

CITY OF JOHNS CREEK, GEORGIA
FINANCIAL REPORT
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007

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INTRODUCTORY SECTION

CITY OF JOHNS CREEK, GEORGIA
FINANCIAL REPORT
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Johns Creek, Georgia**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Johns Creek, Georgia**, as of and for the ten months ended September 30, 2007, which collectively comprise the City of Johns Creek, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Johns Creek, Georgia'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 the 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, each major fund, and the aggregate remaining fund information of the City of Johns Creek, Georgia as of September 30, 2007, and the respective changes in financial position thereof for the ten months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2008, on our consideration of the City of Johns Creek, Georgia'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 and budgetary comparison information on pages 3 through 9 and 30 and 31 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Johns Creek, Georgia's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 4, 2008

CITY OF JOHNS CREEK, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Johns Creek (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements and footnotes.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$122,243,669, total net assets. Of this amount \$10,044,078, unrestricted net assets, is available to meet the ongoing obligations of the government.
- The City's increase in net assets was \$122,243,669 during the fiscal period, primarily due to \$114,647,924 being recorded as a donation of infrastructure assets at incorporation for roadways, sidewalks, culverts and signals. This brings the City's capital assets fully into compliance with GASB 34 pronouncements.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of \$9,163,757.
- The City has no long-term debt at September 30, 2007, however, it has a master lease that was used to purchase furniture and equipment for City Hall in the amount of \$430.8 thousand. Additionally, the City has short term borrowings of \$10 million for a tax anticipation note used to provide a positive cash flow for the first fiscal period of operations. The tax anticipation note has a due date of December 31, 2007 and will be paid in full as of that date.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and community development.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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.

The City maintains a general fund and three non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and non-major governmental funds.

The City adopts an annual appropriated budget for the general fund and special revenue funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with this budget. Project-length budgets are adopted for the capital projects fund.

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond related activity for municipal court.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 29 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedules as presented on a generally accepted accounting principal basis in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 30 and 31 of this report.

The individual fund statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 32 through 36 of this report.

Government-wide Financial Analysis

Since this is the first period the City has presented statements under Governmental Accounting Standards Board Statement No. 34 (GASB 34), comparative information is not yet available. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$122,243,669.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., roadways, sidewalks, culverts, equipment, and park land); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the City's net assets represents positive unrestricted net assets of \$10,044,078 that is available to meet the ongoing obligations of the government.

At the end of the current fiscal period, the City reported a net positive balance in total net assets and in unrestricted net assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Johns Creek Net Assets

	Governmental Activities
Assets	
Current assets	\$ 26,653,131
Capital assets, net of accumulated depreciation	112,577,628
Total assets	139,230,759
Liabilities	
Current liabilities	16,556,253
Long-term liabilities	430,837
Total liabilities	16,987,090
Net assets	
Invested in capital assets, net of related debt	112,146,791
Restricted	52,800
Unrestricted	10,044,078
Total net assets	\$ 122,243,669

Governmental activities. Governmental activities are reflective of the donation of infrastructure assets at incorporation for the first period of operation thereby accounting for substantially all of the growth in the net assets of the City. Key elements of this increase are as follows:

City of John Creek Changes in Net Assets

	Governmental Activities
Revenues	
Program revenues:	
Charges for services	\$ 2,260,054
Operating grants and contributions	15,000
Capital grants and contributions	289,890
General revenues:	
Property taxes	16,806,870
Sales taxes	14,824,210
Hotel/motel taxes	295,001
Franchise taxes	2,474,242
Business taxes	1,613,495
Unrestricted investment earnings	375,048
Miscellaneous revenues	15,020
Total revenues	38,968,830
Expenses	
General government	7,784,141
Judicial	189,802
Public safety	8,470,837
Public works	8,377,110
Culture and recreation	1,093,499
Community development	5,314,229
Interest on long-term debt	143,467
Total expenses	31,373,085
Gain before special item	7,595,745
Special item - donation of infrastructure at incorporation	114,647,924
Change in net assets	122,243,669
Net asset beginning of year	-
Net asset end of year	\$ 122,243,669

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Key factors in the increase of reserves are as follows:

- Revenues in the general fund exceeded budget by \$3.7 million, the majority of this excess was sales taxes of \$1.7 million, property taxes by \$646 thousand, franchise fees by \$512 thousand, and licenses and permits by \$582 thousand.
- Expenditures were \$1.6 million less than budgeted primarily due to unspent general government, public safety and contingency reserves.

