | 2,370,427 | - | - | - | 5,726 | 2,376,153 |
| Public works | 617,473 | - | - | - | 212,047 | 829,520 |
| Culture and recreation | 68,485 | - | 1,512,692 | 5,217,262 | 40,618 | 6,839,057 |
| Housing and development | 623,757 | - | - | - | 134,362 | 758,119 |
| Debt service: | | | | | | |
| Principal | 109,936 | 441,672 | - | - | - | 551,608 |
| Interest | 7,179 | 973,730 | - | - | - | 980,909 |
| Total expenditures | 5,211,142 | 1,415,402 | 1,512,692 | 5,217,262 | 669,311 | 14,025,809 |
| Excess (deficiency) of revenues over (under) expenditures | 2,000,852 | (1,413,976) | (107,636) | (4,254,706) | (362,133) | (4,137,599) |
| **OTHER FINANCING SOURCES (USES)** | | | | | | |
| Proceeds from capital leases | 94,266 | - | - | - | - | 94,266 |
| Transfers in | 75,891 | 1,469,520 | 11,788 | - | 308,420 | 1,865,619 |
| Transfers out | (1,789,728) | - | - | - | (75,891) | (1,865,619) |
| Total other financing sources (uses) | (1,619,571) | 1,469,520 | 11,788 | - | 232,529 | 94,266 |
| Net change in fund balances | 381,281 | 55,544 | (95,848) | (4,254,706) | (129,604) | (4,043,333) |
| **FUND BALANCES, beginning of year** | 2,340,953 | 63,702 | 193,715 | 8,239,105 | 611,941 | 11,449,416 |
| **Cumulative effect of change in accounting principle** | 44,168 | - | - | - | - | 44,168 |
| **FUND BALANCES, beginning of year (restated)** | 2,385,121 | 63,702 | 193,715 | 8,239,105 | 611,941 | 11,493,584 |
| **FUND BALANCES, end of year** | $ 2,766,402 | $ 119,246 | $ 97,867 | $ 3,984,399 | $ 482,337 | $ 7,450,251 |

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

## reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities for the fiscal year ended june 30, 2004

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

| | |
|---|---|
| Net change in fund balances - total governmental funds | $ (4,043,333) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 6,480,563 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. | 1,465,337 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. | 64,200 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 457,342 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (34,874) |
| | $ 4,389,235 |

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

## general fund statement of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004

| REVENUES | Budget Original | Budget Final | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Taxes:** | | | | |
| Property taxes | $ 2,899,620 | $ 2,935,391 | $ 2,946,897 | $ 11,506 |
| Franchise taxes | 594,000 | 611,804 | 618,509 | 6,705 |
| Alcoholic beverage taxes | 515,000 | 542,702 | 601,034 | 58,332 |
| Sales taxes | 108,363 | 64,702 | 64,702 | - |
| Hotel / motel taxes | 195,304 | 178,204 | 183,559 | 5,355 |
| Local option mixed drink taxes | 31,500 | 49,608 | 51,135 | 1,527 |
| Business and occupation taxes | 610,000 | 616,153 | 622,759 | 6,606 |
| Insurance premium taxes | 360,000 | 374,783 | 374,783 | - |
| Other taxes | 115,000 | 199,652 | 199,652 | - |
| Penalties and interest on delinquent taxes | 10,800 | 14,477 | 9,120 | (5,357) |
| Total taxes | 5,439,587 | 5,587,476 | 5,672,150 | 84,674 |
| **Licenses and permits:** | | | | |
| Alcoholic beverage fees | 127,000 | 112,225 | 112,225 | - |
| Business licenses | 15,015 | 17,215 | 17,215 | - |
| Building permits | 233,400 | 274,099 | 298,109 | 24,010 |
| Total licenses and permits | 375,415 | 403,539 | 427,549 | 24,010 |
| **Intergovernmental revenues:** | | | | |
| Federal grants | - | 1,832 | 1,832 | - |
| Local grants | 43,000 | 43,330 | 43,330 | - |
| Total intergovernmental revenues | 43,000 | 45,162 | 45,162 | - |
| **Charges for services:** | | | | |
| Planning and development fees | 19,100 | 19,570 | 19,626 | 56 |
| Printing and duplicating services | 250 | 401 | 427 | 26 |
| Public safety services | 78,700 | 47,252 | 47,805 | 553 |
| Street and public improvement services | 100 | 376 | 376 | - |
| Other charges for services | 200 | 10 | 10 | - |
| Total charges for services | 98,350 | 67,609 | 68,244 | 635 |
| **Fines and forfeitures** | 830,000 | 885,000 | 927,203 | 42,203 |
| **Investment income** | 52,000 | 45,731 | 53,546 | 7,815 |
| **Contributions and donations** | - | 3,000 | 3,000 | - |
| **Miscellaneous revenue** | | | | |
| Rents | 250 | 240 | 240 | - |
| Other | 4,500 | 11,939 | 14,900 | 2,961 |
| Total miscellaneous revenues | 4,750 | 12,179 | 15,140 | 2,961 |
| Total revenues | $ 6,843,102 | $ 7,049,696 | $ 7,211,994 | $ 162,298 |

**(Continued)**

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

## general fund statement of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004 (continued)

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **EXPENDITURES:** | | | | |
| **Current:** | | | | |
| **General government:** | | | | |
| Governing body | $ 55,110 | $ 55,910 | $ 49,288 | $ 6,622 |
| Legislative committees and special bodies | 9,750 | 7,666 | 4,589 | 3,077 |
| Chief executive | 234,468 | 230,263 | 220,888 | 9,375 |
| Elections | 12,750 | 9,600 | 9,300 | 300 |
| General administration | 503,521 | 483,701 | 453,165 | 30,536 |
| Accounting | 17,000 | 16,250 | 16,250 | - |
| Treasury | 3,000 | 1,750 | 358 | 1,392 |
| Law | 61,250 | 55,500 | 48,321 | 7,179 |
| Data processing | 172,500 | 184,700 | 166,615 | 18,085 |
| General government building and plant | 133,238 | 181,688 | 170,238 | 11,450 |
| Public information | 51,393 | 60,223 | 56,133 | 4,090 |
| Total general government | 1,253,980 | 1,287,251 | 1,195,145 | 92,106 |
| **Judicial:** | | | | |
| Municipal court | 251,165 | 232,065 | 218,740 | 13,325 |
| Total judicial | 251,165 | 232,065 | 218,740 | 13,325 |
| **Public safety:** | | | | |
| Police administration | 259,150 | 236,750 | 222,304 | 14,446 |
| Criminal investigation | 143,197 | 151,462 | 145,094 | 6,368 |
| Patrol | 1,502,813 | 1,488,518 | 1,450,555 | 37,963 |
| Records and identification | 71,208 | 71,153 | 68,583 | 2,570 |
| Custody of prisoners | 100 | 100 | 9 | 91 |
| Crime laboratory | 380 | 380 | 303 | 77 |
| Police training | 64,566 | 66,466 | 58,862 | 7,604 |
| Special detail services | 64,214 | 39,604 | 38,291 | 1,313 |
| Police stations and buildings | 78,924 | 102,524 | 95,554 | 6,970 |
| Dispatcher | 260,200 | 253,000 | 241,160 | 11,840 |
| Public relations | 30,645 | 33,085 | 30,380 | 2,705 |
| Park police | 48,739 | 24,814 | 19,332 | 5,482 |
| Total public safety | $ 2,524,136 | $ 2,467,856 | $ 2,370,427 | $ 97,429 |

**(Continued)**

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

## general fund statement of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004 (continued)

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **EXPENDITURES: (Continued)** | | | | |
| **Current (Continued):** | | | | |
| **Public works:** | | | | |
| Public works administration | $ 344,365 | $ 388,380 | $ 361,718 | $ 26,662 |
| Paved streets | 166,000 | 167,350 | 166,739 | 611 |
| Unpaved streets | 1,250 | 400 | - | 400 |
| Sidewalks and crosswalks | 5,100 | 600 | 219 | 381 |
| Storm damage | 43,330 | 38,830 | 23,165 | 15,665 |
| Street lighting | 50,400 | 65,150 | 62,843 | 2,307 |
| Traffic engineering | 6,650 | 4,150 | 2,789 | 1,361 |
| Total public works | 617,095 | 664,860 | 617,473 | 47,387 |
| **Culture and recreation:** | | | | |
| Playgrounds | 2,000 | 1,500 | 1,006 | 494 |
| Special facilities and activities | 8,200 | 5,000 | 2,530 | 2,470 |
| Park areas | 67,950 | 71,000 | 58,746 | 12,254 |
| Park lighting | 4,050 | 6,350 | 6,203 | 147 |
| Total culture and recreation | 82,200 | 83,850 | 68,485 | 15,365 |
| **Housing and development:** | | | | |
| Protective inspection administration | 275,838 | 268,413 | 257,711 | 10,702 |
| Planning and zoning | 258,509 | 272,379 | 249,027 | 23,352 |
| Code enforcement | 25,866 | 13,216 | 8,856 | 4,360 |
| Economic development and assistance | 113,883 | 116,168 | 108,163 | 8,005 |
| Total housing and development | 674,096 | 670,176 | 623,757 | 46,419 |
| **Debt service:** | | | | |
| Principal | 109,936 | 109,936 | 109,936 | - |
| Interest | 7,180 | 7,180 | 7,179 | 1 |
| Total debt service | 117,116 | 117,116 | 117,115 | 1 |
| Total expenditures | 5,519,788 | 5,523,174 | 5,211,142 | 312,032 |
| Excess of revenues over expenditures | 1,323,314 | 1,526,522 | 2,000,852 | 474,330 |

**(Continued)**

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

## general fund statement of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004 (continued)

| | Budget | | | Variance with |
|---|---|---|---|---|
| | Original | Final | Actual | Final Budget |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Proceeds from capital leases | $ 92,096 | $ 94,266 | $ 94,266 | $ - |
| Transfers in | - | 78,523 | 75,891 | (2,632) |
| Transfers out | (1,415,410) | (1,789,732) | (1,789,728) | 4 |
| Total other financing sources (uses) | (1,323,314) | (1,616,943) | (1,619,571) | (2,628) |
| Net change in fund balances | - | (90,421) | 381,281 | 471,702 |
| **FUND BALANCES, beginning of year** | 2,340,953 | 2,340,953 | 2,340,953 | - |
| **Cumulative effect of change in accounting principle** | - | - | 44,168 | 44,168 |
| **FUND BALANCES, beginning of year (restated)** | 2,340,953 | 2,340,953 | 2,385,121 | 44,168 |
| **FUND BALANCES, end of year** | $ 2,340,953 | $ 2,250,532 | $ 2,766,402 | $ 515,870 |

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

## proprietary funds statement of net assets june 30, 2004

| | Major Enterprise Fund |
|---|---|
| | Water and Sewer Fund |
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 62,742 |
| Accounts receivable, net of allowances | 5,553 |
| Total current assets | 68,295 |
| **RESTRICTED ASSETS** | |
| Cash and cash equivalents | 3,043 |
| **CAPITAL ASSETS** | |
| Capital assets, nondepreciable | 64,129 |
| Capital assets, depreciable, net of accumulated depreciation | 1,864,162 |
| Total capital assets | 1,928,291 |
| Total assets | 1,999,629 |
| **LIABILITIES** | |
| **CURRENT LIABILITIES** | |
| Accounts payable | 659 |
| Due to other funds | 26,548 |
| Accrued interest | 195 |
| Total current liabilities | 27,402 |
| **PAYABLE FROM RESTRICTED ASSETS** | |
| Customer deposits payable | 3,043 |
| **LONG-TERM LIABILITIES** | |
| Notes payable | 57,833 |
| Total liabilities | 88,278 |
| **NET ASSETS** | |
| Invested in capital assets, net of related debt | 1,870,458 |
| Unrestricted | 40,893 |
| Total net assets | $ 1,911,351 |

