

# Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2014

City of



# Johns Creek

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G E O R G I A

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*be the exception*

**CITY OF JOHNS CREEK, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**Prepared by:**  
**Monte Vavra**  
**Finance Director**

**Submitted by:**  
**Warren Hutmacher**  
**City Manager**

## INTRODUCTORY SECTION

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**CITY OF JOHNS CREEK, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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**CITY OF JOHNS CREEK, GEORGIA**  
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March 2, 2015

Honorable Michael Bodker, Mayor,  
Members of the City Council,  
and Citizens of Johns Creek, Georgia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) for the City of Johns Creek, Georgia, for the fiscal year ended September 30, 2014, is submitted herewith. Georgia state law and local ordinances require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

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

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

Mauldin and Jenkins, CPAs, have issued an unmodified ("clean") opinion on the City of Johns Creek's financial statements for the fiscal year ended September 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

## **Profile of the Government**

Johns Creek was incorporated on December 01, 2006, becoming Georgia's 10<sup>th</sup> largest City. Located in northern Fulton County, the City of Johns Creek is made up of the four original farming communities of Warsaw, Shakerag, Newton, and Ocee with the Chattahoochee River forming the City's southeast boundary. The City occupies a land area of 32 square miles and serves a population of 82,788 (based upon the U. S. Census Bureau 2013 estimate).

Policy making and legislative authority of the government is vested in the mayor and six council members, who are elected for four year terms on a non-partisan basis. The mayor and council members are elected at large by popular vote. The mayor and council members serve until their successors are qualified and elected. Terms of office begin on January 2<sup>nd</sup>, immediately following the date of election into office. Elections are held every four years and are conducted by the Fulton County Board of Elections. The mayor appoints, subject to confirmation by the council, a City Manager to carry out the administrative operations of the government. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is able to levy all other taxes granted to municipalities within the State of Georgia.

The City operates under a mayor/manager form of government, whereby the mayor possesses all of the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Johns Creek charter. The City Manager possesses all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter.

Deploying a non-traditional approach to government services, the City contracts with a private partner to perform most of the traditional services performed by a municipal government. Through this public/private partnership, the City provides a full range of services, including the construction and maintenance of highways, streets, and other infrastructure; land development management, and recreational and cultural activities. Sanitation services are not provided as a City service, property owners make their own arrangements with private carriers. Water and sewer services are delivered to residential and commercial properties by Fulton County, via intergovernmental agreements. The City of Johns Creek Police Department began service the end of April 2008 and the Fire Department began service early October 2008, prior to that the Public safety functions of Police and Fire were provided by Fulton County via an intergovernmental agreement.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The mayor and council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. An annual budget is approved for all funds except the capital projects funds, which budget for the life of the project. The City Manager may transfer resources within a department (within a fund) as they deem necessary. Transfers between departments or funds, however, need approval from the City Council.

## **Local Economy**

The City is home to some 2,645 businesses. Large employers include the State Farm Insurance's Operation Center, MACY's System & Technology, and ALCON Inc. Other major employers include Federated Systems Group, the Fulton County Board of Education, and Emory Johns Creek Hospital. By and large, however, Johns Creek is largely a bedroom community with 80 percent of its land devoted to residential uses. The current economic situation has had an effect on the revenue base. Property tax revenues increased over the previous fiscal year by 6.01%. Sales tax collections increased \$2.67 million over the previous fiscal year, due in large part from the increased allocation of sales tax distribution between Fulton County and the cities incorporated within the county. The tax digest has increased by 4.0% over the previous year's digest. Building permit revenue and business occupation license revenue both increased over the previous fiscal year.

Johns Creek has experienced explosive population growth over the past two decades. Between 1990 and 2000, the number of people living in the area that is now the City grew by 232 percent. The 2013 census estimate puts the City's population at 82,788 and that number is projected to grow to more than 94,300 by 2030, a 14 percent increase. Over 37 percent of the population was between 35 and 55 years old in 2010, while another 37 percent were age 19 and younger. City residents are highly educated, with 44 percent holding bachelor's degrees and 22 percent master's degrees – both more than twice the rate for Metro Atlanta overall.

Median household income in 2007 was \$150,592 with an average household income of \$204,404. In 2013, the median income was estimated to be \$109,224 and average household income \$124,707. The median home price for 2009-2013 was \$324,800.

The major roadways serving the City are Georgia 400 to the east and Interstate 85 to the west. Several arterial roadways including State Road 141 and State Road 120 bisect the City itself and provide access to those freeways. Limited bus service is provided through the Georgia Regional Transportation Authority.

### **Long-term Financial Planning**

As detailed within the following financial statements, the City's policy is to maintain a minimum unassigned General Fund balance equal to 25% of operating expenditures and outgoing transfers. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures. The reserve requirements were fulfilled at the end of the fiscal year.

As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes, from which services can be provided. As outlined within the legislation creating the government, the City's operating millage rate cap of 4.731 mills is statutorily set and cannot be changed without a referendum. The City Council approved a millage rate of 4.614 mills. A comprehensive framework of financial policies was adopted shortly after the City's incorporation, providing governance to financial matters.

The City had maintained sufficient cash reserves to operate the fiscal year without issuing a tax anticipation note. The City also purchased various equipment and vehicles for its public safety departments and financed these through a master lease agreement. These instruments are being utilized during the government's start-up phases and are planned to be leveraged over the next several fiscal years to provide a solid financial platform for operations.

The City is expected to continue developing as an economic hub and preferred location for business and residential investment once the economy recovers. The City has seen development picking up during the past year. The City issued 115 permits for new single family structure construction and 8 permits for new commercial construction during the fiscal year. The City anticipates that new construction and growth will remain sporadic at this level for the upcoming three to five years.

### **Relevant Financial Policies**

Throughout the year, the Finance department administered the City Council approved Financial Management Program, which outlines policy within which the government's finances are maintained. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, and accounting practices. In totality, these policies formulate the core criteria for which internal evaluations occur. On an annual basis the criteria establishing the Financial Management Program are reviewed in order to maintain relativity to the changing financial needs of the government.

## **Major Initiatives**

### Police and Fire

The Fire Department is dedicated to provide a safe city for the citizens and visitors of the City of Johns Creek. Continued training and education of the members of the fire department is fundamental to ensuring a high level of effectiveness which is accomplished through providing an average 200+ hours of training per member annually in topics such as fire, EMS, HAZ Mat and technical rescue. Increased public fire and life safety initiatives have been launched to better educate the public in emergency prevention at all levels to include children, teens, adults and seniors. All commercial and multi-family residential occupancies within the City of Johns Creek participate in fire and life safety inspections annually in fire, EMS, technical rescue, water rescue, HAZ MAT and special operations to maintain a high level of effectiveness. The fire department has added a second rescue boat due to increased incident activity on the Chattahoochee River. Additionally, two transport capable rescue units (QRV's) were refurbished and returned to service for EMS response and transport, if needed. The department participated in the third Community Safety Day in October. The department places a high priority in public education and conducts classes at local elementary schools, the senior center and businesses within the City. These classes are designed to educate the community in fire and injury prevention as well as CPR certification. Additionally, the department is committed to conducting fire and safety inspections for all business and public buildings within the city.

The Police Department received re-certification from CALEA and the State of Georgia. The department also implemented a crisis intervention team to focus/reduce the number of repeat incidents of suicide and/or mental health calls. The department also implemented a community response team to better focus on community requests and target potential crime areas. Public safety announcements were developed targeted at holiday crime in effort to reduce crime over the holiday season. The department implemented a fitness program with a goal to increase overall health and well-being of employees and to reduce job injuries and loss of work time. A crime analysis program to identify and target potential areas in effort to reduce crime was implemented. Work continued on the upgrading of the public safety radio system.

### Municipal Court

Municipal Court is in session two days a week. There were 7,194 citations filed (incoming) and 6,311 citations disposed (outgoing) in FY2014, averaging a clearance rate of 88%. The clearance rate is the number of outgoing cases as a percentage of the number of incoming cases. It measures whether the court is keeping up with its incoming caseload.