General Fund Budgetary Highlights

- The City's budget utilized a conservative approach based on lack of historical information available. Emphasis was given to ensuring financial stability for the first ten months of operations and long-term stability while providing revenue enhancement; financial priorities and discipline.
- The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. Differences between the original budget and final amended budget are then resolved via official City Council action.

During the first ten months of operation a budget realignment in appropriations was made between the original and final amended budget. The following are the main components of this budget realignment:

- \$2,281,107 supplemental appropriation to various general fund departments at a mid-year review and a year end clean up. \$1,452,314 of this budget adjustment was allocated to capital projects and \$913,525 was allocated to fund balance reserves. Other various departments were adjusted up or down to align with projected year end estimated expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital assets. The City's investment in capital assets for its governmental activities as of September 30, 2007, amounts to \$112,577,628 (net of accumulated depreciation). These assets primarily reflect the donation of infrastructure assets at incorporation for roadways, sidewalks, culverts and signals, and park land. This brings the City's financial statements fully into compliance with GASB 34 pronouncements.

City of Johns Creek Capital Assets (net of depreciation)

	Governmental Activities
Land	\$ 6,080,587
Buildings	760,343
Improvements	986,170
Machinery and equipment	428,583
Infrastructure	104,321,945
Total	<u>\$ 112,577,628</u>

Additional information on the City's capital assets can be found in note 6 on pages 24 and 25 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$430,837 for city hall and municipal court furniture and equipment. Additionally, the City had short term borrowings of \$10,000,000 in the form of a tax anticipation note used to provide a positive cash flow for the first fiscal period of operations.

Additional information on the City's long-term debt can be found in note 8 on page 26 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2008 fiscal year.

- Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- Cost of government – The government is legally mandated to levy a maximum of 4.731 millage rate through the legislation that created the City, however the City Council approved a millage rate in July of 4.614 mills. This millage rate, along with the first time levy of property taxes within the City, provided approximately \$15.5 million in revenue to the City that was previously recognized in Fulton County.
- The start-up costs of establishing a police and fire department for the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The consideration of several new revenue sources and the revision of current revenue source rates/charges. New revenue sources include the review of an administrative fee for court processing, rental vehicle excise taxes, and licenses and permit fees.

The City restricts the use of one-time revenues to operations, and limits the growth in expenditures from operations to those performance indicators which are designated as inadequate by City Council.

Requests for Information

This financial report is designed to provide a general overview of the City of Johns Creek finances for all those with an interest in 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 Department of Finance, City of Johns Creek, 12000 Findley Road, Suite 400, Johns Creek, Georgia, 30097, or by calling (678) 512-3348.

CITY OF JOHNS CREEK, GEORGIA

**STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007**

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,415,293
Accounts receivable	1,055,418
Taxes receivable	17,984,162
Due from other governments	35,340
Prepays	162,918
Capital assets:	
Nondepreciable	6,080,587
Depreciable, net of accumulated depreciation	<u>106,497,041</u>
Total assets	<u>139,230,759</u>
LIABILITIES	
Accounts payable	6,316,490
Accrued liabilities	203,611
Unearned revenue	36,152
Tax Anticipation Note	10,000,000
Note payable due within one year	138,409
Note payable due in more than one year	<u>292,428</u>
Total liabilities	<u>16,987,090</u>
NET ASSETS	
Invested in capital assets, net of related debt	112,146,791
Restricted for capital projects	52,800
General fund	<u>10,044,078</u>
Total net assets	<u>\$ 122,243,669</u>