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

## proprietary funds statement of revenues, expenses and changes in fund net assets for the fiscal year ended june 30, 2004

| | Major Enterprise Fund |
|---|---|
| | Water and Sewer Fund |
| **OPERATING REVENUES** | |
| Water and sewer charges | $ 56,849 |
| Total operating revenues | 56,849 |
| **OPERATING EXPENSES** | |
| Salaries and benefits | 18,955 |
| Contracted services | 3,920 |
| Supplies | 13,194 |
| Depreciation | 35,003 |
| Total operating expenses | 71,072 |
| Operating loss | (14,223) |
| **NONOPERATING INCOME (EXPENSE)** | |
| Investment income | 71 |
| Interest expense | (195) |
| Total nonoperating expense | (124) |
| Net loss | (14,347) |
| **RETAINED EARNINGS, beginning of year** | 1,940,199 |
| **Cumulative effect on prior years of changing capitalization threshold of capital assets** | (14,501) |
| **RETAINED EARNINGS, beginning of year, as restated** | 1,925,698 |
| **RETAINED EARNINGS, end of year** | $ 1,911,351 |

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

## proprietary funds statement of cash flows for the fiscal year ended june 30, 2004

| | Major Enterprise Fund |
|---|---|
| | Water and Sewer Fund |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Receipts from customers and users | $ 55,854 |
| Payments to employees | (18,955) |
| Payments to suppliers for goods and services provided | (16,674) |
| Net cash provided by operating activities | 20,225 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | |
| Purchases of capital assets | (37,581) |
| Issuance of notes payable | 57,833 |
| Net cash used in capital and related financing activities | 20,252 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Investment income | 71 |
| Net cash provided by investing activities | 71 |
| Net increase in cash and cash equivalents | 40,548 |
| Cash and cash equivalents, beginning of year | 25,237 |
| Cash and cash equivalents, end of year | $ 65,785 |
| **SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES** | |
| Payment for capital assets by another fund—change in due to other funds | $ 26,548 |
| **Reconciliation of operating loss to net cash provided by operating activities:** | |
| Operating loss | $ (14,223) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 35,003 |
| Increase in accounts receivable | (1,465) |
| Increase in accounts payable | 440 |
| Increase in customer deposits | 470 |
| Net cash provided by operating activities | $ 20,225 |

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

## fiduciary funds statement of fiduciary assets and liabilities june 30, 2004

| | Agency Funds |
|---|---|
| **ASSETS** | |
| Cash | $ 22,449 |
| Accounts receivable | 1,279 |
| Total assets | $ 23,728 |
| **LIABILITIES** | |
| Due to others | $ 23,728 |

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

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# notes to the financial statements

**notes to the financial statements**

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## Note 1. 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 unit. 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 accounting principles generally accepted in the United States of America, as set forth in 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. Based upon the application of these criteria, the following is a brief review of the discretely presented component unit.

The Downtown Development Authority of Suwanee was established as a legally separate entity on January 24, 2001. The seven (7) members of the Downtown Development Authority are appointed by the City Council. The Authority's budget must be approved by the City Council. For the fiscal year ended June 30, 2004, the Downtown Development Authority had no financial activities; therefore no disclosure exists in these financial statements. The Downtown Development Authority will be presented once financial operations commence.

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 and Presentation / New Accounting Standards Adopted**

In fiscal year 2004, the City adopted three new statements and one interpretation of financial accounting standards issued by the GASB:

- Statement No 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*
- Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*
- Statement No. 38, *Certain Financial Statement Note Disclosures*
- Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments. Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net assets and the statement of activities) do not provide information by fund or account group, but distinguish between the City's governmental activities and business type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The statement of net assets will include noncurrent assets and liabilities which were previously recorded in the General Fixed Asset Account Group and General Long-Term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets. Also, for the most part, the effect of the interfund activity has been removed from these statements.

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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

In addition to the government-wide financial statements, the City has prepared separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Governmental fund financial statements continue to use the modified accrual basis of accounting and the current financial resources measurement focus and proprietary and fiduciary fund financial statements continue to use the accrual basis of accounting and the economic resources measurement focus. Accordingly, the accounting and financial reporting of the fund financial statements is similar to that previously presented in the City's financial statements, although the format of the financial statements has been modified by Statement No. 34. Major individual governmental funds and major individual enterprise funds are now 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 ***Trice Trail capital projects fund*** is used to account for the financial resources to be used for a trail system that will link George Pierce Park to McGinnis Ferry Road and Buford Highway, providing a useful alternative transportation corridor.

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 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.

Statement No. 34 also requires, as required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activities.

Statement No. 38 requires certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34. While the Statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and or amended including descriptions of activities of major funds, future debt service obligations in five year increments, and interfund balances and transactions.

Interpretation No. 6 requires certain long-term liabilities to be reported in the governmental fund statements only if the amount is due for payment in the period being reported. As a result, amounts for accrued vacation, previously reported in the General Fund, are no longer reported as a fund liability. As a result of implementing this new requirement, the City restated prior year fund balance as follows:

| | General Fund |
|---|---|
| Fund balance at June 30, 2003, as previously stated | $ 2,340,953 |
| Effects of implementation of Interpretation No. 6 | 44,168 |
| Fund balance at June 30, 2003, as restated | $ 2,385,121 |

**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 and the fiduciary fund financial statements. 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, 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 1). Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on a $1.00 per share. The fair value of the City's position in the pool is the same as the value of pool shares ($1 per share value). The City's other 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 | 40 |
| 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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $18,675,972 difference are as follows:

| | | |
|---|---|---|
| Capital leases payable | $ | (178,171) |
| Compensated absences payable | | (172,971) |
| Bonds payable | | (18,324,830) |
| Net adjustment to reduce *fund balance - total governmental funds to arrive at net assets - governmental activities* | $ | (18,675,972) |

### B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $6,480,563 difference are as follows:

| | | |
|---|---|---|
| Capital outlay | $ | 7,255,212 |
| Depreciation expense | | (774,649) |
| Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net assets of governmental activities* | $ | 6,480,563 |

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this $1,465,337 difference are as follows:

| | |
|---|---|
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | $ 1,475,616 |
| In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold. | (10,279) |
| Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at change in net assets of governmental activities | $ 1,465,337 |

Another element of the reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $457,342 difference are as follows:

| | |
|---|---|
| Debt incurred: | |
| Capital lease financing | $ (94,266) |
| Principal repayments: | |
| Capital leases | 109,936 |
| Bonds | 441,672 |
| Net adjustment to increase net change in *fund balances - total governmental funds* to arrive at change in *net assets - governmental activities* | $ 457,342 |

## 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 17, 2003. 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, 2004, there were no outstanding encumbrances.

**B. Deficit Fund Equity**

The Town Center Capital Projects Fund had a deficit fund balance of $886 as of June 30, 2004. This deficit will be eliminated through the future sale of land.

## Note 4. DEPOSITS AND INVESTMENTS

At June 30, 2004, the City's deposits were $3,798,645 and the bank balance was $4,001,680. The amount of cash held in the bank is classified into three categories of custodial credit risk: 1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name; 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; and 3) uncollateralized bank accounts. The City's deposits are classified as follows at June 30, 2004:

| Category | |
|---|---|
| 1 | $ 400,000 |
| 2 | 3,557,018 |
| 3 | 44,662 |
| Total | $ 4,001,680 |

The City's deposits included above in Category 3 consisted of deposits held in escrow by the City Attorney for the contracted sale of land (see note 16 to the financial statements).

The City's investments are categorized into the following three categories of custodial credit risk: 1) investments that are insured or registered or for which the securities are held by the City or by its agent in the City's name; 2) uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name; and 3) uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent but not in the City's name.

| | Risk Category | | | |
|---|---|---|---|---|
| | 1 | 2 | 3 | Carrying Value |
| Repurchase Agreements | $ 4,482,878 | $ - | $ - | $ 4,482,878 |

A reconciliation of the deposits and investments of the City as shown above to the amounts reported in the financial statements at June 30, 2004 is as follows:

| | |
|---|---|
| Carrying amounts shown above: | |
| Cash | $ 3,798,645 |
| Investments | 4,482,878 |
| | $ 8,281,523 |
| Balances per financial statements: | |
| Governmental activities - Cash and cash equivalents | $ 1,741,120 |
| Governmental activities - Investments | 6,288,261 |
| Governmental activities - Restricted cash | 163,908 |
| Business-type activities - Cash and cash equivalents | 65,785 |
| Fiduciary activities - Cash | 22,449 |
| | $ 8,281,523 |

## 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, 2003 and were mailed to taxpayers on October 1, 2003. The due date for these taxes was December 20, 2003, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2004. Receivables are recorded when taxes are levied and billed (October 1).

Receivable at June 30, 2004 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.

| Receivables: | General | Water and Sewer | Total |
|---|---|---|---|
| Taxes | $ 162,072 | $ - | $ 162,072 |
| Other | 81,806 | 5,553 | 87,359 |
| Net total receivables | $ 243,878 | $ 5,553 | $ 249,431 |

## Note 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 10,774,943 | $ 84,632 | $ - | $ - | $ 10,859,575 |
| Construction in progress | 3,748,851 | 6,882,238 | - | (799,214) | 9,831,875 |
| Total | 14,523,794 | 6,966,870 | - | (799,214) | 20,691,450 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 262,100 | - | - | - | 262,100 |
| Buildings and improvements | 1,411,643 | - | (28,741) | 613,894 | 1,996,796 |
| Machinery and equipment | 811,552 | 162,732 | (17,363) | | 956,921 |
| Vehicles | 733,232 | 86,534 | | - | 819,766 |
| Infrastructure | 14,556,554 | 1,514,692 | - | 185,320 | 16,256,566 |
| Total | 17,775,081 | 1,763,958 | (46,104) | 799,214 | 20,292,149 |

(continued)

| (continued | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Less accumulated depreciation for: | | | | | |
| Land improvements | 79,701 | 12,984 | - | - | 92,685 |
| Buildings and improvements | 293,368 | 30,564 | (28,741) | - | 295,191 |
| Machinery and equipment | 388,549 | 84,350 | (7,084) | - | 465,815 |
| Vehicles | 355,738 | 83,002 | - | - | 438,740 |
| Infrastructure | 5,308,366 | 563,749 | - | - | 5,872,115 |
| Total | 6,425,722 | 774,649 | (35,825) | - | 7,164,546 |
| Total capital assets, being depreciated, net | 11,349,359 | 989,309 | (10,279) | 799,214 | 13,127,603 |
| Governmental activities capital assets, net | $ 25,873,153 | $ 7,956,179 | $ (10,279) | $ - | $ 33,819,053 |

During the year ended June 30, 2004, the City added prior infrastructure, performed an inventory of their capital assets and approved an increase in the capitalization limit resulting in a net increase to the beginning balance of the Governmental activities assets of $17,686,493.

| **Business-type actvities / Water and Sewer Fund** | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ - | $ - | $ - | $ - | $ - |
| Construction in progress | - | 64,129 | - | - | 64,129 |
| Total | - | 64,129 | - | - | 64,129 |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 4,944 | - | - | - | 4,944 |
| Buildings and improvements | - | - | - | - | - |
| Machinery and equipment | 19,664 | - | - | - | 19,664 |
| Water system | 2,208,202 | - | - | - | 2,208,202 |
| Total | 2,232,810 | - | - | - | 2,232,810 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 1,112 | 247 | - | - | 1,359 |
| Buildings and improvements | - | - | - | - | - |
| Machinery and equipment | 3,208 | 783 | - | - | 3,991 |
| Water system | 329,325 | 33,973 | - | - | 363,298 |
| Total | 333,645 | 35,003 | - | - | 368,648 |
| Total capital assets, being depreciated, net | 1,899,165 | (35,003) | - | - | 1,864,162 |
| Business-type activities capital assets, net | $ 1,899,165 | $ 29,126 | $ - | $ - | $ 1,928,291 |

During the year ended June 30, 2004, the City approved an increase in the capitalization limit resulting in a net decrease to the beginning balance of the Water and Sewer Fund assets of $14,501.