Municipal Court has continued to provide the youth intervention program (STOP). STOP was created in an effort to deter inexperienced driving habits and reduce recidivism of motorists under the age of twenty-one. The program had over 1,160 students mandated to the class by the Johns Creek Municipal Court and other surrounding Municipal courts. The Chief Judge of the Municipal Court and the Police Department continue to work together presenting several defensive driving classes and alcohol/drug awareness modules to the local high school students.

### Public Works

Public works repaved approximately 3.15 miles of streets, replaced/constructed 103,993 square feet of sidewalk, replaced approximately 487 linear feet of curb & gutter, mowed 726 miles of right-of-way, and repaired 563 potholes. Constructed one new signal and rebuilt one existing. Installed 14 miles of fiber optic cable and installed backup power on all of the signals in the City. Constructed the City's first mini roundabout.

### Recreation and Parks

The recreation and parks department focused most of its energy on the development and construction of the Newtown Park amphitheater. The amphitheater features 10,000 square feet of covered roof space to include back stage areas, restrooms and seating for four hundred. The terrace lawn will also easily seat an additional 1000. Newtown Park also added additional handicap parking at Park Place and resurfaced the parking area at the community clubhouse.

Shakerag Park added a mile of nature trails in the lower park area in addition to the construction of an emergency egress road. Ocee Park added sidewalks to the back playing areas as well as tow pavilions. The Autry Mill Nature Preserve was the recipient of new outdoor lighting for the parking areas and historic village area.

### Other Initiatives

The City continues to use CDBG funds primarily to meet the HUD Livable Community Initiative primarily serving our senior citizens and individuals with disabilities. In 2014, CDBG funds were used for accessibility improvements at Newtown Park.

Additionally, the City was able to dedicate funds under the HUD allowable public service line item to both North Fulton Community Charities and the Drake House. Both agencies serve low to moderate income residents of Johns Creek

The City was also awarded a Bullet Proof Vest (BVP) grant from the Justice Department and used those funds to offset cost of protective gear for police officers.

### **Awards and Acknowledgments**

We are pleased to present the City's Comprehensive Annual Financial Report (CAFR), and submit the same to the Government Finance Officers Association (GFOA) for consideration in the Certificate of Achievement for Excellence in Financial Reporting program. We believe that our CAFR meets the program's requirements. The City has received the Certificate of achievement for the six previous years.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor, City Council, and City Manager for the unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Monte L. Vavra  
Finance Director

# OFFICIALS

## Mayor and City Council

Michael Bodker

Mayor

### City Council

Steve Broadbent

Brad Raffensperger

Cori Davenport

Kelly Stewart

Bob Gray

Lenny Zaprowski

### Administration

Warren Hutmacher

City Manager

Vacant

Deputy City Manager

Ed Densmore

Police Chief

Mary Ann Haskins

Human Resource Director

Grant Hickey

Community Relations & Communications Director

Jeff Hogan

Fire Chief

Joan Jones

City Clerk

Richard Carothers

Interim City Attorney

Monte Vavra

Finance Director

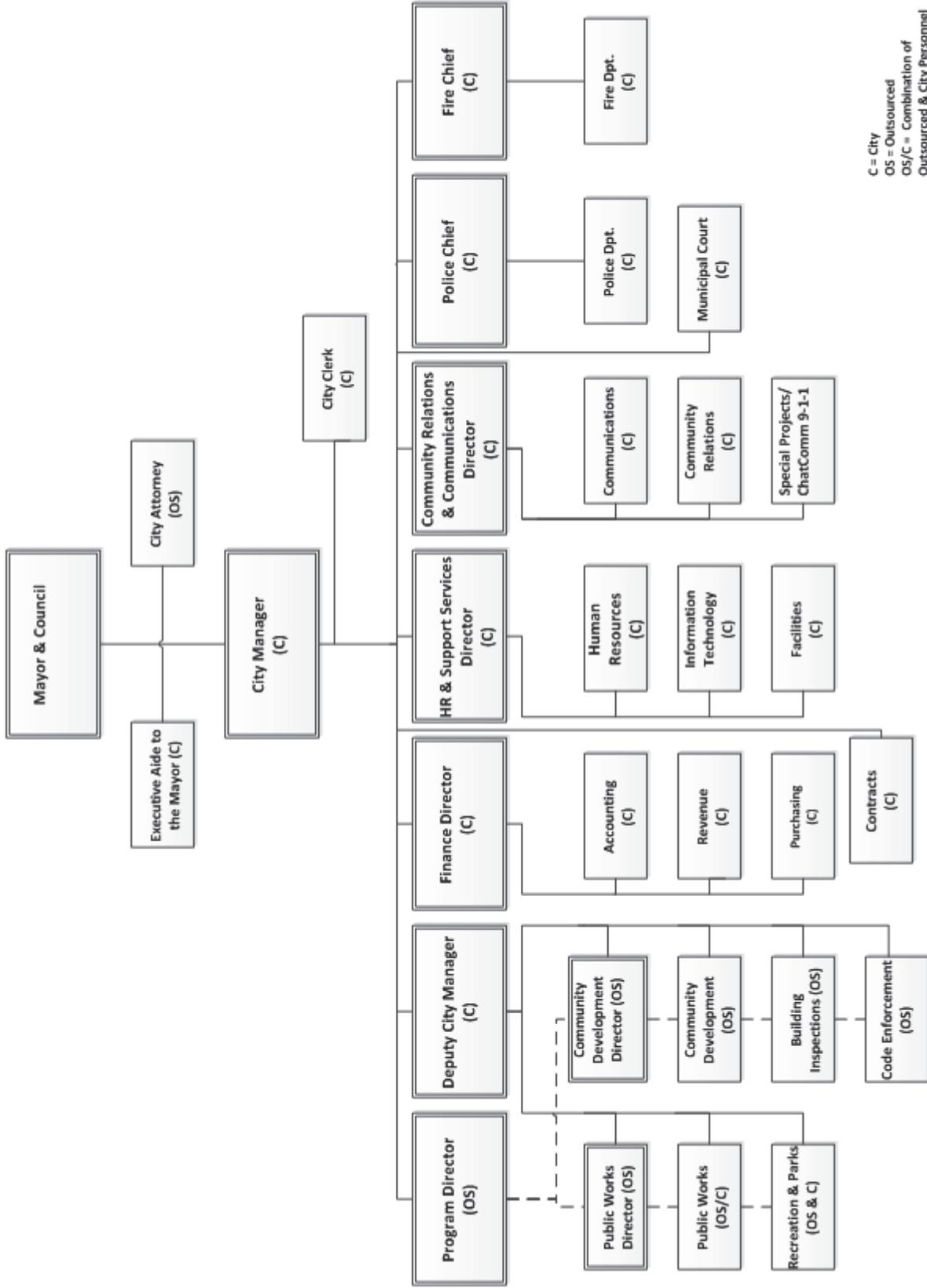
Tom Black

Director of Public Works

Mike Williams

Director of Community Development

# City of Johns Creek Organizational Chart



C = City  
 OS = Outsourced  
 OS/C = Combination of Outsourced & City Personnel



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Johns Creek  
Georgia**

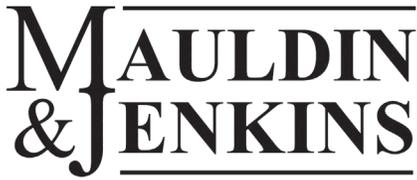
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Johns Creek, Georgia (the "City")**, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Johns Creek, Georgia as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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 as well as the introductory and statistical sections, 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 fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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*Other Information (continued)*

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 do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 2, 2015

# CITY OF JOHNS CREEK, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$186,585,065, total net position. Of this amount \$54,348,545, unrestricted net position, is available to meet the ongoing obligations of the government.
- The City's increase in net position was \$14,133,077 during the fiscal period; primarily due to investment in the infrastructure, increased property tax collections, increased sales tax collections along with managing expenses and spending less than budgeted.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of \$54,463,227.
- As of September 30, 2014 the balance of notes payable outstanding is \$1,991,201. In addition, when the City started the fire department it assumed a fire station from Fulton County along with the obligation to pay the outstanding certificates of participation debt which is \$1,069,924 at September 30, 2014. The City did not have the need to issue a tax anticipation note during the fiscal year.