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

CITY OF JOHNS CREEK, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General government	\$ 7,784,141	\$ 912,693	\$ 15,000	\$ -	\$ (6,856,448)
Judicial	189,802	163,612	-	-	(26,190)
Public safety	8,470,837	-	-	-	(8,470,837)
Public works	8,377,110	1,175	-	88,140	(8,287,795)
Culture and recreation	1,093,499	19,245	-	201,750	(872,504)
Community development	5,314,229	1,163,329	-	-	(4,150,900)
Interest on long-term debt	143,467	-	-	-	(143,467)
Total governmental activities	<u>31,373,085</u>	<u>2,260,054</u>	<u>15,000</u>	<u>289,890</u>	<u>(28,808,141)</u>
Total primary government	<u>\$ 31,373,085</u>	<u>\$ 2,260,054</u>	<u>\$ 15,000</u>	<u>\$ 289,890</u>	<u>(28,808,141)</u>
General revenues:					
					16,806,870
					14,824,210
					295,001
					2,474,242
					1,613,495
					375,048
					15,020
General fund					<u>114,647,924</u>
					<u>151,051,810</u>
					122,243,669
					-
					<u>\$ 122,243,669</u>

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

CITY OF JOHNS CREEK, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

ASSETS	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 5,000,904	\$ 2,414,389	\$ 7,415,293
Accounts receivable	1,055,418	-	1,055,418
Taxes receivable	17,929,718	54,444	17,984,162
Intergovernmental receivable	-	35,340	35,340
Due from other funds	15,549	-	15,549
Prepays	162,918	-	162,918
 Total assets	 <u>\$ 24,164,507</u>	 <u>\$ 2,504,173</u>	 <u>\$ 26,668,680</u>
 LIABILITIES			
Accounts payable	\$ 6,183,918	\$ 132,572	\$ 6,316,490
Accrued liabilities	203,611	-	203,611
Due to other funds	-	15,549	15,549
Tax anticipation note	10,000,000	-	10,000,000
Deferred revenue	969,273	-	969,273
 Total liabilities	 <u>17,356,802</u>	 <u>148,121</u>	 <u>17,504,923</u>
 FUND BALANCES			
Fund balances:			
Reserved for:			
Prepays	162,918	-	162,918
Capital projects	52,800	-	52,800
Tourism	-	94,813	94,813
Unreserved, reported in:			
General fund	6,591,987	-	6,591,987
Special revenue funds	-	1,087	1,087
Capital projects funds	-	2,260,152	2,260,152
 Total fund balances	 <u>6,807,705</u>	 <u>2,356,052</u>	 <u>9,163,757</u>
 Total liabilities and fund balances	 <u>\$ 24,164,507</u>	 <u>\$ 2,504,173</u>	
 Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			112,577,628
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(430,837)
Some revenues are not available in the current period and, therefore, are not reported in the funds.			933,121
 Net assets of governmental activities			 <u>\$ 122,243,669</u>

The accompanying notes are an integral part of these statements.

CITY OF JOHNS CREEK, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 15,873,749	\$ -	\$ 15,873,749
Sales taxes	14,824,210	-	14,824,210
Hotel/Motel taxes	-	295,001	295,001
Franchise taxes	2,474,242	-	2,474,242
Business taxes	1,613,495	-	1,613,495
Licenses and permits	1,997,800	-	1,997,800
Charges for services	98,642	-	98,642
Fines and forfeitures	163,612	-	163,612
Intergovernmental	-	237,090	237,090
Contributions	67,800	-	67,800
Interest earned	369,583	5,465	375,048
Miscellaneous	15,020	-	15,020
Total revenues	<u>37,498,153</u>	<u>537,556</u>	<u>38,035,709</u>
Expenditures:			
Current:			
General government	8,212,727	-	8,212,727
Judicial	189,802	-	189,802
Public safety	8,470,837	-	8,470,837
Public works	6,119,860	194,252	6,314,112
Culture and recreation	602,930	317,685	920,615
Community development	5,314,229	-	5,314,229
Debt service:			
Interest	143,467	-	143,467
General fund	<u>29,053,852</u>	<u>511,937</u>	<u>29,565,789</u>
Excess of revenues over expenditures	<u>8,444,301</u>	<u>25,619</u>	<u>8,469,920</u>
Other financing sources (uses):			
Issuance of long term debt	430,837	-	430,837
Sale of assets	263,000	-	263,000
Transfers in	88,631	2,419,064	2,507,695
Transfers out	<u>(2,419,064)</u>	<u>(88,631)</u>	<u>(2,507,695)</u>
Total other financing sources (uses)	<u>(1,636,596)</u>	<u>2,330,433</u>	<u>693,837</u>
Net change in fund balances	<u>6,807,705</u>	<u>2,356,052</u>	<u>9,163,757</u>
Fund balances, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ 6,807,705</u>	<u>\$ 2,356,052</u>	<u>\$ 9,163,757</u>