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

| | |
|---|---|
| Governmental activities: | |
| General Government | $ 64,386 |
| Judicial | 584 |
| Public Safety | 96,617 |
| Public Works | 593,590 |
| Culture & Recreation | 9,121 |
| Housing & Development | 10,351 |
| Total depreciation expense - governmental activities | $ 774,649 |
| Business-type activities: | |
| Water and sewer | $ 35,003 |
| Total depreciation expense - business-type activities | $ 35,003 |

## Note 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2004.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| Capital leases | $ 193,841 | $ 94,266 | $ (109,936) | $ 178,171 | $ 101,019 |
| General obligation bonds | 17,385,000 | - | (320,000) | 17,065,000 | 325,000 |
| Revenue bonds | 1,381,502 | - | (121,672) | 1,259,830 | 129,635 |
| Compensated absences | 138,097 | 119,797 | (84,923) | 172,971 | 55,351 |
| Governmental activities Long-term liabilities | $ 19,098,440 | $ 214,063 | $ (636,531) | $ 18,675,972 | $ 611,005 |

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

| | | | | | |
|---|---|---|---|---|---|
| **Business-type activities** | | | | | |
| Notes payable | $ - | $ 57,833 | $ - | $ 57,833 | $ - |
| Business-type activities Long-term liabilities | $ - | $ 57,833 | $ - | $ 57,833 | $ - |

**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 inceptions.

The cost of assets under capital leases as of June 30, 2004:

| | Governmental Activities |
|---|---|
| Equipment | $ 468,233 |

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

| | |
|---|---|
| Fiscal year ending June 30, | |
| 2005 | $ 105,731 |
| 2006 | 51,981 |
| 2007 | 27,438 |
| Total minimum lease payments | 185,150 |
| Less amount representing interest | 6,979 |
| Present value of future minimum lease payments | $ 178,171 |

**Urban Redevelopment Revenue Bonds.** During the 2003 fiscal year, the City issued $1,464,320 in revenue bonds to finance the costs of acquiring and improving land to be used for the future City Hall location. The bonds, maturing in September 2012, have an interest rate of 4.41%. The amount of revenue bonds outstanding at June 30, 2004 is $1,259,830.

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

| Year ending June 30, | Principal | Interest |
|---|---|---|
| 2005 | $ 129,635 | $ 53,438 |
| 2006 | 135,448 | 47,626 |
| 2007 | 141,522 | 41,553 |
| 2008 | 147,869 | 35,208 |
| 2009 | 154,498 | 28,579 |
| 2010-2013 | 550,858 | 43,411 |
| Total | $ 1,259,830 | $ 249,815 |

**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, 2004 is $17,065,000.

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

| Year ending June 30, | Principal | Interest |
|---|---|---|
| 2005 | $ 325,000 | $ 900,244 |
| 2006 | 335,000 | 885,394 |
| 2007 | 350,000 | 865,606 |
| 2008 | 360,000 | 840,756 |
| 2009 | 370,000 | 815,206 |
| 2010-2014 | 2,110,000 | 3,682,400 |
| 2015-2019 | 2,610,000 | 3,080,931 |
| 2020-2024 | 3,310,000 | 2,339,769 |
| 2025-2029 | 4,220,000 | 1,378,247 |
| 2030-2032 | 3,075,000 | 247,406 |
| Total | $ 17,065,000 | $ 15,035,959 |

**Notes Payable.** During the year ended June 30, 2004, the Water and Sewer Fund had a construction line of credit of $380,000 available with the Georgia Environmental Facilities Authority. This line of credit bears interest of 3.98%. As of June 30, 2004, the City had drawn funds in the amount of $57,833 on this line of credit. When construction is complete, the City has an agreement with the Georgia Environmental Facilities Authority to transfer the full amount of the line of credit 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, 2004 is as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General Fund | Water and Sewer Fund | $ 26,548 |
| General Fund | Trice Trail Capital Projects Fund | 75,000 |
| General Fund | Nonmajor governmental funds | 4,650 |
| | | $ 106,198 |

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.

Interfund transfers:

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | Nonmajor governmental funds | $ 75,891 |
| Trice Trail Capital Projects Fund | General Fund | 11,788 |
| Debt Service Fund | General Fund | 1,469,520 |
| Nonmajor governmental funds | General Fund | 308,420 |
| | | $ 1,865,619 |

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, 2004, 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
3715 Northside Parkway
200 Northcreek Suite 300
Atlanta, Georgia 30327

**Note 10.**

## PENSION PLAN

The City's supplemental pension plan, City of Suwanee Money Purchase Pension Plan, a defined contribution plan is administered by an insurance company, the Prudential Financial Group. All full-time employees are 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 $2,866,091, including $2,516,026 of payroll covered by the plan. Contributions by the City totaled $125,380 for the fiscal year ended June 30, 2004. Plan provisions and contribution requirements are established by City ordinance and may be amended by the Suwanee City Council.

The employee vesting schedule is as follows:

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

The plan had $539,984 of assets and reserves at June 30, 2004.

## 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, 2004, the City has contractual commitments on uncompleted construction contracts of approximately $119,763 for building renovation, community development, and expansion.

**Litigation:**

The City is involved in several pending lawsuits in the normal course of the County'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 was in compliance with OCGA Section 36-81-7. Obligated collections were $122,198 (40% of $305,494) as reported in the City's Hotel/Motel Tax Fund. Expenditures totaled $134,362 leaving a fund balance of $103,480 to be used for tourism and trade.

## Note 14. FUND CHANGES

The following funds were created during the current fiscal year:

The Better Parks Campaign Fund was created as a special revenue fund. This fund will be used to account for the revenues and expenditures of associated with raising the needed resources for the construction of an interactive fountain in the Town Center Park.

The Settles Point Culvert Fund was created as a capital projects fund. This fund was opened and closed during the year ended June 30, 2004 to account the financial resources used to repair the Settles Point Culvert.

The Pedestrian Underpass Fund was created as a capital projects fund. This fund will be used to account for financial resources to be used to construct a pedestrian tunnel that connects from City Hall to Main Street.

## Note 15. CHANGE IN ACCOUNTING POLICY

During the year ended June 30, 2004, the City changed its capitalization threshold policy from no threshold and a useful life of greater than one year to $1,000, with a useful life of greater than two years. The effect of these changes on the City's governmental capital assets activity was a reduction of governmental activities capital assets of $133,107. The cumulative effect of the accounting change on the Water and Sewer Fund was a decrease in net assets of $14,501.

## Note 16. SUBSEQUENT EVENTS

Prior to June 30, 2004, the City had signed contracts and received escrow deposits on two parcels of land. Subsequent to June 30, 2004, the City closed the sale on one of the parcels for a purchase price of $1,053,075.

# governmental funds

## non-major governmental funds special revenue

**Suwanee Day Fund –** Accounts for the donations received for the production of Suwanee Day.

**Hotel/Motel Tax Fund –** Accounts for the hotel/motel taxes collected as required by law.

**Confiscated Assets Fund –** Accounts for cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

**Better Parks Campaign Fund –** Accounts for financial resources associated with raising the needed resources for the construction of an interactive fountain in the Town Center Park.

## capital projects funds

**City Sidewalks Fund –** Accounts for the financial resources to be used to construct sidewalks along various streets in the City.

**Settles Bridge Sidewalk Fund –** Accounts for financial resources to be used to construct sidewalks along Settles Bridge Road.

**Town Center Fund –** Accounts for financial resources provided from the Urban Redevelopment Revenue Bond Issue. In September 2002, 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.

**Buford Highway Sidewalk Fund –** Accounts for financial resources to be used to construct sidewalks along Buford Highway.

**Scales Road Sidewalk Fund –** Accounts for financial resources to be used to construct sidewalks along Scales Road.

**Old City Hall Renovation Fund –** Accounts for financial resources to be used to renovate and expand the Old City Hall. This renovation will provide additional space for the court staff and other administrative personnel.

**Pedestrian Underpass Fund –** Accounts for financial resources to be used to construct a pedestrian tunnel that connects from City Hall to Main Street.

**Settles Point Culvert Fund –** Accounts for the financial resources used to repair the Settles Point Culvert.

## non-major governmental funds combining balance sheet june30, 2004

| | Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|---|
| **ASSETS** | **Suwanee Day** | **Hotel/Motel Tax** | **Confiscated Assets** | **Better Parks Campaign** | **City Sidewalks** | **Settles Bridge Sidewalk** |
| Cash | $ 27,010 | $ 51,287 | $ 4,755 | $ 121,884 | $ - | $ - |
| Investments | - | 56,954 | - | - | - | - |
| Restricted cash - escrow deposits | - | - | - | - | - | - |
| Total assets | $ 27,010 | $ 108,241 | $ 4,755 | $ 121,884 | $ - | $ - |
| **LIABILITIES AND FUND BALANCES** | | | | | | |
| **LIABILITIES** | | | | | | |
| Accounts payable | $ - | $ 1,111 | $ - | $ - | $ - | $ - |
| Due to other funds | - | 3,650 | - | - | - | - |
| Escrow deposits | - | - | - | - | - | - |
| Total liabilities | - | 4,761 | - | - | - | - |
| **FUND BALANCES** | | | | | | |
| Unreserved | 27,010 | 103,480 | 4,755 | 121,884 | - | - |
| Total fund balances (deficits) | 27,010 | 103,480 | 4,755 | 121,884 | - | - |
| Total liabilities and fund balances | $ 27,010 | $ 108,241 | $ 4,755 | $ 121,884 | $ - | $ - |

| Capital Projects | | | | | | | |
|---|---|---|---|---|---|---|---|
| Town Center | Buford Highway Sidewalk | Scales Road Sidewalk | Old City Hall Renovation | Pedestrian Underpass | Settles Point Culvert | Total |
| $ 114 | $ - | $ - | $ - | $ 226,094 | $ - | $ 431,144 |
| - | - | - | - | - | - | 56,954 |
| 44,662 | - | - | - | - | - | 44,662 |
| $ 44,776 | $ - | $ - | $ - | $ 226,094 | $ - | $ 532,760 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ 1,111 |
| 1,000 | - | - | - | - | - | 4,650 |
| 44,662 | - | - | - | - | - | 44,662 |
| 45,662 | - | - | - | - | - | 50,423 |
| (886) | - | - | - | 226,094 | - | 482,337 |
| (886) | - | - | - | 226,094 | - | 482,337 |
| $ 44,776 | $ - | $ - | $ - | $ 226,094 | $ - | $ 532,760 |