### **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 comprise 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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal period. All changes in net position 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).

Both of the government-wide financial statements report 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, community development, and interest on long-term debt.

The government-wide financial statements can be found on pages 12 and 13 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**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, two capital projects funds, five special revenue funds and a debt service fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and capital project funds, both of which are considered to be major funds. Data from the other seven governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14 through 16 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.

**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 18 through 36 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 schedule for the general fund, which can be found on pages 37 and 38 of this report.

The combining statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 39 through 49 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$186,585,065.

The following table provides a summary of the City's governmental net position for the fiscal year 2013 and 2014:

#### City of Johns Creek Net Position

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Current assets	\$ 61,371,560	\$ 53,397,502
Capital assets, net of accumulated depreciation	134,433,742	128,162,055
Total assets	195,805,302	181,559,557
<b>Liabilities</b>		
Current liabilities	5,131,085	4,127,778
Long-term liabilities	4,089,152	4,979,791
Total liabilities	9,220,237	9,107,569
<b>Net position</b>		
Net investment in capital assets	131,880,973	125,050,777
Restricted for capital projects	52,800	52,800
Restricted for law enforcement	263,671	196,968
Restricted for public safety facilities	39,076	34,488
Restricted for community development	-	433
Unrestricted	54,348,545	47,116,522
Total net position	\$ 186,585,065	\$ 172,451,988

The largest portion of the City's net position reflects its investment in capital assets (e.g., roadways, sidewalks, culverts, equipment and signals) 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.

A portion of the City's net position (\$52,800) represents resources that are restricted for use on capital projects. An additional portion of the City's net position (\$263,671) represents resources that are restricted for use in law enforcement activities. An additional portion of the City's net position (\$39,076) represents resources that are restricted for use in public safety facilities. The remaining portion of the City's net position represents positive unrestricted net position of \$54,348,545 that is available to meet the ongoing obligations of the government.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Changes in Net Position.** Governmental activities increased the City's net position by \$14,133,077 in fiscal year 2014. The following table indicates the changes in net position for governmental activities in fiscal year 2013 and 2014:

	Governmental Activities	
	2014	2013
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 5,173,723	\$ 5,132,579
Operating grants and contributions	48,233	40,058
Capital grants and contributions	5,720,390	3,858,776
General Revenues:		
Property taxes	18,256,432	17,215,159
Sales and use taxes	19,732,444	17,061,276
Hotel/Motel taxes	437,103	397,450
Franchise taxes	4,344,254	4,283,380
Business taxes	6,047,586	5,770,239
Unrestricted investment earnings	51,410	50,380
Miscellaneous revenues	83,540	201,113
Gain on sale of capital assets	42,715	4,520
Total revenues	59,937,830	54,014,930
<b>Expenses</b>		
General government	9,173,194	9,315,391
Judicial	571,034	581,038
Public safety	21,803,754	24,420,784
Public works	8,588,644	9,361,326
Culture and recreation	2,735,690	2,239,239
Community development	2,783,031	2,762,171
Interest on long-term debt	149,406	177,399
Total expenses	45,804,753	48,857,348
Change in net position	14,133,077	5,157,582
Net position, beginning of year	172,451,988	167,294,406
Net position, end of year	\$ 186,585,065	\$ 172,451,988

**Governmental activities.** Governmental activities increased the City's net position by \$14.1 million in fiscal year 2014. Key elements of this increase are as follows:

Total revenues were \$59.9 million, up 11.0% from the prior year. The major factor in the large increase was an increase in the capital grants and contributions of \$1.8 million, the majority of this increase was GDOT funding of infrastructure projects located in the City. Property tax revenue increased by \$1.04 million, as reflected by an increase in the 2014 tax digest valuations. Sales tax revenue increased 15.66% from the previous year, a major factor in the large increase was the intergovernmental agreement that allocates sales tax receipts between Fulton County and the 14 cities was renegotiated and the City's allocation was increased. Business tax revenues increased by 4.82%. Franchise fees increased by 1.43% from the previous year, this is attributed to the weather, the economy and fuel surcharges paid by electric providers.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Expenses decreased by \$3.05 million over the previous fiscal year. Public safety, the City's largest department, decreased approximately \$2.6 million, public works decreased approximately \$773 thousand, general government decreased \$142 thousand from the previous year. The other department's increases/decreases were minimal when compared to the previous years. The departments are conscious of the economic situation and have spent only where they felt it was essential to continue offering a high quality level of service.

### **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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$54,463,227. The general fund's fund balance increased by \$6.6 million from the previous fiscal year which is attributed to revenue growth. Property tax receipts increased due to the increase in assessed values and business taxes had increased over the previous year. A large component of the City's governmental funds combined ending fund balance is approximately \$5.9 million reported in the capital projects fund.

### ***General Fund.***

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$46.1 million, while total fund balance was \$48.3 million. As a measure of the liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 114.757% of total general fund expenditures while total fund balance represents 120.21% of total expenditures. Total general fund change in fund balance was \$6,647,270. The major reason for the increase of fund balance was the departments spending wisely and purchasing only needed goods and services along with an increase in property, sales tax, and business tax revenues. Property tax revenue increased due to an increase in the 2014 tax digest valuations. Sales tax revenue increased as a result of the renegotiation of the intergovernmental agreement that allocates sales tax receipts between Fulton County and the 14 and the City's allocation was increased.

### ***Capital Projects Fund.***

The capital projects fund increased fund balance by \$1,851,866 during fiscal year 2014. The fund recognizes a transfer from general fund for projects that are still in progress each year. During the current year many of the larger projects were funded by a capital grant from GDOT.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Key General Fund Budgetary Highlights

The City's budget utilized a conservative approach based on 5 years historical information and current economic conditions. Emphasis was given to ensuring financial stability 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 year budget realignments in appropriations were made between the original and final amended budget. The following are the main components of this budget realignment:

- \$150,000 supplemental appropriation to the fire department to purchase land for a future public safety radio tower.
- \$1,272,291 supplemental appropriation to various general fund departments for FY2013 encumbrance carryovers.
- \$1,730,285 mid-year budget increase to various departments to realign general fund revenues and expenses.

Total revenues in the General Fund exceeded final budgeted revenues by approximately \$2.314 million. This positive budget variance is mostly attributable to better than anticipated property tax revenue collections, sales tax revenue collections, and an increase in business taxes and licenses and permits.

Total expenditures in the General Fund were less than final budgeted amounts by approximately \$3.289 million. This positive budget variance is mostly attributable to unspent contingencies budgeted in the city manager, finance, police, fire, and public works departments for various items (supplies, equipment, capital outlays, etc).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental activities as of September 30, 2014, amounts to \$134,433,742 (net of accumulated depreciation). These assets primarily reflect the infrastructure assets for roadways, sidewalks, culverts and signals, and park land. Increases were attributed public works projects such as sidewalks/trails, improvements to the parks systems, and the purchase of public safety vehicles and equipment.