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

CITY OF JOHNS CREEK, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007

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

Net change in fund balances - total governmental funds	\$ 9,163,757
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(1,807,296)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.	114,384,924
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	933,121
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 represents the issuance of long-term debt.	<u>(430,837)</u>
	<u>\$ 122,243,669</u>

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

CITY OF JOHNS CREEK, GEORGIA

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2007**

	ASSETS	Municipal Court Fund
Cash		<u>\$ 29,907</u>
Total assets		<u><u>\$ 29,907</u></u>
	LIABILITIES	
Due to others		<u>\$ 29,907</u>
Total liabilities		<u><u>\$ 29,907</u></u>

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

CITY OF JOHNS CREEK, GEORGIA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Johns Creek, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. 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's government-wide financial statements do not apply subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City, which was incorporated in 2006, operates under a charter adopted December 1, 2006, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as police protection, fire and rescue services, cultural and recreational activities, housing and development and public works.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statement of net assets includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The **general fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the City reports the following fund type:

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

D. Encumbrances

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances would then be a reservation of fund balance since the commitments would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2007, and none were recorded.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principals generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund and special revenue funds. Project-length budgets are adopted for the capital projects fund. During the fiscal year ended September 30, 2007, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2007, are recorded as prepaid items in both government-wide and fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. 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 asset or materially extend assets' lives is not capitalized.

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

Buildings	40 years
Improvements	10-40 years
Machinery and equipment	7 years
Infrastructure	50-75 years

Fully depreciated assets still in service are carried in the capital asset accounts.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. 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 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 change in fund balances – total governmental funds and change 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 estimated useful lives and reported as depreciation expense.” The details of this \$1,807,296 difference are as follows:

Capital outlay	\$ 430,837
Depreciation expense	<u>(2,238,133)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i>	<u>\$ (1,807,296)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.” The details of this \$114,384,924 difference are as follows:

Proceeds from sale of capital assets	\$ (263,000)
Donations of capital assets	<u>114,647,924</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net assets - governmental activities</i>	<u><u>\$ 114,384,924</u></u>

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2007 are summarized as follows:

Statement of Net Assets:		
Cash and cash equivalents	\$	7,415,293
Statement of Fiduciary Net Assets:		
Cash - Agency fund		29,907
	\$	<u>7,445,200</u>
Cash deposited with financial institutions	\$	7,445,200
	\$	<u>7,445,200</u>

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2007, all of the City's bank balances were adequately insured and collateralized as defined by GASB.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Fulton County to bill and collect City of Johns Creek property taxes. The taxes are levied by July 1 based on the assessed value of property as listed on the previous January 1 and are due on October 15 of each year. Property taxes are recorded as receivables and deferred revenues when levied. Revenues are recognized when available.