**non-major governmental funds combining statement of revenues, expenditures and changes in fund balances for the fiscal year ended june 30, 2004**

| | Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|---|
| | Suwanee Day | Hotel/Motel Tax | Confiscated Assets | Better Parks Campaign | City Sidewalks | Settles Bridge Sidewalk |
| **Revenues** | | | | | | |
| Hotel/motel taxes | $ - | $ 122,198 | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - | - |
| Fines and forfeitures | - | - | 2,662 | - | - | - |
| Investment income | - | 1,151 | 4 | - | - | - |
| Contributions and donations | 40,447 | - | - | 134,716 | - | - |
| Total revenues | 40,447 | 123,349 | 2,666 | 134,716 | - | - |
| **Expenditures** | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | 5,726 | - | - | - |
| Public works | - | - | - | - | - | 167,547 |
| Culture and recreation | 27,786 | - | - | 12,832 | - | - |
| Housing and development | - | 134,362 | - | - | - | - |
| Total expenditures | 27,786 | 134,362 | 5,726 | 12,832 | - | 167,547 |
| Excess (deficiency) of revenues over (under) expenditures | 12,661 | (11,013) | (3,060) | 121,884 | - | (167,547) |
| **Other financing sources (uses)** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (39,353) | (13,080) |
| Total other financing sources (uses) | - | - | - | - | (39,353) | (13,080) |
| Net change in fund balances | 12,661 | (11,013) | (3,060) | 121,884 | (39,353) | (180,627) |
| **Fund balances, beginning of year** | 14,349 | 114,493 | 7,815 | - | 39,353 | 180,627 |
| **Fund balances (deficit), end of year** | $ 27,010 | $ 103,480 | $ 4,755 | $ 121,884 | $ - | $ - |

| Capital Projects | | | | | | | |
|---|---|---|---|---|---|---|---|
| Town Center | Buford Highway Sidewalk | Scales Road Sidewalk | Old City Hall Renovation | Pedestrian Underpass | Settles Point Culvert | Total |
| $ - | $ - | - | $ - | $ - | $ - | $ 122,198 |
| - | - | 6,000 | - | - | - | 6,000 |
| - | - | - | - | - | - | 2,662 |
| - | - | - | - | - | - | 1,155 |
| - | - | - | | - | - | 175,163 |
| - | - | 6,000 | - | - | - | 307,178 |
| 15,590 | - | - | 260,968 | - | - | 276,558 |
| - | - | - | - | - | - | 5,726 |
| - | - | - | - | - | 44,500 | 212,047 |
| - | - | - | - | - | - | 40,618 |
| - | - | - | - | - | - | 134,362 |
| 15,590 | - | - | 260,968 | - | 44,500 | 669,311 |
| (15,590) | - | 6,000 | (260,968) | - | (44,500) | (362,133) |
| - | - | - | 32,326 | 226,094 | 50,000 | 308,420 |
| - | (7,463) | (10,495) | - | - | (5,500) | (75,891) |
| - | (7,463) | (10,495) | 32,326 | 226,094 | 44,500 | 232,529 |
| (15,590) | (7,463) | (4,495) | (228,642) | 226,094 | - | (129,604) |
| 14,704 | 7,463 | 4,495 | 228,642 | - | - | 611,941 |
| $ (886) | $ - | $ - | $ - | $ 226,094 | $ - | $ 482,337 |

## special revenue funds schedule of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004

| | Suwanee Day | | | Hotel/Motel Tax | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| **Revenues:** | | | | | | |
| Hotel/motel taxes | $ - | $ - | $ - | $ 123,044 | $ 122,198 | $ (846) |
| Fines and forfeitures | - | - | - | - | - | - |
| Investment income | - | - | - | 1,400 | 1,151 | (249) |
| Contributions and donations | 30,410 | 40,447 | 10,037 | - | - | - |
| Total revenues | 30,410 | 40,447 | 10,037 | 124,444 | 123,349 | (1,095) |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | - | - | - |
| Culture and recreation | 30,410 | 27,786 | 2,624 | - | - | - |
| Housing and development | - | - | - | 296,357 | 134,362 | 161,995 |
| Total expenditures | 30,410 | 27,786 | 2,624 | 296,357 | 134,362 | 161,995 |
| Excess (deficiency) of revenues over (under) expenditures | - | 12,661 | 12,661 | (171,913) | (11,013) | 160,900 |
| **Other financing uses:** | | | | | | |
| Transfers out | - | - | - | - | - | - |
| Total other financing uses | - | - | - | - | - | - |
| **Net change in fund balances** | - | 12,661 | 12,661 | (171,913) | (11,013) | 160,900 |
| **Fund balance, beginning of year** | 14,349 | 14,349 | - | 114,493 | 114,493 | - |
| **Fund balance, end of year** | $ 14,349 | $ 27,010 | $ 12,661 | $ (57,420) | $ 103,480 | $ 160,900 |

| Confiscated Assets | | | Better Parks Campaign | | |
|---|---|---|---|---|---|
| Final Budget | Actual | Variance With Final Budget | Final Budget | Actual | Variance With Final Budget |
| $ - | $ - | $ - | $ - | $ - | $ - |
| 5,850 | 2,662 | (3,188) | - | - | - |
| - | 4 | 4 | - | - | - |
| - | - | - | 315,000 | 134,716 | (180,284) |
| 5,850 | 2,666 | (3,184) | 315,000 | 134,716 | (180,284) |
| 5,850 | 5,726 | 124 | - | - | - |
| - | - | - | 15,000 | 12,832 | 2,168 |
| - | - | - | - | - | - |
| 5,850 | 5,726 | 124 | 15,000 | 12,832 | 2,168 |
| - | (3,060) | (3,060) | 300,000 | 121,884 | (178,116) |
| - | - | - | (300,000) | - | 300,000 |
| - | - | - | (300,000) | - | 300,000 |
| - | (3,060) | (3,060) | - | 121,884 | 121,884 |
| 7,815 | 7,815 | - | - | - | - |
| $ 7,815 | $ 4,755 | $ (3,060) | $ - | $ 121,884 | $ 121,884 |

## debt service fund schedule of revenues, expenditures and changes in fund balances budget and actual for the fiscal year ended june 30, 2004

| | Debt Service Fund | | |
|---|---|---|---|
| | Final Budget | Actual | Variance With Final Budget |
| **Revenues:** | | | |
| Investment income | 2,000 | 1,426 | (574) |
| Total revenues | 2,000 | 1,426 | (574) |
| **Expenditures:** | | | |
| Debt service: | | | |
| Principal | 441,675 | 441,672 | 3 |
| Interest | 974,735 | 973,730 | 1,005 |
| Total expenditures | 1,416,410 | 1,415,402 | 1,008 |
| Deficiency of revenues under expenditures | (1,414,410) | (1,413,976) | 434 |
| **Other financing sources:** | | | |
| Transfers in | 1,414,410 | 1,469,520 | 55,110 |
| Total other financing sources | 1,414,410 | 1,469,520 | 55,110 |
| **Net change in fund balances** | - | 55,544 | 55,544 |
| **Fund balance, beginning of year** | 63,702 | 63,702 | - |
| **Fund balance, end of year** | $ 63,702 | $ 119,246 | $ 55,544 |

## schedule of expenditures of special purpose local option sales tax proceeds 2001 Issue for the fiscal year ended june 30, 2004

| | Original Estimated Cost | Current Estimated Cost | Prior Years | Current Year | Total |
|---|---|---|---|---|---|
| Transportation Project-Town Center | $ 954,536 | $ 954,536 | $ 157,510 | $ 472,532 | $ 630,042 |
| Parks & Recreation Project-Town Center | 954,536 | 954,536 | 238,634 | 715,902 | 954,536 |
| | $ 1,909,072 | $ 1,909,072 | $ 396,144 | $ 1,188,434 | $ 1,584,578 |

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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 for the fiscal year ended June 30, 2004

| | Balance June 30, 2003 | Increases | Decreases | Balance June 30, 2004 |
|---|---|---|---|---|
| Cash | $ - | $ 1,229,700 | $ 1,207,251 | $ 22,449 |
| Accounts receivable | - | 1,279 | - | 1,279 |
| Total assets | $ - | $ 1,230,979 | $ 1,207,251 | $ 23,728 |
| Due to others | $ - | $ 1,230,979 | $ 1,207,251 | $ 23,728 |
| Total liabilities | $ - | $ 1,230,979 | $ 1,207,251 | $ 23,728 |

# statistical section

## statistical section (unaudited)

The statistical section includes selected financial and general information often presented on a multi-year comparative basis. The statistics are used to provide detailed data on the physical, economic, social, and political characteristics of the City government.



suwanee day, 2004

## general government revenues by source [1] last ten years

| Fiscal Year | Taxes Amount | Taxes Percent of Total | Permits & Licenses Amount | Permits & Licenses Percent of Total | Intergovernmental Amount | Intergovernmental Percent of Total | General Governmental Fees & Charges Amount | General Governmental Fees & Charges Percent of Total |
|---|---|---|---|---|---|---|---|---|
| 1995 | $ 870,257 | 52.0% | $ 355,762 | 21.2% | $ 113,363 | 6.8% | | |
| 1996 | 1,022,743 | 45.3% | 448,806 | 19.9% | 401,201 | 17.8% | | |
| 1997 | 1,355,512 | 56.3% | 487,250 | 20.2% | 88,122 | 3.7% | | |
| 1998 | 1,462,402 | 54.5% | 640,086 | 23.9% | 77,248 | 2.9% | $ 45,286 | 1.7% |
| 1999 | 1,754,631 | 54.7% | 617,037 | 19.2% | 80,805 | 2.5% | 57,845 | 1.8% |
| 2000 | 2,139,854 | 53.3% | 687,939 | 17.1% | 155,579 | 3.9% | 65,213 | 1.6% |
| 2001 | 2,939,938 | 63.8% | 820,391 | 17.8% | 10,156 | 0.2% | 55,324 | 1.2% |
| 2002 | 3,303,845 | 61.4% | 477,914 | 8.9% | 488,316 | 9.1% | 48,905 | 0.9% |
| 2003[2] | 5,398,952 | 68.3% | 406,198 | 5.1% | 578,561 | 7.3% | 125,183 | 1.6% |
| 2004[3] | 6,510,250 | 65.8% | 427,549 | 4.3% | 1,455,554 | 14.7% | 68,244 | 0.7% |

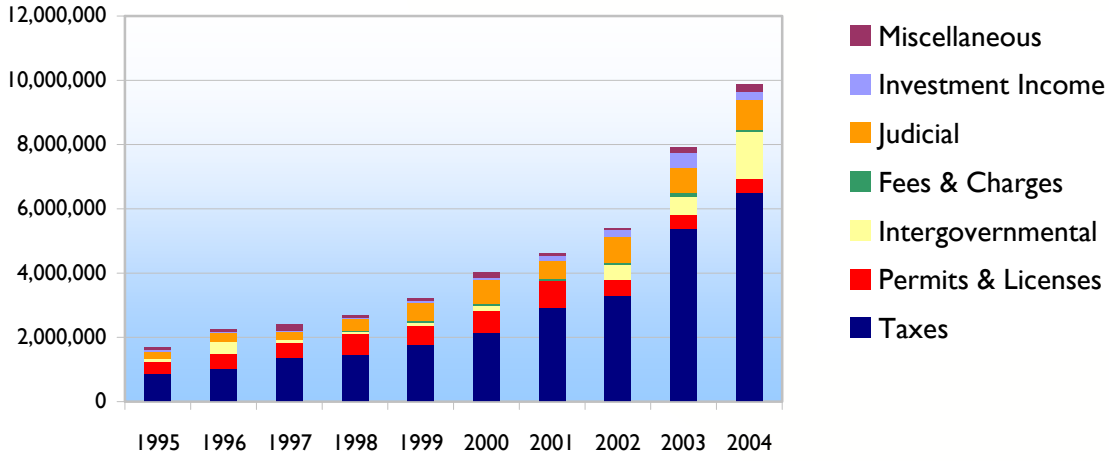
NOTES:

(1) General Government revenues include revenues for General, Special Revenue, Debt Service and Capital Projects Funds.