#### **City of Johns Creek Capital Assets (net of depreciation)**

	Governmental Activities	
	2014	2013
Land	\$ 19,599,583	\$ 19,005,530
Construction in progress	4,588,126	2,532,576
Buildings	4,317,453	3,630,087
Improvements	5,132,664	3,642,111
Machinery and equipment	2,149,949	3,040,093
Infrastructure	98,645,967	96,311,658
Total	<u>\$ 134,433,742</u>	<u>\$ 128,162,055</u>

Additional information on the City's capital assets can be found in note 6 on page 30 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$1,991,201 for city hall and municipal court furniture and equipment, police and fire vehicles, and other public safety furniture and equipment. The City acquired the Shakerag Fire station from Fulton County upon the start-up of the fire department by assuming the building and the future lease payments. The outstanding balance at September 30, 2014 is \$1,069,924. Additional information on the City's long-term debt can be found in note 7 on pages 31 and 32 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Economic Factors and Next Year's Budgets and Rates**

All of these factors were considered in preparing the City's budget for the 2015 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.
- Current economic situation, the budget has anticipated that revenues will increase by 8.12. Sales tax revenues are anticipated to increase significantly as a result of successful negotiations of the cities located within Fulton County and the County for the Local Option Sales Tax allocation that is required by state law to be conducted every 10 years. Motor vehicle taxes are expected to generate an additional \$796 thousand dollars. 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 is estimated to generate approximately \$15.5 million in revenue.
- Stabilization of revenue.
- Competitive wages and benefits for City employees
- Central business district study
- Purchase of ten police vehicles
- Additional fire inspector added to the fire department
- Continued improvements to infrastructure, especially focused on street and roads
- Improvements at various City Parks including playground equipment, bleachers, shade structures
- Continuation of the solid waste program

The City restricts the use of one-time revenues to reserves, 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 POSITION  
SEPTEMBER 30, 2014**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Convention Visitors Bureau</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 35,066,243	\$ 136,389
Accounts receivable	1,110,356	-
Taxes receivable, net of allowance	21,119,800	-
Due from other governments	3,861,067	-
Due from primary government	-	24,703
Inventories	92,252	-
Prepays	121,842	-
Capital assets:		
Nondepreciable	24,187,709	-
Depreciable, net of accumulated depreciation	110,246,033	-
<b>Total assets</b>	<b>195,805,302</b>	<b>161,092</b>
<b>LIABILITIES</b>		
Accounts payable	4,294,620	9,547
Accrued liabilities	811,762	-
Due to component unit	24,703	-
Compensated absences, due within one year	781,087	-
Compensated absences, due in more than one year	246,940	-
Notes payable, due within one year	525,507	-
Notes payable, due in more than one year	1,465,694	-
Contracts payable, due within one year	107,812	-
Contracts payable, due in more than one year	962,112	-
<b>Total liabilities</b>	<b>9,220,237</b>	<b>9,547</b>
<b>NET POSITION</b>		
Net investment in capital assets	131,880,973	-
Restricted for capital projects	52,800	-
Restricted for law enforcement	263,671	-
Restricted for public safety facilities	39,076	-
Restricted for trade and tourism	-	151,545
Unrestricted	54,348,545	-
<b>Total net position</b>	<b>\$ 186,585,065</b>	<b>\$ 151,545</b>

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

**CITY OF JOHNS CREEK, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
					<u>Governmental Activities</u>	<u>Convention Visitors Bureau</u>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 9,173,194	\$ 1,049,331	\$ 5,295	\$ -	\$ (8,118,568)	\$ -
Judicial	571,034	1,299,083	-	-	728,049	-
Public safety	21,803,754	1,834,379	42,938	-	(19,926,437)	-
Public works	8,588,644	2,650	-	5,502,312	(3,083,682)	-
Culture and recreation	2,735,690	135,646	-	218,078	(2,381,966)	-
Community development	2,783,031	852,634	-	-	(1,930,397)	-
Interest on long-term debt	149,406	-	-	-	(149,406)	-
Total governmental activities	<u>45,804,753</u>	<u>5,173,723</u>	<u>48,233</u>	<u>5,720,390</u>	<u>(34,862,407)</u>	<u>-</u>
Total primary government	<u>\$ 45,804,753</u>	<u>\$ 5,173,723</u>	<u>\$ 48,233</u>	<u>\$ 5,720,390</u>	<u>(34,862,407)</u>	<u>-</u>
<b>Component Unit:</b>						
Convention Visitors Bureau	<u>\$ 164,382</u>	<u>\$ -</u>	<u>\$ 140,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,897)</u>
	<u>\$ 164,382</u>	<u>\$ -</u>	<u>\$ 140,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,897)</u>
General revenues:						
Property taxes					\$ 18,256,432	\$ -
Sales taxes					19,732,444	-
Hotel/Motel taxes					437,103	-
Franchise taxes					4,344,254	-
Business taxes					6,047,586	-
Unrestricted investment earnings					51,410	-
Miscellaneous revenues					83,540	-
Gain on sale of capital assets					42,715	-
Total general revenues					<u>48,995,484</u>	<u>-</u>
Change in net position					14,133,077	(23,897)
Net position, beginning of year					172,451,988	175,442
Net position, end of year					<u>\$ 186,585,065</u>	<u>\$ 151,545</u>

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

# CITY OF JOHNS CREEK, GEORGIA

## BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2014

ASSETS	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 34,413,500	\$ 3,801	\$ 648,942	\$ 35,066,243
Accounts receivable	882,507	-	227,849	1,110,356
Taxes receivable, net of allowance	21,081,188	-	38,612	21,119,800
Intergovernmental receivable	-	3,779,195	81,872	3,861,067
Inventories	92,252	-	-	92,252
Due from other funds	44,128	4,626,229	-	4,670,357
Prepays	121,842	-	-	121,842
<b>Total assets</b>	<b>\$ 56,635,417</b>	<b>\$ 8,409,225</b>	<b>\$ 997,275</b>	<b>\$ 66,041,917</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 2,020,082	\$ 1,723,045	\$ 551,493	\$ 4,294,620
Accrued liabilities	796,993	-	10,076	807,069
Due to other funds	4,626,229	-	44,128	4,670,357
Due to component unit	-	-	24,703	24,703
<b>Total liabilities</b>	<b>7,443,304</b>	<b>1,723,045</b>	<b>630,400</b>	<b>9,796,749</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	930,720	-	-	930,720
Unavailable revenues - intergovernmental	-	816,411	34,810	851,221
<b>Total deferred inflows of resources</b>	<b>930,720</b>	<b>816,411</b>	<b>34,810</b>	<b>1,781,941</b>
<b>FUND BALANCES</b>				
Fund balances:				
Nonspendable:				
Prepays	121,842	-	-	121,842
Inventories	92,252	-	-	92,252
Restricted:				
Capital projects	52,800	-	-	52,800
Law enforcement	-	-	263,671	263,671
Public safety facilities	-	-	39,076	39,076
Committed:				
Tree replacement	-	-	63,765	63,765
Assigned:				
Vehicle replacement	1,922,646	-	-	1,922,646
Capital projects	-	5,869,769	-	5,869,769
Unassigned	46,071,853	-	(34,447)	46,037,406
<b>Total fund balances</b>	<b>48,261,393</b>	<b>5,869,769</b>	<b>332,065</b>	<b>54,463,227</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 56,635,417</b>	<b>\$ 8,409,225</b>	<b>\$ 997,275</b>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				134,433,742
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(4,093,845)
Some revenues are not available to pay current period expenditures and, therefore, are deferred in the funds.				1,781,941
<b>Net position of governmental activities</b>				<b>\$ 186,585,065</b>