Receivables at September 30, 2007, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Nonmajor Governmental	Total
Receivables:			
Taxes	\$ 18,705,080	\$ 54,444	\$ 18,759,524
Accounts	1,055,418	-	1,055,418
Intergovernmental	-	35,340	35,340
Total receivables	19,760,498	89,784	19,850,282
Less allowance for uncollectible	775,362	-	775,362
Net total receivable	\$ 18,985,136	\$ 89,784	\$ 19,074,920

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the period ended September 30, 2007 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Nondepreciable capital assets				
Land	\$ -	\$ 6,343,587	\$ (263,000)	\$ 6,080,587
Total	<u>-</u>	<u>6,343,587</u>	<u>(263,000)</u>	<u>6,080,587</u>
Capital assets, being depreciated:				
Buildings	-	788,398	-	788,398
Improvements	-	1,130,999	-	1,130,999
Machinery and equipment	-	430,837	-	430,837
Infrastructure	-	106,384,940	-	106,384,940
Total	<u>-</u>	<u>108,735,174</u>	<u>-</u>	<u>108,735,174</u>
Less accumulated depreciation for:				
Buildings	-	(28,055)	-	(28,055)
Improvements	-	(144,829)	-	(144,829)
Machinery and equipment	-	(2,254)	-	(2,254)
Infrastructure	-	(2,062,995)	-	(2,062,995)
Total	<u>-</u>	<u>(2,238,133)</u>	<u>-</u>	<u>(2,238,133)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>106,497,041</u>	<u>-</u>	<u>106,497,041</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 112,840,628</u>	<u>\$ (263,000)</u>	<u>\$ 112,577,628</u>

Infrastructure additions noted above represent the City's initial reporting of infrastructure previously maintained by Fulton County. Upon incorporation, the City became responsible for maintaining and improving these capital assets. Due to the relationship of Fulton County to the City, these assets were added to the City's Statement of Net Assets at estimated historical cost, less accumulated depreciation. The one time addition of these assets has been reported as a special item in the Statement of Activities.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 2,251
Public works	2,062,998
Culture and recreation	<u>172,884</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,238,133</u></u>

NOTE 7. SHORT-TERM BORROWINGS

The City has a tax anticipation note for operating purposes of \$10,000,000 at a local financial institution. The borrowing, with an interest rate of 1.92%, matures on December 31, 2007. As of September 30, 2007, \$10,000,000 of principal was outstanding.

Total short-term borrowings interest incurred and expensed for the period ended September 30, 2007, was \$143,467.

The following is a summary of the tax anticipation note payable for the period ended September 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance
Tax anticipation note	<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

Notes Payable

In September 2007, the City entered into an agreement through a financial institution to borrow \$430,837 for the purchase of various equipment for City Hall and the Municipal Court. Quarterly payments of \$38,076, including interest at a rate of 3.66% will begin in December 2007 and will continue through September 2010. The debt service requirements to maturity are as follows:

Fiscal year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 138,409	\$ 13,895	\$ 152,304
2009	143,549	8,755	152,304
2010	148,879	3,424	152,303
	<u>\$ 430,837</u>	<u>\$ 26,074</u>	<u>\$ 456,911</u>

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended September 30, 2007:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Note payable	\$ -	\$ 430,837	\$ -	\$ 430,837	\$ 138,409
Governmental activity					
Long-term liabilities	<u>\$ -</u>	<u>\$ 430,837</u>	<u>\$ -</u>	<u>\$ 430,837</u>	<u>\$ 138,409</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2007 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	<u>\$ 15,549</u>

All interfund 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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	\$ 88,631
Nonmajor governmental fund	General Fund	<u>2,419,064</u>
		<u>\$ 2,507,695</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services are provided via outsourcing. This contract is an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, this contract is approximately \$17.5 million, subject to annual negotiation and appropriation.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

The City, as of September 30, 2007, has contracted out the operations of the Police, Fire and E911 services to Fulton County, subject to annual negotiation and appropriation.

NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN

The City of Johns Creek's Profit Sharing Plan is a single employer defined contribution plan established and administered by Johns Creek for all full time employees. At September 30, 2007, there were 8 plan members. The City contributes 12% of eligible employees' base salary and matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible and fully vested after six months of employment. For the fiscal year ending September 30, 2007, the City's contributions to the Plan were \$40,833.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Fulton County has paid on behalf of the City of Johns Creek. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC 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 the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended September 30, 2007, the City received \$240,557 in hotel/motel taxes. Of this amount, \$115,935, or 48.2%, was used for the promotion of tourism, conventions, or trade shows.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in this first period of operation.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHNS CREEK, GEORGIA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 14,481,500	\$ 15,227,600	\$ 15,873,749	\$ 646,149
Sales taxes	10,622,500	13,100,000	14,824,210	1,724,210
Franchise taxes	2,000,000	1,962,120	2,474,242	512,122
Business taxes	2,500,000	1,605,000	1,613,495	8,495
Licenses and permits	1,372,500	1,416,000	1,997,800	581,800
Charges for services	27,750	25,300	98,642	73,342
Fines and forfeitures	485,000	100,000	163,612	63,612
Contributions	-	15,000	67,800	52,800
Interest earned	220,750	300,000	369,583	69,583
Miscellaneous	8,300	4,300	15,020	10,720
Total revenues	<u>31,718,300</u>	<u>33,755,320</u>	<u>37,498,153</u>	<u>3,742,833</u>
Expenditures:				
Current:				
General government:				
City council	188,000	188,000	148,076	39,924
City manager	533,500	547,841	449,772	98,069
City clerk	248,500	186,900	142,180	44,720
General operations	6,207,550	5,560,337	5,272,823	287,514
Finance	1,280,070	1,165,000	1,104,064	60,936
Legal services	729,000	604,000	512,932	91,068
Facilities and buildings	479,300	675,025	582,880	92,145
Total general government	<u>9,665,920</u>	<u>8,927,103</u>	<u>8,212,727</u>	<u>714,376</u>
Judicial:				
General fund	469,950	335,151	189,802	145,349
Total municipal court	<u>469,950</u>	<u>335,151</u>	<u>189,802</u>	<u>145,349</u>
Public safety:				
Police	3,480,000	3,704,350	3,436,894	267,456
Fire	5,250,000	5,290,000	5,033,943	256,057
Total public safety	<u>8,730,000</u>	<u>8,994,350</u>	<u>8,470,837</u>	<u>523,513</u>
Public works				
	<u>6,039,640</u>	<u>6,274,140</u>	<u>6,119,860</u>	<u>154,280</u>
Culture and recreation				
	<u>668,720</u>	<u>666,848</u>	<u>602,930</u>	<u>63,918</u>
Community development				
	<u>5,046,270</u>	<u>5,338,139</u>	<u>5,314,229</u>	<u>23,910</u>
Debt service:				
Interest	-	150,000	143,467	6,533
Total debt service	<u>-</u>	<u>150,000</u>	<u>143,467</u>	<u>6,533</u>
Total expenditures	<u>30,620,500</u>	<u>30,685,731</u>	<u>29,053,852</u>	<u>1,631,879</u>
Excess of revenues over expenditures	<u>1,097,800</u>	<u>3,069,589</u>	<u>8,444,301</u>	<u>5,374,712</u>

Continued

CITY OF JOHNS CREEK, GEORGIA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other financing sources (uses):				
Transfers in	\$ -	-	\$ 88,631	\$ 88,631
Transfers out	(966,750)	(2,419,064)	(2,419,064)	-
Issuance of long term debt	-	-	430,837	430,837
Sale of capital assets	-	263,000	263,000	-
Total other financing sources (uses)	<u>(966,750)</u>	<u>(2,156,064)</u>	<u>(1,636,596)</u>	<u>519,468</u>
Net change in fund balance	131,050	913,525	6,807,705	5,894,180
Fund balance, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of period	<u>\$ 131,050</u>	<u>\$ 913,525</u>	<u>\$ 6,807,705</u>	<u>\$ 5,894,180</u>

NONMAJOR GOVERNMENTAL FUNDS

Grant Fund – To account for the funds received from external sources as they relate to grants awarded to the City.

Hotel/Motel Tax Fund – To account for the occupancy tax collected by the City from area hotels and motels, and distributed based upon state statute. The government is currently collecting this tax at a rate of 7%.

Capital Projects Fund – To account for capital expenditures made by the City.