(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) In fiscal year 2004, the large increase in Intergovernmental funds is due to the $1,404,392 in Federal Transportation funds received to complete phase III of the Suwanee Greenway Trail System. The City also received $715,902 from Gwinnett County's 2002 Special Purpose Local Option Sales Tax (SPLOST) for the Town Center Park Project.

| Judicial Fees & Charges | | Investment Income | | Miscellaneous | | Total | | Annual Percentage Increase (Decrease) |
|---|---|---|---|---|---|---|---|---|
| Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | |
| $ 232,335 | 13.9% | $ 37,463 | 2.2% | $ 65,835 | 3.9% | $ 1,675,015 | 100.0% | 16.4% |
| 272,605 | 12.1% | 46,542 | 2.1% | 65,995 | 2.9% | 2,257,892 | 100.0% | 25.8% |
| 249,091 | 10.3% | 39,315 | 1.6% | 189,433 | 7.9% | 2,408,723 | 100.0% | 6.3% |
| 351,210 | 13.1% | 37,033 | 1.4% | 69,458 | 2.6% | 2,682,723 | 100.0% | 10.2% |
| 585,680 | 18.3% | 35,991 | 1.1% | 75,025 | 2.3% | 3,207,014 | 100.0% | 16.3% |
| 752,000 | 18.7% | 55,837 | 1.4% | 158,873 | 4.0% | 4,015,295 | 100.0% | 20.1% |
| 543,730 | 11.8% | 171,317 | 3.7% | 68,546 | 1.5% | 4,609,402 | 100.0% | 12.9% |
| 821,387 | 15.3% | 191,296 | 3.6% | 50,690 | 0.9% | 5,382,353 | 100.0% | 14.4% |
| 772,931 | 9.8% | 462,793 | 5.9% | 164,546 | 2.1% | 7,909,164 | 100.0% | 31.9% |
| 929,865 | 9.4% | 249,547 | 2.6% | 247,201 | 2.5% | 9,888,210 | 100.0% | 25.0% |

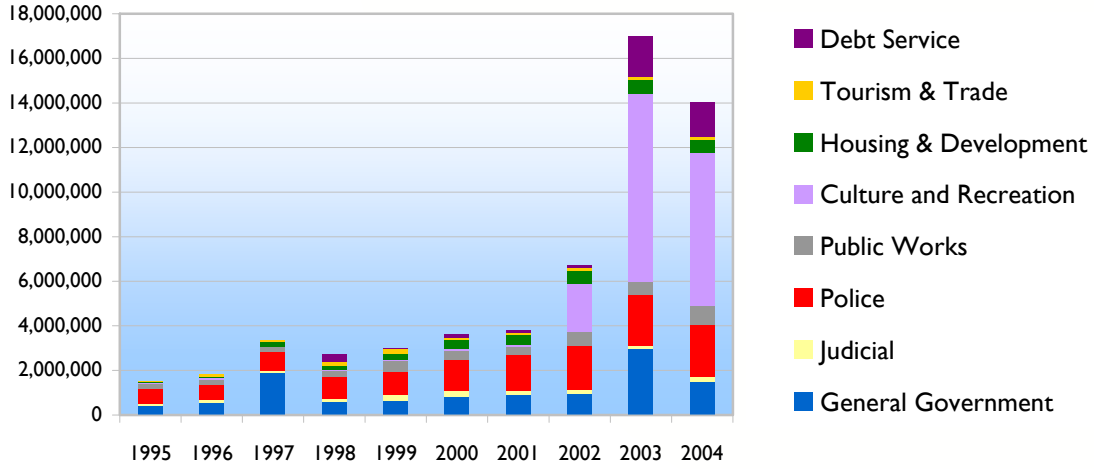


## general government expenditures by function [1] last ten years

| Function | 1995 Amount | 1995 Percent of Total | 1996 Amount | 1996 Percent of Total | 1997[2] Amount | 1997[2] Percent of Total | 1998 Amount | 1998 Percent of Total | 1999 Amount | 1999 Percent of Total |
|---|---|---|---|---|---|---|---|---|---|---|
| General Government | $ 432,568 | 28.1% | $ 576,107 | 31.6% | $ 1,897,836 | 56.6% | $ 607,042 | 22.0% | $ 662,836 | 22.0% |
| Judicial | 90,648 | 5.9% | 108,877 | 6.0% | 103,365 | 3.1% | 110,608 | 4.0% | 236,306 | 7.8% |
| Public Safety | 644,247 | 41.9% | 668,684 | 36.6% | 822,808 | 24.5% | 999,376 | 36.3% | 1,043,092 | 34.6% |
| Public Works | 221,944 | 14.4% | 251,668 | 13.8% | 242,236 | 7.2% | 275,092 | 10.0% | 478,058 | 15.9% |
| Culture and Recreation | 57,867 | 3.8% | 60,521 | 3.3% | 12,724 | 0.4% | 31,945 | 1.2% | 34,691 | 1.2% |
| Housing & Development | 59,554 | 3.9% | 54,274 | 3.0% | 193,601 | 5.8% | 192,988 | 7.0% | 297,198 | 9.9% |
| Tourism & Trade | 32,554 | 2.1% | 105,170 | 5.8% | 80,414 | 2.4% | 179,118 | 6.5% | 214,494 | 7.1% |
| Debt Service | | 0.0% | | 0.0% | | 0.0% | 359,534 | 13.0% | 46,351 | 1.5% |
| TOTAL | $ 1,539,381 | 100.0% | $ 1,825,300 | 100.0% | $ 3,352,984 | 100.0% | $ 2,755,703 | 100.0% | $ 3,013,026 | 100.0% |
| Annual Increase or (Decrease) | 13% | | 19% | | 84% | | 51% | | 9% | |

NOTES:
(1) General Government expenditures include expenditures for General, Special Revenue, Debt Service and Capital Projects Funds.
(2) In fiscal year 1997, the City constructed a new City Hall.
(3) In fiscal year 2003, the City purchased over 200 acres of open/green space for park lands. The City also acquired 13 acres of land for a new town center.
(4) In fiscal year 2004, the City completed phase III of the Suwanee Greenway and completed construction of three new parks.

| | 2000 | | 2001 | | 2002 | | 2003[3] | | 2004[4] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent of Total |
| $ | 816,896 | 22.6% | $ 920,349 | 24.2% | $ 948,744 | 14.1% | $ 2,947,950 | 17.3% | $ 1,471,703 | 10.5% |
| | 296,892 | 8.2% | 151,298 | 4.0% | 161,403 | 2.4% | 182,857 | 1.1% | 218,740 | 1.6% |
| | 1,350,912 | 37.4% | 1,604,515 | 42.2% | 2,001,586 | 29.8% | 2,251,708 | 13.2% | 2,376,153 | 16.9% |
| | 439,534 | 12.2% | 401,371 | 10.5% | 656,913 | 9.8% | 615,526 | 3.6% | 829,520 | 5.9% |
| | 58,729 | 1.6% | 72,394 | 1.9% | 2,105,738 | 31.4% | 8,407,577 | 49.5% | 6,839,057 | 48.8% |
| | 401,011 | 11.1% | 454,266 | 11.9% | 581,551 | 8.7% | 617,171 | 3.6% | 623,757 | 4.4% |
| | 104,103 | 2.9% | 115,575 | 3.0% | 125,976 | 1.9% | 160,021 | 0.9% | 134,362 | 1.0% |
| | 146,643 | 4.1% | 86,403 | 2.3% | 124,337 | 1.9% | 1,815,873 | 10.7% | 1,532,517 | 10.9% |
| $ | 3,614,720 | 100.0% | $ 3,806,171 | 100.0% | $ 6,706,248 | 100.0% | $ 16,998,683 | 100.0% | $ 14,025,809 | 100.0% |
| | 20% | | 5% | | 76% | | 153% | | (17%) | |

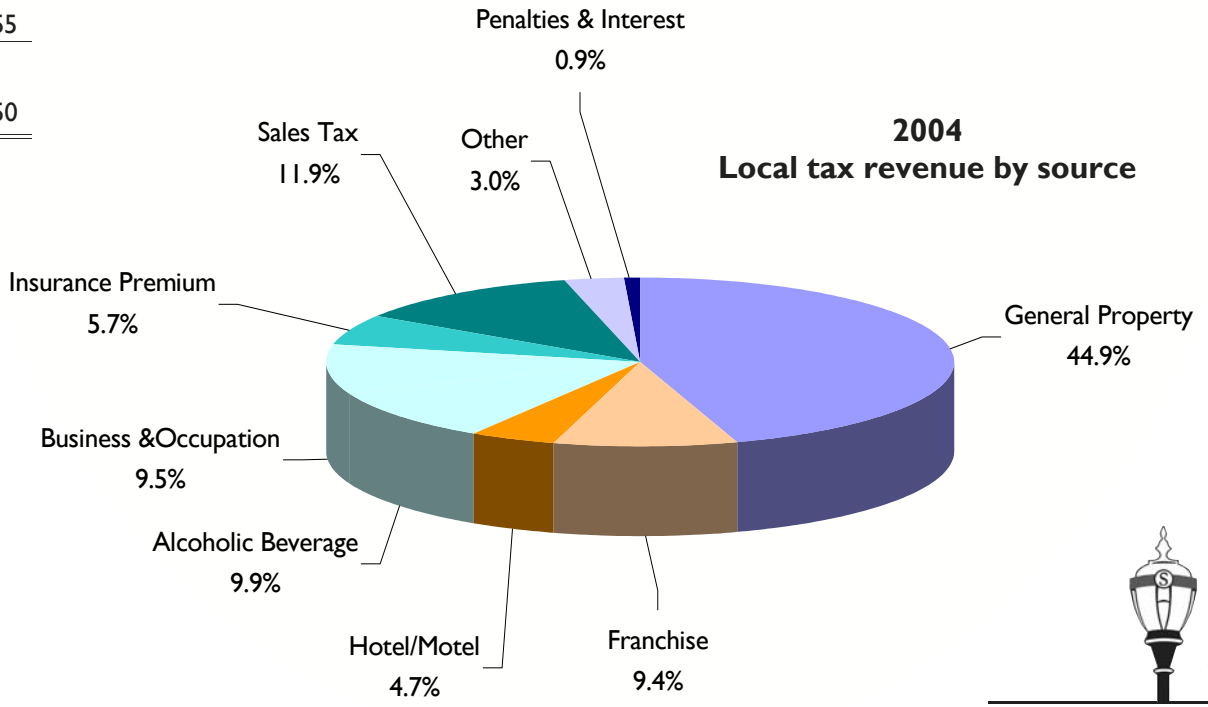


## local tax revenues by source
## last ten years

| | 1995 | 1996 | 1997[1] | 1998 | 1999 | 2000[2] | 2001 |
|---|---|---|---|---|---|---|---|
| General Property | $ 235,821 | $ 286,589 | $ 402,207 | $ 459,913 | $ 530,651 | $ 689,689 | $ 856,804 |
| Franchise | 135,323 | 175,929 | 220,988 | 254,767 | 399,268 | 450,699 | 506,978 |
| Hotel/Motel | 228,781 | 248,854 | 339,242 | 286,725 | 309,321 | 388,981 | 441,520 |
| Alcoholic Beverage | 167,445 | 199,238 | 269,026 | 335,973 | 410,289 | 435,884 | 507,384 |
| Business &Occupation | 355,763 | 448,806 | 262,584 | 322,468 | 383,945 | 397,325 | 424,903 |
| Insurance Premium | 75,121 | 79,619 | 85,090 | 90,254 | 94,671 | 98,065 | 104,558 |
| Sales Tax | | | | | | | |
| Other | 27,766 | 32,515 | 38,960 | 34,770 | 56,403 | 69,698 | 85,821 |
| Penalties & Interest on Delinquent Taxes | | | | | | 6,838 | 11,970 |
| TOTAL | $ 1,226,020 | $ 1,471,550 | $ 1,618,097 | $ 1,784,870 | $ 2,184,548 | $ 2,537,179 | $ 2,939,938 |

NOTES:
(1) In fiscal year 1997, the City passed an ordinance lowering the maximum amount to be charge for Occupational Certificates.
(2) For fiscal periods prior to 2000, penalties and interest on delinquent taxes were recorded in the revenue source and not posted in separate revenue accounts.
(3) 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.

| 2002 | 2003[3] | 2004 |
|---|---|---|
| $ 955,639 | $ 2,799,231 | $ 2,946,897 |
| 579,100 | 616,263 | 618,509 |
| 370,329 | 308,685 | 305,757 |
| 469,714 | 636,986 | 601,034 |
| 511,941 | 610,026 | 622,759 |
| 316,927 | 347,742 | 374,783 |
| | | 780,604 |
| 87,323 | 46,525 | 199,652 |
| 12,872 | 33,494 | 60,255 |
| $ 3,303,845 | $ 5,398,952 | $ 6,510,250 |



## assessed and estimated value of taxable property[1] last ten years

| Calendar Year | Real & Personal Property | | Motor Vehicles | | Total | | Assessment Ratio |
|---|---|---|---|---|---|---|---|
| | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| 1994 | $ 104,600,710 | $ 261,501,775 | $ 5,574,310 | $ 13,935,775 | $ 110,175,020 | $ 275,437,550 | 40% |
| 1995 | 122,528,190 | 306,320,475 | 7,604,688 | 19,011,720 | 130,132,878 | 325,332,195 | 40% |
| 1996 | 148,612,020 | 371,530,050 | 10,161,530 | 25,403,825 | 158,773,550 | 396,933,875 | 40% |
| 1997 | 177,254,009 | 443,135,023 | 14,032,861 | 35,082,153 | 191,286,870 | 478,217,175 | 40% |
| 1998 | 206,361,997 | 515,904,993 | 17,705,092 | 44,262,730 | 224,067,089 | 560,167,723 | 40% |
| 1999[2] | 300,843,710 | 752,109,275 | 17,705,092 | 44,262,730 | 318,548,802 | 796,372,005 | 40% |
| 2000 | 343,791,152 | 859,477,880 | 22,449,155 | 56,122,888 | 366,240,307 | 915,600,768 | 40% |
| 2001 | 415,304,489 | 1,038,261,223 | 28,292,690 | 70,731,725 | 443,597,179 | 1,108,992,948 | 40% |
| 2002 | 452,705,802 | 1,131,764,505 | 34,262,410 | 85,656,025 | 486,968,212 | 1,217,420,530 | 40% |
| 2003 | 502,632,580 | 1,256,581,450 | 37,014,660 | 92,536,650 | 539,647,240 | 1,349,118,100 | 40% |

NOTES:
(1) Tax digest gross values before exemptions.
(2) The significant increase in property value from 1998 to 1999 is the result of a major reappraisal in 1999.