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 YEAR ENDED SEPTEMBER 30, 2014**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 18,302,306	\$ -	\$ -	\$ 18,302,306
Sales taxes	19,727,855	-	4,589	19,732,444
Hotel/Motel taxes	-	-	437,103	437,103
Franchise taxes	4,344,254	-	-	4,344,254
Business taxes	6,047,586	-	-	6,047,586
Licenses and permits	1,824,439	-	-	1,824,439
Charges for services	344,085	-	1,730,560	2,074,645
Fines and forfeitures	1,171,720	-	102,919	1,274,639
Intergovernmental	42,938	6,497,416	183,268	6,723,622
Contributions	5,295	-	-	5,295
Interest earned	50,843	-	567	51,410
Miscellaneous	83,540	-	-	83,540
Total revenues	<u>51,944,861</u>	<u>6,497,416</u>	<u>2,459,006</u>	<u>60,901,283</u>
<b>Expenditures:</b>				
Current:				
General government	9,269,141	-	-	9,269,141
Judicial	569,611	-	-	569,611
Public safety	18,994,701	-	2,206,900	21,201,601
Public works	6,385,683	1,377,381	148,326	7,911,390
Culture and recreation	2,047,533	-	321,336	2,368,869
Community development	2,722,347	-	60,684	2,783,031
Capital outlay	-	7,373,169	-	7,373,169
Debt service:				
Principal	102,880	-	612,797	715,677
Interest	57,557	-	92,263	149,820
Total expenditures	<u>40,149,453</u>	<u>8,750,550</u>	<u>3,442,306</u>	<u>52,342,309</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,795,408</u>	<u>(2,253,134)</u>	<u>(983,300)</u>	<u>8,558,974</u>
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	42,715	-	-	42,715
Transfers in	125,043	4,105,000	1,210,896	5,440,939
Transfers out	<u>(5,315,896)</u>	-	<u>(125,043)</u>	<u>(5,440,939)</u>
Total other financing sources (uses)	<u>(5,148,138)</u>	<u>4,105,000</u>	<u>1,085,853</u>	<u>42,715</u>
Net change in fund balances	<u>6,647,270</u>	<u>1,851,866</u>	<u>102,553</u>	<u>8,601,689</u>
<b>Fund balances, beginning of year</b>	<u>41,614,123</u>	<u>4,017,903</u>	<u>229,512</u>	<u>45,861,538</u>
<b>Fund balances, end of year</b>	<u>\$ 48,261,393</u>	<u>\$ 5,869,769</u>	<u>\$ 332,065</u>	<u>\$ 54,463,227</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 YEAR ENDED SEPTEMBER 30, 2014**

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

Net change in fund balances - total governmental funds	\$ 8,601,689
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 expense in the current period.	5,646,503
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	625,184
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,631,352)
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 position. This amount represents the principal payments made on the City's long-term debt during the current fiscal year.	715,677
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.	<u>175,376</u>
Change in net position of governmental activities	<u>\$ 14,133,077</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, 2014**

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	<b>ASSETS</b>	<u><b>Municipal Court Fund</b></u>
Cash		\$ 126,096
Total assets		<u>\$ 126,096</u>
	<b>LIABILITIES</b>	
Due to others		\$ 126,096
Total liabilities		<u>\$ 126,096</u>

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

# CITY OF JOHNS CREEK, GEORGIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

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### **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. 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.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Johns Creek Convention Visitors Bureau (CVB) has been included as a discretely presented component unit in the accompanying financial statements. The CVB does not have the power to levy taxes or issue bonded debt. One voting member of the governing body is appointed by City Council. The CVB receives substantially all of its funding from the hotel / motel occupancy taxes assessed by the City. Financial information with regard to the CVB can be obtained from the administrative offices at 12000 Findley Road, Suite 400, Johns Creek, Georgia 30097. Separate financial statements for the CVB are not prepared.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The statement of net position 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 funds:

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.

The **capital projects fund** is used to account for the capital expenditures made by the City on long-term projects.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **debt service fund** accounts for the annual principal and interest payments made on the City's notes payable.

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 commitment or an assignment of fund balance since the obligations would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2014, and none were recorded.

#### 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 fund budgets are adopted on a basis consistent with accounting principles 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, special revenue funds, and debt service fund. Project-length budgets are adopted for the capital projects funds. During the fiscal year ended September 30, 2014, 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. Inventories reported in the governmental funds are equally offset by nonspendable fund balance, which indicates that they do not constitute “available, spendable resources.”

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure / expense in the fiscal year in which services are consumed. Prepaid items reported in the governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute “available, spendable resources.”

#### J. 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 infrastructures 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### K. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, both of which arise only under a modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, the items, *unavailable revenue – property taxes* and *unavailable revenue – intergovernmental* are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from both property taxes and grants and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

#### L. 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 position.

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.

#### M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Fund Equity and Net Position

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the adoption of a resolution by the City Council. Furthermore, only the City Council has the authority to modify or rescind the commitment and such action is accomplished only by adoption of a subsequent resolution.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Pursuant to the fund balance policy adopted by a resolution of the City Council, the Finance Director has been delegated the authority to assign funds for particular purposes.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### N. Fund Balance and Net Position (Continued)

Fund balances are classified as follows (continued):

*Unassigned* – Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts when the balances do not meet any of the above criterion. In other funds, the unassigned classification will be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The City intends to maintain a minimum unassigned fund balance in its general fund of 25% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

**Net Position** – Net position represent the difference between assets and liabilities in reporting which utilizes the economic measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

#### O. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

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### 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 Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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 \$4,093,845 difference are as follows:

Notes payable	\$ (1,991,201)
Contracts payable	(1,069,924)
Accrued interest payable	(4,693)
Compensated absences	<u>(1,028,027)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (4,093,845)</u></u>

#### 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 change in fund balances – total governmental funds and change in net position 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 \$5,646,503 difference are as follows:

Capital outlay	\$ 9,758,354
Depreciation expense	<u>(4,111,851)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 5,646,503</u></u>

## NOTES TO FINANCIAL STATEMENTS

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

Another element of the reconciliation states that “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 position. This amount represents the principal payments made on the City’s long-term debt during the current fiscal year.” The details of this \$715,677 difference are as follows:

Principal repayments of notes payable	\$ 612,797
Principal repayments of contracts payable	102,880
	<u>102,880</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$ 715,677
	<u>715,677</u>

Another element of the reconciliation states that “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.” The details of this \$175,376 difference are as follows:

Claims and judgments payable	\$ 185,000
Accrued interest payable	414
Compensated absences	(10,038)
	<u>(10,038)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$ 175,376
	<u>175,376</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

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### NOTE 4. DEPOSITS

Total deposits as of September 30, 2014 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents - primary government	\$ 35,066,243
Cash and cash equivalents - component unit	136,389
Statement of Fiduciary Assets and Liabilities:	
Cash - agency fund	126,096
	<u>\$ 35,328,728</u>
Cash deposited with financial institutions	\$ 4,787,778
Local government investment pool - Georgia Fund 1	30,540,950
	<u>\$ 35,328,728</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 and City policy 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, 2014, the City did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

The local government investment pool, "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 AAAf rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. 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 per share value). Net asset value is calculated weekly to ensure stability. As of September 30, 2014, the weighted-average maturity of the pool was 66 days. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1 per share. As of September 30, 2014, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The City contracts with Fulton County to bill and collect City of Johns Creek property taxes. The taxes were levied on July 14 based on the assessed value of property as listed on the previous January 1 and were due on October 15. Property taxes are recorded as receivables and deferred inflows of resources when levied. Revenues are recognized in governmental funds when available.

Receivables at September 30, 2014, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:				
Taxes	\$ 21,130,173	\$ -	\$ 38,612	\$ 21,168,785
Accounts	882,507	-	227,849	1,110,356
Intergovernmental	-	3,779,195	4,522,594	8,301,789
Total receivables	<u>22,012,680</u>	<u>3,779,195</u>	<u>4,789,055</u>	<u>30,580,930</u>
Less allowance for uncollectible	48,985	-	4,440,722	4,489,707
Net total receivable	<u>\$ 21,963,695</u>	<u>\$ 3,779,195</u>	<u>\$ 348,333</u>	<u>\$ 26,091,223</u>

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## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Nondepreciable capital assets					
Land	\$ 19,005,530	\$ 594,053	\$ -	\$ -	\$ 19,599,583
Construction in progress	2,532,576	2,203,820	-	(148,270)	4,588,126
Total	<u>21,538,106</u>	<u>2,797,873</u>	<u>-</u>	<u>(148,270)</u>	<u>24,187,709</u>
Depreciable capital assets					
Buildings	4,179,031	820,434	-	-	4,999,465
Improvements	4,693,116	1,706,073	-	32,186	6,431,375
Machinery and equipment	10,827,351	751,598	(8,912)	-	11,570,037
Infrastructure	110,990,957	4,307,560	-	116,084	115,414,601
Total	<u>130,690,455</u>	<u>7,585,665</u>	<u>(8,912)</u>	<u>148,270</u>	<u>138,415,478</u>
Less accumulated depreciation:					
Buildings	(548,944)	(133,068)	-	-	(682,012)
Improvements	(1,051,005)	(247,706)	-	-	(1,298,711)
Machinery and equipment	(7,787,258)	(1,641,742)	8,912	-	(9,420,088)
Infrastructure	(14,679,299)	(2,089,335)	-	-	(16,768,634)
Total	<u>(24,066,506)</u>	<u>(4,111,851)</u>	<u>8,912</u>	<u>-</u>	<u>(28,169,445)</u>
Total capital assets being depreciated, net	<u>106,623,949</u>	<u>3,473,814</u>	<u>-</u>	<u>148,270</u>	<u>110,246,033</u>
Governmental activities capital assets, net	<u>\$ 128,162,055</u>	<u>\$ 6,271,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,433,742</u>