CITY OF JOHNS CREEK, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007**

ASSETS	Special Revenue Funds			Total Nonmajor Governmental Funds
	Grant Fund	Hotel/Motel Tax Fund	Capital Projects Fund	
Cash	\$ 1,087	\$ 176,528	\$ 2,236,774	\$ 2,414,389
Taxes receivable	-	54,444	-	54,444
Intergovernmental receivable	-	-	35,340	35,340
Total assets	\$ 1,087	\$ 230,972	\$ 2,272,114	\$ 2,504,173
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 120,610	\$ 11,962	\$ 132,572
Due to other funds	-	15,549	-	15,549
Total liabilities	-	136,159	11,962	148,121
FUND BALANCES				
Reserved for tourism	-	94,813	-	94,813
Unreserved	1,087	-	2,260,152	2,261,239
Total fund balances	1,087	94,813	2,260,152	2,356,052
Total liabilities and fund balances	\$ 1,087	\$ 230,972	\$ 2,272,114	\$ 2,504,173
General fund				

CITY OF JOHNS CREEK, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Grant Fund	Hotel/Motel Tax Fund	Capital Projects Fund	
REVENUES				
Taxes	\$ -	\$ 295,001	\$ -	\$ 295,001
Intergovernmental	201,750	-	35,340	237,090
Interest	1,087	4,378	-	5,465
Total revenues	202,837	299,379	35,340	537,556
EXPENDITURES				
Current:				
Public works	-	-	194,252	194,252
Culture and recreation	201,750	115,935	-	317,685
Total expenditures	201,750	115,935	194,252	511,937
Excess (deficiency) of revenues over (under) expenditures	1,087	183,444	(158,912)	25,619
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,419,064	2,419,064
Transfers out	-	(88,631)	-	(88,631)
Total other financing sources (uses)	-	(88,631)	2,419,064	2,330,433
General fund				
Net change in fund balances	1,087	94,813	2,260,152	2,356,052
FUND BALANCES, beginning of period	-	-	-	-
FUND BALANCES, end of period	\$ 1,087	\$ 94,813	\$ 2,260,152	\$ 2,356,052

CITY OF JOHNS CREEK, GEORGIA

**GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 269,000	\$ 269,000	\$ 201,750	\$ (67,250)
Interest	-	-	1,087	1,087
Total revenues	<u>269,000</u>	<u>269,000</u>	<u>202,837</u>	<u>(66,163)</u>
Expenditures:				
Culture and recreation	<u>269,000</u>	<u>269,000</u>	<u>201,750</u>	<u>67,250</u>
Total expenditures	<u>269,000</u>	<u>269,000</u>	<u>201,750</u>	<u>67,250</u>
Excess of revenues over expenditures	-	-	1,087	1,087
Fund balances, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ 1,087</u>

CITY OF JOHNS CREEK, GEORGIA

**HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007**

	Budget		Actual	Variance With Final Budget
	Original	Final		
General fund				
Taxes	\$ 175,000	\$ 175,000	\$ 295,001	\$ 120,001
Interest	-	-	4,378	4,378
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>299,379</u>	<u>124,379</u>
Expenditures:				
Culture and recreation	<u>125,000</u>	<u>125,000</u>	<u>115,935</u>	<u>9,065</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>115,935</u>	<u>9,065</u>
Excess of revenues over expenditures	50,000	50,000	183,444	133,444
Other financing uses:				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(88,631)</u>	<u>(38,631)</u>
Total other financing uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(88,631)</u>	<u>(38,631)</u>
Net change in fund balances	-	-	94,813	94,813
Fund balances, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,813</u>	<u>\$ 94,813</u>

AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals.

Municipal Court Fund – To account for the collection of cash appearance bonds by the Municipal Court.

CITY OF JOHNS CREEK, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2007

	<u>Balance December 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
MUNICIPAL COURT FUND				
Assets:				
Cash	\$ -	\$ 222,988	\$ 193,081	\$ 29,907
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Due to others	\$ -	\$ 222,988	\$ 193,081	\$ 29,907
	<u> </u>	<u> </u>	<u> </u>	<u> </u>