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

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## real property value
## last ten years

| **TAXABLE PROPERTY:** | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|
| Residence | $ 131,039,775 | $ 169,267,400 | $ 212,204,750 | $ 260,144,450 |
| Land | 2,188,375 | 2,136,075 | 2,566,275 | 2,383,100 |
| Commercial | 89,344,375 | 96,443,600 | 109,824,725 | 130,610,300 |
| Industrial | 11,754,025 | 12,964,100 | 11,802,775 | 12,294,800 |
| Conservation Use | 2,333,625 | 3,705,525 | 4,779,425 | 4,026,300 |
| Total Taxable | $ 236,660,175 | $ 284,516,700 | $ 341,177,950 | $ 409,458,950 |
| **TAX EXEMPT PROPERTY:** | | | | |
| Public Property | $ 2,351,300 | $ 2,349,800 | $ 2,391,700 | $ 2,457,600 |
| Places of Religious Worship | 4,445,200 | 4,547,400 | 4,781,500 | 4,858,600 |
| Places of Religious Burial | 77,700 | 77,700 | 77,700 | 77,700 |
| Charity Hospitals | 4,104,800 | 4,104,800 | 4,101,400 | 4,186,400 |
| Educational Institutions | 5,711,100 | 5,711,100 | 5,711,100 | 5,711,100 |
| Total Tax Exempt | $ 16,690,100 | $ 16,790,800 | $ 17,063,400 | $ 17,291,400 |
| Total Real Property Value | $ 253,350,275 | $ 301,307,500 | $ 358,241,350 | $ 426,750,350 |

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

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|
| | $ 307,143,300 | $ 371,267,400 | $ 422,773,375 | $ 502,901,975 | $ 558,025,725 | $ 594,492,225 |
| | 2,480,700 | 3,660,500 | 4,564,700 | 1,495,100 | 2,355,300 | 2,656,600 |
| | 159,320,500 | 221,647,800 | 229,176,925 | 233,446,850 | 291,775,625 | 361,258,625 |
| | 13,284,200 | 50,001,800 | 75,190,000 | 163,948,350 | 171,502,725 | 170,974,600 |
| | 4,084,300 | 9,477,300 | 9,803,600 | 3,453,500 | 6,096,800 | 5,279,300 |
| | $ 486,313,000 | $ 656,054,800 | $ 741,508,600 | $ 905,245,775 | $ 1,029,756,175 | $ 1,134,661,350 |
| | $ 3,177,100 | $ 7,184,100 | $ 7,687,400 | $ 8,464,000 | $ 9,514,100 | $ 14,366,300 |
| | 4,858,600 | 6,100,000 | 9,461,900 | 9,461,900 | 9,470,500 | 9,638,200 |
| | 77,700 | 195,400 | 195,400 | 195,400 | 195,400 | 195,400 |
| | 4,194,300 | 4,286,500 | 4,455,400 | 4,455,400 | 4,529,200 | 4,815,200 |
| | 5,711,100 | 6,217,700 | 6,217,700 | 6,217,700 | 8,550,300 | 8,550,300 |
| | $ 18,018,800 | $ 23,983,700 | $ 28,017,800 | $ 28,794,400 | $ 32,259,500 | $ 37,565,400 |
| | $ 504,331,800 | $ 680,038,500 | $ 769,526,400 | $ 934,040,175 | $ 1,062,015,675 | $ 1,172,226,750 |



## exempt real and personal property
## last ten years

| EXEMPTIONS ALLOWED | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|
| Public Property | $ 940,520 | $ 939,920 | $ 956,680 | $ 983,040 | $ 1,270,840 |
| Places of Religious Worship | 1,778,080 | 1,818,960 | 1,912,600 | 1,943,440 | 1,943,440 |
| Places of Religious Burial | 31,080 | 31,080 | 31,080 | 31,080 | 31,080 |
| Charity Hospitals | 1,641,920 | 1,641,920 | 1,640,560 | 1,674,560 | 1,677,720 |
| Educational Institutions | 2,284,440 | 2,284,440 | 2,284,440 | 2,284,440 | 2,284,440 |
| Total Exempt | $ 6,676,040 | $ 6,716,320 | $ 6,825,360 | $ 6,916,560 | $ 7,207,520 |
| Taxable | $ 104,600,710 | $ 122,528,190 | $ 148,612,020 | $ 177,254,009 | $ 206,361,997 |
| Exempt | 6,676,040 | 6,716,320 | 6,825,360 | 6,916,560 | 7,207,520 |
| Total | $ 111,276,750 | $ 129,244,510 | $ 155,437,380 | $ 184,170,569 | $ 213,569,517 |
| Exempt as % of Total | 6.0% | 5.2% | 4.4% | 3.8% | 3.4% |
| Taxable as % of Total | 94.0% | 94.8% | 95.6% | 96.2% | 96.6% |

NOTES:
(1) The significant increase in 2003 Public Property is due to the City's purchase of over 200 acres of open/green space for park land.

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

| 1999 | 2000 | 2001 | 2002 | 2003[1] | 1994-2003 |
|---|---|---|---|---|---|
| $ 2,873,640 | $ 3,074,960 | $ 3,385,600 | $ 3,805,640 | $ 5,746,520 | 511.0% |
| 2,440,000 | 3,784,760 | 3,784,760 | 3,788,200 | 3,855,280 | 116.8% |
| 78,160 | 78,160 | 78,160 | 78,160 | 78,160 | 151.5% |
| 1,714,600 | 1,782,160 | 1,782,160 | 1,811,680 | 1,926,080 | 17.3% |
| 2,487,080 | 2,487,080 | 2,487,080 | 3,420,120 | 3,420,120 | 49.7% |
| $ 9,593,480 | $ 11,207,120 | $ 11,517,760 | $ 12,903,800 | $ 15,026,160 | 125.1% |
| | | | | | |
| $ 300,843,710 | $ 343,791,152 | $ 415,304,489 | $ 452,705,802 | $ 502,632,580 | |
| 9,593,480 | 11,207,120 | 11,517,760 | 12,903,800 | 15,026,160 | |
| $ 310,437,190 | $ 354,998,272 | $ 426,822,249 | $ 465,609,602 | $ 517,658,740 | |
| | | | | | |
| 3.1% | 3.2% | 2.7% | 2.8% | 2.9% | |
| | | | | | |
| 96.9% | 96.8% | 97.3% | 97.2% | 97.1% | |

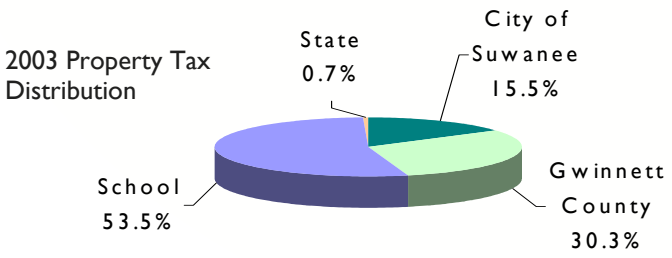
## tax digest
## last two years

| Digest | General Fund 2002 | 2003 |
|---|---|---|
| Gross Property | $ 452,705,802 | $ 502,632,580 |
| Motor Vehicles | 34,262,410 | 37,014,660 |
| Mobile Homes | 9,400 | 9,400 |
| Gross Tax Digest | $ 486,977,612 | $ 539,656,640 |
| Less Exemptions: | | |
| Homestead | $ 1,576,720 | $ 1,661,640 |
| Real Property | 2,331,590 | 2,019,290 |
| Personal Property | 4,865,900 | 6,484,540 |
| Total Exemptions | $ 8,774,210 | $ 10,165,470 |
| Net Tax Digest | $ 478,203,402 | $ 529,491,170 |

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

## property tax rates direct and overlapping governments
## (per $1,000 of assessed value)
## last ten years

| JURISDICTION | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|
| **City of Suwanee** | | | | | | | | | | |
| Maintenance and Operations | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.500 | 2.50 |
| Debt Service | | | | | | | | | 3.242 | 2.94 |
| Capital | | | | | | | | | 0.257 | 0.45 |
| Total City of Suwanee | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 5.999 | 5.89 |
| **Gwinnett County** | | | | | | | | | | |
| Maintenance and Operations | | | | | | | | | | |
| Unincorporated/Municipalities | 10.10 | 10.10 | 10.10 | 9.30 | 9.40 | 8.65 | 8.48 | 8.43 | 8.30 | 8.29 |
| Debt Service | 0.95 | 0.95 | 0.95 | 0.75 | 0.75 | 0.60 | 0.57 | 0.30 | 0.30 | 0.49 |
| Fire Protection | 2.90 | 2.90 | 2.90 | 2.40 | 2.30 | 2.10 | 2.06 | 1.90 | 1.87 | 1.87 |
| Recreation | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.90 | 0.88 | 0.86 | 0.85 | 0.85 |
| Total Gwinnett County | 14.95 | 14.95 | 14.95 | 13.45 | 13.45 | 12.25 | 11.99 | 11.49 | 11.32 | 11.50 |
| **School** | | | | | | | | | | |
| Maintenance and Operations | 17.10 | 17.10 | 17.10 | 17.10 | 18.10 | 17.45 | 17.12 | 18.62 | 18.62 | 18.87 |
| Debt Service | 4.75 | 4.75 | 3.65 | 3.65 | 2.65 | 2.30 | 2.05 | 1.80 | 1.68 | 1.43 |
| Total School | 21.85 | 21.85 | 20.75 | 20.75 | 20.75 | 19.75 | 19.17 | 20.42 | 20.30 | 20.30 |
| **State** | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Total | 39.55 | 39.55 | 38.45 | 36.95 | 36.95 | 34.75 | 33.91 | 34.66 | 37.869 | 37.940 |




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

## property tax levies and collections
## last ten years

| Year | Total Tax Levy[1] | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Collections as Percent of Current Levy | Outstanding Delinquent Taxes | Outstanding Delinquent Taxes as Percent of Current Levy |
|---|---|---|---|---|---|---|---|---|
| 1995 | 277,037 | 229,761 | 82.9% | 6,060 | 235,821 | 85.1% | 18,737 | 6.8% |
| 1996 | 327,679 | 279,623 | 85.3% | 6,966 | 286,589 | 87.5% | 18,539 | 5.7% |
| 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% |

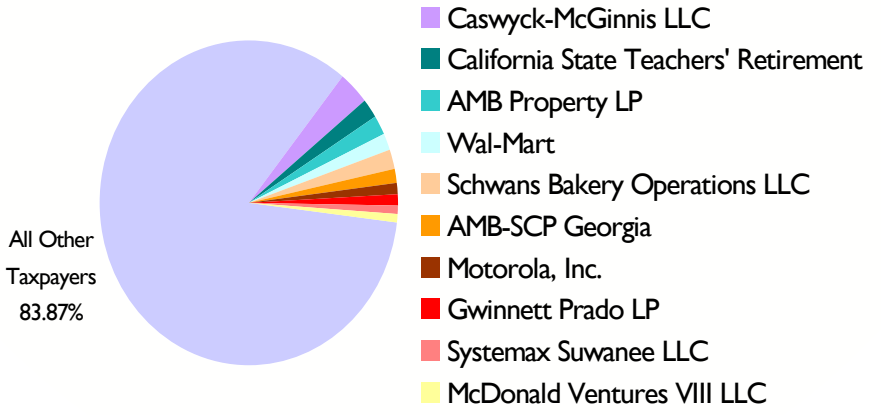
NOTE:
(1) Relates to preceding calendar year digest.