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

Governmental activities:	
General government	\$ 132,277
Public safety	1,444,915
Public works	2,153,885
Culture and recreation	380,774
Total depreciation expense - governmental activities	<u>\$ 4,111,851</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT

#### Notes Payable

The City has entered into notes payable agreements through financial institutions for the purchase of vehicles and equipment for the police and fire departments. The original amount and terms for each of these notes payable are as follows:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Quarterly Payment</u>
\$ 453,224	3.075 %	December 2014	\$ 24,711
6,160,990	4.070	September 2018	97,790

At September 30, 2014, the outstanding balance on these notes is \$1,482,845.

The City has entered into a note payable agreement with the City of Sandy Springs, Georgia for its share of equipment purchases made by the Chattahoochee River 911 Authority (ChatComm). Additional information about this entity can be found in Note 13. A monthly payment of principal and interest in the amount of \$14,954 began in October 2012 and continues until the note matures on September 30, 2017. The note bears interest at 3.75%. At September 30, 2014, the outstanding balance on this note is \$508,356.

The total debt service requirements to maturity for the City's outstanding notes are as follows:

Fiscal year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 525,507	\$ 69,806	\$ 595,313
2016	521,170	49,432	570,602
2017	542,105	28,451	570,556
2018	402,419	9,739	412,158
	<u>\$ 1,991,201</u>	<u>\$ 157,428</u>	<u>\$ 2,148,629</u>

#### Contracts Payable

During fiscal year 2009, the City entered into an agreement with Fulton County to assume the debt service for certain certificates of participation in the principal amount of \$1,439,024 with payments beginning May 1, 2009 through November 1, 2019 at an interest rate of 4.90% in return for land and buildings for the fire department.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. LONG-TERM DEBT (CONTINUED)

#### Contracts Payable (Continued)

The City's debt service requirements to maturity on the contracts payable are as follows:

Fiscal year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 107,812	\$ 52,413	\$ 160,225
2016	190,398	47,098	237,496
2017	225,292	37,951	263,243
2018	236,063	27,191	263,254
2019	247,694	15,518	263,212
2020	62,665	3,133	65,798
	<u>\$ 1,069,924</u>	<u>\$ 183,304</u>	<u>\$ 1,253,228</u>

#### Changes in Long-Term Liabilities

The following is a summary of long-term debt activity for the City for its fiscal year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Notes Payable	\$ 2,603,998	\$ -	\$ (612,797)	\$ 1,991,201	\$ 525,507
Contracts Payable	1,172,804	-	(102,880)	1,069,924	107,812
Claims and Judgments Payable	185,000	-	(185,000)	-	-
Compensated Absences	1,017,989	783,498	(773,460)	1,028,027	781,087
Governmental activities					
Long-term liabilities	<u>\$ 4,979,791</u>	<u>\$ 783,498</u>	<u>\$ (1,674,137)</u>	<u>\$ 4,089,152</u>	<u>\$ 1,414,406</u>

For governmental activities, claims and judgments payable and compensated absences are liquidated by the general fund.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 44,128
Capital Projects Fund	General Fund	4,626,229
		\$ 4,670,357

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 funds	\$ 125,043
Capital Projects Fund	General Fund	4,105,000
Nonmajor governmental funds	General Fund	1,210,896
		\$ 5,440,939

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 9. OPERATING LEASES

The lease for the City's second police precinct in the southern part of the City is under a non-cancelable operating lease. The total payments made under the lease were \$30,844 for the fiscal year ended September 30, 2014. The future minimum payments under the lease are as follows:

Fiscal year ending September 30,

2015	\$ 30,844
2016	30,844
Total	\$ 61,688

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES**

#### **Contractual Commitments**

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 is 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 \$4.77 million, subject to annual negotiation and appropriation.

The City has entered into contracts for construction and various other professional services. As of September 30, 2014, the balance left to complete these contracts is approximately \$5.46 million.

#### **Litigation**

The City is a defendant in certain legal actions arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse impact on the financial position of the City.

#### **Grant Contingencies**

The City has received federal and state 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 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 the City for all full time employees. At September 30, 2014, there were 178 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, 2014, the City's contributions to the Plan were \$2,043,945. The Plan was established by resolution of the City Council. The Plan, including contribution requirements, may also be amended by resolution of the same.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12. FUND DEFICITS

For the fiscal year ended September 30, 2014, the City's E-911 Fund had a deficit of \$69. This deficit will be alleviated by increased charges for services collected and future general fund appropriations as necessary.

For the fiscal year ended September 30, 2014, the City's CDBG Fund had a deficit of \$34,378. This deficit will be alleviated by the collection of intergovernmental revenues that are currently recorded as deferred inflows of resources as the amounts are not considered available at year-end.

### NOTE 13. JOINT VENTURES

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.

In October 2008 the cities of Sandy Springs and Johns Creek created the Chattahoochee River 911 Authority (ChatComm), which was created pursuant to the provisions of the Official Code of Georgia Annotated (OCGA) Section 36-75-1, which provides for the organization of a joint public safety and judicial facility authority. ChatComm Board membership includes the City Manager from each participating city, or their designee. ChatComm was created by the two cities contributing a pre-determined capital amount necessary to equip the facility. In accordance with GASB 14: *The Financial Reporting Entity*, ChatComm was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. The cities have also pledged their future E911 revenues to ChatComm to pay for the operation of the emergency 911 answering facility. Additionally, the two cities will be responsible for funding any operating deficits as well as any future capital purchases of ChatComm. For the year ended September 30, 2014, the City of Johns Creek has collected and remitted \$1,666,795 of E911 revenues. Since the inception of ChatComm, the City has contributed \$4,440,722 to cover the capital and operating needs in addition to the E911 revenues remitted. While the E911 Fund of the City reports a receivable for this amount, management has evaluated the ability of the City to collect the receivable and determined the need to allow for 100% of the outstanding receivable as of September 30, 2014. As of June 30, 2014, ChatComm's fiscal year end, the entity had a negative net position of (\$10,079,071). Separate financial statements may be obtained from the City of Johns Creek, who has been contracted by ChatComm to serve as the accountants, at 12000 Findley Road, Suite 400, Johns Creek, Georgia 30097.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 14. 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, 2014, the City received \$437,103 in hotel/motel taxes. Of this amount, \$312,267, or 71.4%, was used for the promotion of tourism, conventions, or trade shows.

### **NOTE 15. MOTOR VEHICLE EXCISE TAX**

The City has levied an excise tax on the rental of motor vehicles. The Official Code of Georgia Annotated 48-13-93 requires that all motor vehicle excise taxes be expended or obligated contractually, in accordance with the City's ordinance, for the acquisition, construction, renovation, improvement, maintenance and equipping of pedestrian walkways, installation of traffic lights, and street lights associated with public safety facilities or public improvements for sports and recreational facilities. During the period ended September 30, 2014, the City collected \$4,589 in motor vehicle excise taxes.

### **NOTE 16. 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 risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

### **NOTE 17. SUBSEQUENT EVENT**

In December 2014, the City executed a promissory note to borrow \$4 million from the Georgia Transportation Infrastructure Bank through the State Road and Tollway Authority to fund its neighborhood resurfacing program which will repair and resurface public residential neighborhood streets within the City of Johns Creek. The City will make draws on the loan as necessary during the construction period and once the project is completed, a repayment schedule will be finalized.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF JOHNS CREEK, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 16,942,000	\$ 18,225,540	\$ 18,302,306	\$ 76,766
Sales taxes	16,683,342	18,219,857	19,727,855	1,507,998
Franchise taxes	4,382,775	4,274,459	4,344,254	69,795
Business taxes	5,405,000	5,688,785	6,047,586	358,801
Licenses and permits	1,404,450	1,664,982	1,824,439	159,457
Charges for services	391,495	278,300	344,085	65,785
Fines and forfeitures	1,250,000	1,229,685	1,171,720	(57,965)
Intergovernmental	-	7,704	42,938	35,234
Contributions	-	4,800	5,295	495
Interest earned	52,500	47,550	50,843	3,293
Miscellaneous	10,000	63,628	83,540	19,912
Total revenues	46,521,562	49,705,290	51,944,861	2,239,571
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City Council	228,870	220,745	151,445	69,300
City Manager	1,603,935	2,038,521	1,564,866	473,655
City Clerk	581,565	534,584	508,354	26,230
General operations	256,700	256,150	254,310	1,840
Finance	1,615,435	1,412,942	1,213,327	199,615
Legal services	600,000	763,570	593,818	169,752
Information technology	2,150,290	2,025,524	1,709,243	316,281
Facilities and buildings	1,662,385	1,627,847	1,530,191	97,656
Human resources	612,541	710,611	642,805	67,806
Public information	1,242,980	1,269,501	1,100,782	168,719
Total general government	10,554,701	10,859,995	9,269,141	1,590,854
<b>Judicial:</b>				
Municipal court	686,223	642,704	569,611	73,093
Total judicial	686,223	642,704	569,611	73,093
<b>Public safety:</b>				
Police	9,527,774	9,668,558	9,273,487	395,071
Fire	9,544,588	9,920,456	9,721,214	199,242
Total public safety	19,072,362	19,589,014	18,994,701	594,313
<b>Public works</b>	6,185,835	7,469,515	6,385,683	1,083,832
<b>Culture and recreation</b>	2,006,745	2,069,895	2,047,533	22,362
<b>Community development</b>	2,439,240	2,722,347	2,722,347	-
<b>Debt service:</b>				
Principal	98,717	102,880	102,880	-
Interest	62,079	57,560	57,557	3
Total debt service	160,796	160,440	160,437	3
Total expenditures	41,105,902	43,513,910	40,149,453	3,364,457
Excess of revenues over expenditures	5,415,660	6,191,380	11,795,408	5,604,028

Continued

**CITY OF JOHNS CREEK, GEORGIA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Transfers in	\$ 114,240	\$ 118,130	\$ 125,043	\$ 6,913
Transfers out	(4,310,900)	(5,315,900)	(5,315,896)	4
Proceeds from the sale of capital assets	-	40,390	42,715	2,325
Total other financing sources (uses)	<u>(4,196,660)</u>	<u>(5,157,380)</u>	<u>(5,148,138)</u>	<u>9,242</u>
Net change in fund balance	1,219,000	1,034,000	6,647,270	5,613,270
<b>Fund balance, beginning of year</b>	<u>41,614,123</u>	<u>41,614,123</u>	<u>41,614,123</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 42,833,123</u>	<u>\$ 42,648,123</u>	<u>\$ 48,261,393</u>	<u>\$ 5,613,270</u>

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Confiscated Assets Fund** – This fund is used to account for the use of confiscated assets by the City's Police Department. These revenues are restricted by State of Georgia law for law enforcement purposes.

**E-911 Fund** – This fund is used to account for the monthly 911 charge to fund the cost of providing emergency 911 services to the City. Financing is provided through user fees and charges which are restricted by the Official Code of Georgia Annotated (O.C.G.A) 46-5-134.

**Hotel/Motel Tax Fund** – This fund is used to account for the 7% occupancy tax collected by the City from area hotels and motels. The tax revenues in this fund are restricted by O.C.G.A 48-13-51.

**Rental Motor Vehicle Excise Tax Fund** – This fund is used to account for the tax collected by the City from area rental car establishments. The tax revenues in this fund are restricted by O.C.G.A 48-13-93.

**Tree Replacement Fund** – This fund is used to account for the charges for services collected by the City from third parties who remove trees during the land development process pursuant to the City's Tree Replacement Ordinance. The revenues in this fund are committed by an Ordinance passed by the City Council.

### Capital Project Fund

**CDBG Fund** – This fund is used to account for the expenditures and revenues received from the U.S. Department of Housing and Urban Development for the City's Community Development Block Grant (CDBG) project.

### Debt Service Fund

**Debt Service Fund** – This fund is used to account for the accumulation of resources and payment of principal and interest on the City's outstanding notes payable.

**CITY OF JOHNS CREEK, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2014**

ASSETS	Special Revenue Funds					Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Rental Motor Vehicle Excise Tax Fund	Tree Replacement Fund	CDBG Fund		
Cash	\$ 303,911	\$ 214,620	\$ 27,325	\$ 39,076	\$ 63,765	\$ 245	\$ -	\$ 648,942
Taxes receivable	-	-	38,612	-	-	-	-	38,612
Intergovernmental receivables	-	-	-	-	-	81,872	-	81,872
Other receivables	-	227,849	-	-	-	-	-	227,849
<b>Total assets</b>	<b>\$ 303,911</b>	<b>\$ 442,469</b>	<b>\$ 65,937</b>	<b>\$ 39,076</b>	<b>\$ 63,765</b>	<b>\$ 82,117</b>	<b>\$ -</b>	<b>\$ 997,275</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 439,602	\$ 30,206	\$ -	\$ -	\$ 81,685	\$ -	\$ 551,493
Accrued liabilities	7,140	2,936	-	-	-	-	-	10,076
Due to other funds	33,100	-	11,028	-	-	-	-	44,128
Due to component unit	-	-	24,703	-	-	-	-	24,703
<b>Total liabilities</b>	<b>40,240</b>	<b>442,538</b>	<b>65,937</b>	<b>-</b>	<b>-</b>	<b>81,685</b>	<b>-</b>	<b>630,400</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues - intergovernmental	-	-	-	-	-	34,810	-	34,810
<b>FUND BALANCES (DEFICIT)</b>								
Restricted:								
Law enforcement	263,671	-	-	-	-	-	-	263,671
Public safety facilities	-	-	-	39,076	-	-	-	39,076
Committed:								
Tree replacement	-	-	-	-	63,765	-	-	63,765
Unassigned	-	(69)	-	-	-	(34,378)	-	(34,447)
<b>Total fund balances (deficit)</b>	<b>263,671</b>	<b>(69)</b>	<b>-</b>	<b>39,076</b>	<b>63,765</b>	<b>(34,378)</b>	<b>-</b>	<b>332,065</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 303,911</b>	<b>\$ 442,469</b>	<b>\$ 65,937</b>	<b>\$ 39,076</b>	<b>\$ 63,765</b>	<b>\$ 82,117</b>	<b>\$ -</b>	<b>\$ 997,275</b>