## principal taxpayers
## june 30, 2004

| Taxpayer | Type of Business | Assessed Valuation | Percentage of Assessed Valuation | Current Year Tax Levy | Percentage of Current Year's Tax Levy |
|---|---|---|---|---|---|
| Caswyck-McGinnis LLC | Apartments | $ 17,264,290 | 3.43% | $ 101,687 | 3.50% |
| California State Teachers' Retirement System | Apartments | 9,642,300 | 1.92% | 56,793 | 1.95% |
| AMB Property LP | Office/Warehouse | 9,259,020 | 1.84% | 54,536 | 1.87% |
| Wal-Mart | Retail | 9,188,570 | 1.83% | 54,121 | 1.86% |
| Schwans Bakery Operations LLC | Bakery Products | 8,549,260 | 1.70% | 50,355 | 1.73% |
| AMB-SCP Georgia | Office/Warehouse | 7,060,000 | 1.40% | 41,583 | 1.43% |
| Motorola, Inc. | Vacant Land | 6,670,800 | 1.33% | 39,291 | 1.35% |
| Gwinnett Prado LP | Shopping Center and Vacant Land | 4,947,790 | 0.98% | 29,142 | 1.00% |
| Systemax Suwanee LLC | Technology | 4,518,800 | 0.90% | 26,616 | 0.91% |
| McDonald Ventures VIII LLC | Office/Warehouse | 3,961,950 | 0.79% | 23,336 | 0.80% |
| All Other Taxpayers | | 421,569,800 | 83.87% | 2,431,639 | 83.59% |
| | Total | $ 502,632,580 | 100.00% | $ 2,909,099 | 100.00% |

NOTE:
Assessed valuation for principal taxpayers includes real property, and utilities taxes and does not include intangible or motor vehicle taxes. Selection is based on the taxpayers with the largest assessed valuation.

Source: 2003 Tax Digest



## computation of legal debt margin
## june 30, 2004

| | | |
|---|---|---|
| Assessed Value of All Taxable Property | $ | 529,491,170 |
| Debt Limit: 10% of Assessed Value | | 52,949,117 |
| Less: Amount of Debt Applicable to Constitutional Debt Limit | | 18,205,584 |
| Legal Debt Margin | | 34,743,533 |
| Percent of Debt Limit Used | | 34.4% |

NOTE:
Assessed value of all taxable property has been reduced to reflect bond tax exemptions in the Amount of $10,165,470; therefore, this reflects the conservative net bond digest amount.

## computation of direct and overlapping debt
## june 30, 2004

| Jurisdiction | Gross Debt Outstanding | Percent Applicable to City of Suwanee | Amount Applicable to City of Suwanee |
|---|---|---|---|
| **Direct Debt:** | | | |
| City of Suwanee General Obligation Bonds | $ 18,324,830 | 100.00% | $ 18,324,830 |
| **Overlapping Debt:** [1] | | | |
| Gwinnett County General Obligation Bonds | $ 135,325,000 | 2.21% | $ 2,990,683 |
| Gwinnett County Board of Education | 249,885,000 | 2.21% | 5,522,459 |
| Total Overlapping Debt | $ 385,210,000 | | $ 8,513,142 |
| Total Direct General Obligation and Overlapping Debt | $ 403,534,830 | | $ 26,837,972 |
| City of Suwanee Debt per Capita [2] | | | |
| Direct General Obligation Debt | | | $ 1,697 |
| Overlapping Debt | | | 788 |
| Total | | | $ 2,485 |

NOTES:
(1) The percentage of each 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.
(2) Based on estimated City population of 10,800.

Source: Gwinnett County, Certgia 2003 Comprehensive Annual Financial Report.

## ratio of net general bonded debt to assessed value and net bonded debt per capita last ten years

| Year | Population[1] | Assessed Value[2] | Gross Bonded Debt | Less Debt Service Fund Balance | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita[3] |
|---|---|---|---|---|---|---|---|
| 1995 | 3,964 | $ 104,600,710 | - | - | - | - | - |
| 1996 | 4,642 | 122,528,190 | - | - | - | - | - |
| 1997 | 5,956 | 148,612,020 | - | - | - | - | - |
| 1998 | 6,924 | 177,254,009 | - | - | - | - | - |
| 1999 | 8,152 | 206,361,997 | - | - | - | - | - |
| 2000 | 8,725 | 300,843,710 | - | - | - | - | - |
| 2001 | 9,100 | 343,791,152 | - | - | - | - | - |
| 2002 | 9,979 | 442,605,246 | $ 17,695,000 | $ 310,109 | $ 17,384,891 | 0.0393 | 1,742 |
| 2003 | 10,318 | 478,249,462 | 18,766,502 | 63,702 | 18,702,800 | 0.0391 | 1,813 |
| 2004 | 10,800 | 529,491,170 | 18,324,830 | 119,246 | 18,205,584 | 0.0344 | 1,686 |

NOTES:
(1) Source: 1993-1999; Annual Estimates, U.S. Bureau of Census
2000; Actual Census Data
2001-2004; Planning Department estimates from building permits
(2) Reflects the net bond digest values.
(3) Rounded to the nearest dollar.

## ratio of annual debt service for general[1] bonded debt to total governmental funds expenditures last ten years

| Year | Principal | Interest and Other | Total Debt Service | Total Governmental Funds Expenditures | Ratio of Debt Service to Governmental Funds Expenditures |
|---|---|---|---|---|---|
| 1995 | - | - | - | $ 1,539,381 | - |
| 1996 | - | - | - | 1,825,300 | - |
| 1997 | - | - | - | 3,352,984 | - |
| 1998 | - | - | - | 2,755,703 | - |
| 1999 | - | - | - | 3,013,026 | - |
| 2000 | - | - | - | 3,614,720 | - |
| 2001 | - | - | - | 3,806,171 | - |
| 2002 | - | - | - | 6,706,248 | - |
| 2003 | $ 392,818 | $ 1,283,038 | $ 1,675,856 | 16,998,683 | 9.86% |
| 2004 | 441,672 | 973,730 | 1,415,402 | 14,025,809 | 10.09% |

NOTE:
Includes all governmental fund types.

## construction and bank deposits
## last ten years

**Construction** [1]

| Calendar Year | Residential | | Total Construction | | |
|---|---|---|---|---|---|
| | Units | Estimated Cost | Units | Estimated Cost | Bank Deposit [2] |
| 1994 | 183 | $ 18,671,000 | 246 | $ 24,780,200 | $ 10,204,000 |
| 1995 | 279 | 30,126,400 | 429 | 37,020,400 | 16,365,000 |
| 1996 | 217 | 38,746,000 | 437 | 50,943,600 | 45,447,000 |
| 1997 | 259 | 27,644,600 | 521 | 46,164,000 | 86,332,000 |
| 1998 | 215 | 36,365,000 | 533 | 47,895,400 | 141,471,000 |
| 1999 | 98 | 22,339,400 | 403 | 210,967,086 | 206,349,000 |
| 2000 | 164 | 45,786,000 | 459 | 117,823,400 | 259,339,000 |
| 2001 | 87 | 15,971,300 | 392 | 59,107,000 | 348,183,000 |
| 2002 | 82 | 15,179,070 | 319 | 37,033,743 | 426,539,000 |
| 2003 | 117 | 16,150,315 | 384 | 33,272,685 | 440,135,000 |

NOTES:
(1) Source: City of Suwanee Planning and Development Permit Summary.
(2) Source: FDIC Data as of June 30, 2004.

## salaries of principal officers
## for year ended june 30, 2004

| Title | Annual Salary | |
|---|---|---|
| Mayor | $ 6,000 | |
| Mayor Pro Tem | 4,200 | |
| Council Member | 3,600 | |
| City Manager | 80,145 | |
| Chief of Police | 77,937 | |
| Public Works & Inspection Director | 70,508 | |
| Financial Services Director | 67,500 | |
| Planning & Community Development Director | 66,442 | |
| Administrative Services Director | 60,008 | |
| Chief Judge | 400 | per session |
| Court Solicitor | 300 | per session |

Source: City of Suwanee Payroll Department, salaries effective 6/30/2004

## surety bond coverage of elected officials for year ended june 30, 2004

| Title | Insurer | Policy Number | Coverage | Annual Premium | Renewal Date |
|---|---|---|---|---|---|
| Mayor | Old Republic Surety Company | APO1168533 | $ 250,000 | $ 875 | 12/31/2004 |
| City Manager | Old Republic Surety Company | APO1168534 | 250,000 | 875 | 12/31/2004 |
| Financial Services Director | Old Republic Surety Company | APO1168535 | 250,000 | 875 | 12/31/2004 |

Source: Risk Management Policy-Old Republic Surety Company

## schedule of insurance in force, june 30, 2004

| Type of Insurance | Coverage | Liability Limit | Company [1] | Policy Number | Policy Period From | Policy Period To | Annual Premium |
|---|---|---|---|---|---|---|---|
| **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 | 05/01/04 | 04/30/05 | $ 31,078 |
| 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 | 05/01/04 | 04/30/05 | 32,649 |
| Automobile Liability | Damages of bodily injury or property caused by an occurrence | 1,000,000 combined single limit 1,000 deductible | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 23,146 |
| Law Enforcement Liability | False arrest/wrongful imprisonment Assault & Battery | 1,000,000 limit each claim no aggregate limit 2,500 deductible | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 19,920 |
| **PROPERTY** | | | | | | | |
| Property Including Equipment | Blanket building & content Business interruption Property in Transit | 4,778,108 total insured value building & content replacement cost | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 6,038 |
| Boiler & Machinery | Blanket building & content | 4,778,108 total insured value building & content replacement cost | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 997 |
| Environment Impairment Liability | Pollution coverage | combined single limit $1,000,000 per occurrence deductible $1,000 | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 9,785 |
| **OTHER CASUALTY** | | | | | | | |
| Workers Compensation Self Insurance Fund | While Working | | GMA | Cust # 312 | 01/01/04 | 12/31/04 | 65,096 |
| Automobile Physical Damage | All risks for scheduled City vehicles only | Automatic coverage for vehicles up to 100,000 deductible 1,000 | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 6,961 |
| Crime Coverage | Public employee dishonesty per loss | 500,000 limit with 1,000 deductible | GIRMA | SU-3 | 05/01/04 | 04/30/05 | 594 |

NOTES:
(1) Georgia Interlocal Risk Management Agency (GIRMA)
Georgia Municipal Association (GMA)

## schedule of insurance in force, june 30, 2004

| Type of Insurance | Coverage | Liability Limit | Company[1] | Policy Number | Policy Period From | To | Annual Premium |
|---|---|---|---|---|---|---|---|
| **OTHER INSURANCE** | | | | | | | |
| Employee Life insurance | Basic Life | Varies by employee salary / max. 50,000 | Greater Georgia Life | 1M547 | 07/01/03 | 06/30/04 | $ 5,500 |
| 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 | 1M547 | 07/01/03 | 06/30/04 | (2) |
| Long Term Disability | 90 day elimination period 60% benefit until age 65 | N/A | Medical Life | MG18818 | 07/01/03 | 06/30/04 | 10,925 |
| Short Term Disability | 1st day accident/8th day illness 13 week/ $200 weekly benefit | N/A | Medical Life | MG18818 | 07/01/03 | 06/30/04 | 5,060 |
| Medical | 1st of the month following 30 days 100% coinsurance | Lifetime Maximum - Unlimited | Blue Cross/ Blue Shield HMO | 1018871 | 07/01/03 | 06/30/04 | 271,950 |
| | 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 | 07/01/03 | 06/30/04 | (3) |
| Dental | Employee and Family | 1,000 Max benefit per person per year 1,000 Ortho Benefit | Guardian Life | G-359487 | 07/01/03 | 06/30/04 | 45,330 |

NOTES:
(1) Georgia Interlocal Risk Management Agency (GIRMA); Georgia Municipal Association (GMA)
(2) Total cost paid for by the employee.
(3) Premiums for HMO and PPO are included together under the HMO premiums total.

Source: City of Suwanee Human Resource Department

## EMPLOYMENT STATISTICS

| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|---|
| Employment | 2,007 | 2,085 | 2,148 | 2,154 | 2,270 | 2,376 |
| Unemployment | 63 | 63 | 63 | 82 | 138 | 127 |
| Total Labor Force | 2,070 | 2,148 | 2,211 | 2,236 | 2,408 | 2,503 |
| City Unemployment Rate | 3.1% | 2.9% | 2.8% | 3.7% | 5.7% | 5.1% |
| Gwinnett County Unemployment Rate | 2.5% | 2.4% | 2.3% | 3.0% | 4.6% | 4.1% |
| State Unemployment Rate | 4.2% | 4.0% | 3.7% | 4.0% | 5.1% | 6.0% |

Source: Georgia Department of Labor, 2003 Annual Estimate, not seasonally adjusted

## PRINCIPAL EMPLOYERS

| Employer | Number of Employees |
|---|---|
| Wal-Mart | 400 |
| Dish Network/Echosphere Corporation | 400 |
| Southeastern Freight Lines, Inc. | 355 |
| Schwans Bakery Operations LLC | 330 |
| Systemax-Global Computer Supplies, Inc. | 300 |
| Publix Supermarkets | 270 |
| Cracker Barrel Old County Store, Inc. | 124 |
| Kroger Company | 123 |
| Klockner Namasco Corporation | 100 |
| State Farm Insurance Company | 100 |

Source: City of Suwanee Business License Division

## miscellaneous statistical information
## june 30, 2004

The City of Suwanee was originally chartered on February 25, 1949.

### Form of Government:
The governing authority of the City consists of a five-member City Council and Mayor. The Mayor and all Councilmembers are elected at large, serving staggered four-year terms. Suwanee operates under a council-manager form of government in which the City Council hires a professional manager to handle the day-to-day operations of City government.

### Location:
Suwanee is located in the north central portion of the State of Georgia, approximately 30 miles northeast of the City of Atlanta. The City is located in the northwestern portion of Gwinnett County.

Suwanee is part of the Atlanta Standard Metropolitan Statistical Area, as designated by the Bureau of the Census of the United States Department of Commerce.

### Area:
9.7 square miles

### Altitude:
The City's elevation ranges from 900 to 1,200 feet above sea level, and the terrain is rolling.

### Climate:
**Average Temperature:**
January – 41.0 Degrees Fahrenheit
July – 78.8 Degrees Fahrenheit
Average Mean Temperature: 61.3 Degrees Fahrenheit

**Average Rainfall:**
50.77 Inches Annually
Prevailing Winds: Northwest, Mean Speed – 9.1 MP

**Humidity:**
80-90% Mornings
50-60% Afternoons

**Miles of Roads:**
The City maintains approximately 44 miles of streets.

## miscellaneous statistical information
## june 30, 2004

**Number of Street Lights:**
Approximately 609

**Parks:**
Number of Park Sites: 12
Total Acreage of Parks Open to the Public: 128
Total Acreage of Parks (including undeveloped): 226

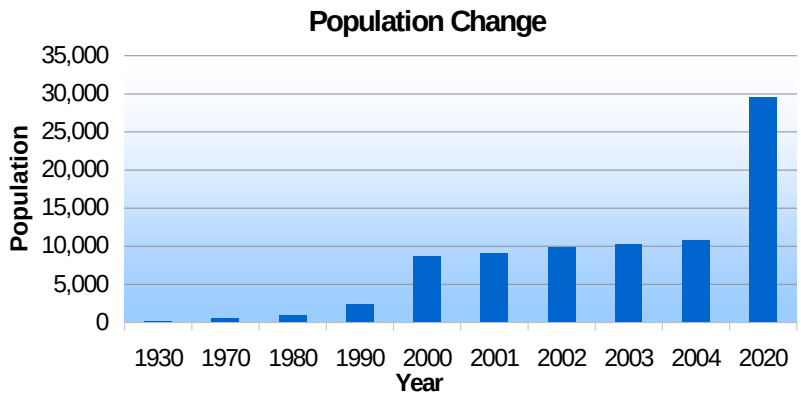
**Water System:**
The City of Suwanee owns and operates a water supply, treatment, and distribution system serving approximately 230 metered customers. The current average consumption of water from the City's water system is approximately 62,000 gallons per day. Water is supplied to the City's water system by a 700-foot deep well and stored in a 60,000 gallon tank owned by the City. Water drawn from the well requires treatment for fluoridation and chlorination. Suwanee's water system has approximately 5.5 miles of water mains, with primarily 6-inch and 8-inch lines.

**Population:**
Suwanee was the 5th fastest-growing City in Georgia and the fastest growing small City in metro Atlanta during the 1990s. Its population grew 262% from 1990-2000.

Population figures from previous years provide a good indicator of Suwanee's growth trends:

| | |
|---|---|
| 1930 | 214 |
| 1970 | 615 |
| 1980 | 1,026 |
| 1990 | 2,412 |
| 2000 | 8,725 |
| 2001* | 9,100 |
| 2002* | 9,979 |
| 2003* | 10,318 |
| 2004* | 10,800 |
| 2020 ** | 29,551 |

*Estimated population 2001 – 2004 Planning Department estimates from building permits.
** Estimated population for 2020 provided by the City's Comprehensive Master Plan.




Minority population for greater Suwanee area (2000): 15.5%

**Home Sales:**
According to the 2003 Atlanta Business Chronicle, Book of List, Suwanee's zip code was ranked 8th by median household income. The 2003 median household income was $91,946 and the median home value was $234,973.

# single audit section

## single audit section



ribbon cutting for the opening of the greenway

## schedule of expenditures of federal and state awards for the fiscal year ended june 30, 2004

| Grant Program | CFDA # | Grant I.D. | Expenditures |
|---|---|---|---|
| **FEDERAL AWARD PROGRAMS** | | | |
| **U.S. Department of Justice** | | | |
| Bulletproof Vest Program | 16.607 | 2001-BU-BX-0100 | $ 1,192 |
| Bulletproof Vest Program | 16.607 | 2003-BU-BX-0302 | 640 |
| **Total U. S. Department of Justice** | | | 1,832 |
| **U.S. Department of Transportation** | | | |
| Pass Through Program- Georgia Department of Transportation | | | |
| Transportation Enhancement Activities Grant | 20.205 | STP-000E(155) | 1,404,392 |
| **Total U. S. Department of Transportation** | | | 1,404,392 |
| **Total Federal Awards** | | | $ 1,406,224 |

Note:

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERMENTAL 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, 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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 24, 2004. 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 the management, Mayor and City Council of the City of Suwanee, Georgia, 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

Macon, Georgia
August 24, 2004



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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

## Compliance

We have audited the compliance of the City of Suwanee, Georgia (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 structure over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management, Mayor and City Council of the City of Suwanee, Georgia 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

Macon, Georgia
August 24, 2004



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## schedule of findings and questioned costs for the fiscal year ended june 30, 2004

### A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Suwanee, Georgia.

2. No reportable conditions or material weaknesses relating to the audit of the financial statements are reported in the 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.

3. No instances of noncompliance material to the financial statements of the City of Suwanee, Georgia are reported in the 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.

4. No reportable conditions or material weaknesses relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award program for the City of Suwanee, Georgia expresses an unqualified opinion.

6. No audit findings required to be reported in accordance with Section 510 (a) of OMB Circular A-133 were noted.

7. The program tested as a major program was the Transportation Enhancement Activities Grant, CFDA #20.205.

8. The threshold for distinguishing between Type A and B programs was $300,000.

9. The City of Suwanee, Georgia was determined not to be a low-risk auditee.

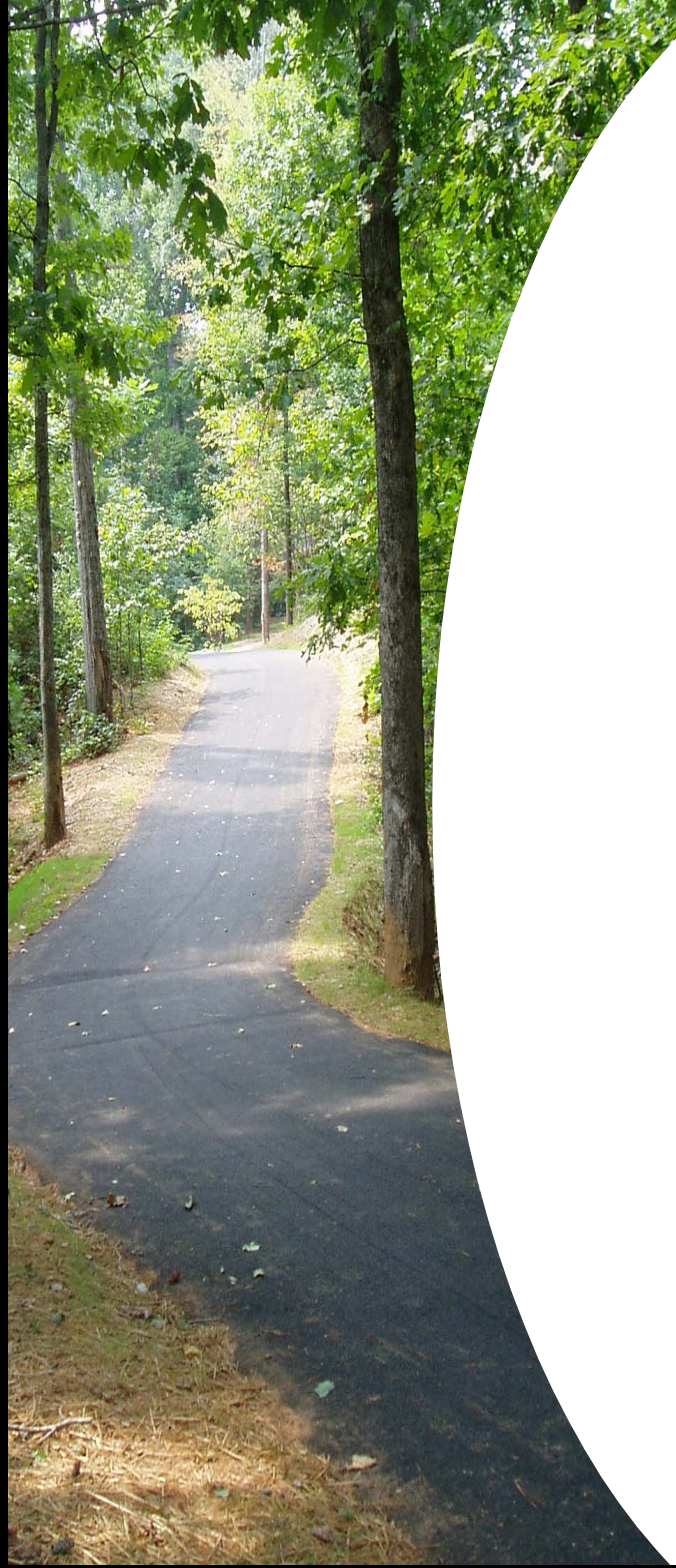
### B. FINDINGS: FINANCIAL STATEMENT AUDIT

None

### C. FINDINGS AND QUESTIONED COSTS: MAJOR FEDERAL AWARD PROGRAM AUDIT

None

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city of **suwanee**
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