**CITY OF JOHNS CREEK, GEORGIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue Funds					Capital Project Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Rental Motor Vehicle Excise Tax Fund	Tree Replacement Fund	CDBG Fund		
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ 437,103	\$ 4,589	\$ -	\$ -	\$ -	\$ 441,692
Charges for services	-	1,666,795	-	-	63,765	-	-	1,730,560
Fines and forfeitures	102,919	-	-	-	-	-	-	102,919
Intergovernmental revenues	-	-	-	-	-	183,268	-	183,268
Interest	361	88	65	53	-	-	-	567
<b>Total revenues</b>	<b>103,280</b>	<b>1,666,883</b>	<b>437,168</b>	<b>4,642</b>	<b>63,765</b>	<b>183,268</b>	<b>-</b>	<b>2,459,006</b>
<b>EXPENDITURES</b>								
Current:								
Public safety	36,577	2,170,323	-	-	-	-	-	2,206,900
Public works	-	-	-	-	-	148,326	-	148,326
Community development	-	-	-	-	-	60,684	-	60,684
Culture and recreation	-	-	312,267	-	-	9,069	-	321,336
Debt service:								
Principal	-	157,168	-	-	-	-	455,629	612,797
Interest	-	22,276	-	-	-	-	69,987	92,263
<b>Total expenditures</b>	<b>36,577</b>	<b>2,349,767</b>	<b>312,267</b>	<b>-</b>	<b>-</b>	<b>218,079</b>	<b>525,616</b>	<b>3,442,306</b>
Excess (deficiency) of revenues over (under) expenditures	66,703	(682,884)	124,901	4,642	63,765	(34,811)	(525,616)	(983,300)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	685,280	-	-	-	-	525,616	1,210,896
Transfers out	-	(88)	(124,901)	(54)	-	-	-	(125,043)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>685,192</b>	<b>(124,901)</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>525,616</b>	<b>1,085,853</b>
<b>Net change in fund balances</b>	<b>66,703</b>	<b>2,308</b>	<b>-</b>	<b>4,588</b>	<b>63,765</b>	<b>(34,811)</b>	<b>-</b>	<b>102,553</b>
<b>FUND BALANCES (DEFICIT), beginning of year</b>	<b>196,968</b>	<b>(2,377)</b>	<b>-</b>	<b>34,488</b>	<b>-</b>	<b>433</b>	<b>-</b>	<b>229,512</b>
<b>FUND BALANCES (DEFICIT), end of year</b>	<b>\$ 263,671</b>	<b>\$ (69)</b>	<b>\$ -</b>	<b>\$ 39,076</b>	<b>\$ 63,765</b>	<b>\$ (34,378)</b>	<b>\$ -</b>	<b>\$ 332,065</b>

**CITY OF JOHNS CREEK, GEORGIA**

**CONFISCATED ASSETS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Cash confiscations	\$ 40,000	\$ 61,207	\$ 102,919	\$ 41,712
Interest	200	242	361	119
Total revenues	<u>40,200</u>	<u>61,449</u>	<u>103,280</u>	<u>41,831</u>
<b>Expenditures:</b>				
Public safety	<u>225,200</u>	<u>198,350</u>	<u>36,577</u>	<u>161,773</u>
Excess (deficiency) of revenues over (under) expenditures	(185,000)	(136,901)	66,703	203,604
<b>Other financing sources:</b>				
Transfers in	<u>185,000</u>	<u>136,901</u>	<u>-</u>	<u>(136,901)</u>
Net change in fund balances	-	-	66,703	66,703
<b>Fund balances, beginning of year</b>	<u>196,968</u>	<u>196,968</u>	<u>196,968</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 196,968</u>	<u>\$ 196,968</u>	<u>\$ 263,671</u>	<u>\$ 66,703</u>

**CITY OF JOHNS CREEK, GEORGIA**

**E-911 FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,539,649	\$ 1,681,931	\$ 1,666,795	\$ (15,136)
Interest	-	-	88	88
Total revenues	<u>1,539,649</u>	<u>1,681,931</u>	<u>1,666,883</u>	<u>(15,048)</u>
<b>Expenditures:</b>				
Public safety	2,224,929	2,349,767	2,170,323	179,444
Debt service				
Principal	-	-	157,168	(157,168)
Interest	-	-	22,276	(22,276)
Total expenditures	<u>2,224,929</u>	<u>2,349,767</u>	<u>2,349,767</u>	<u>-</u>
Deficiency of revenues over expenditures	(685,280)	(667,836)	(682,884)	(15,048)
<b>Other financing sources (uses):</b>				
Transfers in	685,280	685,280	685,280	-
Transfers out	-	-	(88)	(88)
Total other financing sources (uses)	<u>685,280</u>	<u>685,280</u>	<u>685,192</u>	<u>(88)</u>
Net change in fund balances	-	17,444	2,308	(15,136)
<b>Fund deficit, beginning of year</b>	<u>(2,377)</u>	<u>(2,377)</u>	<u>(2,377)</u>	<u>-</u>
<b>Fund balance (deficit), end of year</b>	<u>\$ (2,377)</u>	<u>\$ 15,067</u>	<u>\$ (69)</u>	<u>\$ (15,136)</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 YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 400,000	\$ 426,507	\$ 437,103	\$ 10,596
Interest	-	-	65	65
Total revenues	<u>400,000</u>	<u>426,507</u>	<u>437,168</u>	<u>10,661</u>
<b>Expenditures:</b>				
Culture and recreation	285,760	312,267	312,267	-
Total expenditures	<u>285,760</u>	<u>312,267</u>	<u>312,267</u>	<u>-</u>
Excess of revenues over expenditures	114,240	114,240	124,901	10,661
<b>Other financing uses:</b>				
Transfers out	(114,240)	(114,240)	(124,901)	(10,661)
Total other financing uses	<u>(114,240)</u>	<u>(114,240)</u>	<u>(124,901)</u>	<u>(10,661)</u>
Net change in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF JOHNS CREEK, GEORGIA**

**RENTAL MOTOR VEHICLE EXCISE TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,500	\$ 7,500	\$ 4,589	\$ (2,911)
Interest	-	-	53	53
Total revenues	<u>7,500</u>	<u>7,500</u>	<u>4,642</u>	<u>(2,858)</u>
<b>Expenditures:</b>				
Public safety	7,500	7,500	-	7,500
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Excess of revenues over expenditures	-	-	4,642	4,642
<b>Other financing uses:</b>				
Transfers out	-	-	(54)	(54)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>(54)</u>
Net change in fund balances	-	-	4,588	4,588
<b>Fund balances, beginning of year</b>	<u>34,488</u>	<u>34,488</u>	<u>34,488</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 34,488</u>	<u>\$ 34,488</u>	<u>\$ 39,076</u>	<u>\$ 4,588</u>

**CITY OF JOHNS CREEK, GEORGIA**

**TREE REPLACEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 7,500	\$ 7,500	\$ 63,765	\$ 56,265
Total revenues	7,500	7,500	63,765	56,265
<b>Expenditures:</b>				
Housing and development	7,500	7,500	-	7,500
Total expenditures	7,500	7,500	-	7,500
Net change in fund balances	-	-	63,765	63,765
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ 63,765	\$ 63,765

**CITY OF JOHNS CREEK, GEORGIA**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures:</b>				
Debt service				
Principal	\$ 455,630	\$ 455,630	\$ 455,629	\$ 1
Interest	69,988	69,988	69,987	1
Total expenditures	<u>525,618</u>	<u>525,618</u>	<u>525,616</u>	<u>2</u>
<b>Other financing sources:</b>				
Transfers in	<u>525,618</u>	<u>525,618</u>	<u>525,616</u>	<u>(2)</u>
Total other financing sources	<u>525,618</u>	<u>525,618</u>	<u>525,616</u>	<u>(2)</u>
Net change in fund balances	-	-	-	-
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **AGENCY FUND**

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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 YEAR ENDED SEPTEMBER 30, 2014**

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	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2014</u>
<b>MUNICIPAL COURT FUND</b>				
<b>Assets:</b>				
Cash	<u>\$ 162,779</u>	<u>\$ 1,673,052</u>	<u>\$ 1,709,735</u>	<u>\$ 126,096</u>
<b>Liabilities:</b>				
Due to others	<u>\$ 162,779</u>	<u>\$ 1,673,052</u>	<u>\$ 1,709,735</u>	<u>\$ 126,096</u>

## COMPONENT UNIT

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**Convention Visitors Bureau** – To account for the revenue and expenditures of promoting tourism within the City as funded by Hotel/Motel tax revenues.

**CITY OF JOHNS CREEK, GEORGIA**

**BALANCE SHEET  
COMPONENT UNIT - JOHNS CREEK CONVENTION VISITORS BUREAU  
SEPTEMBER 30, 2014**

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**ASSETS**

Cash	\$	136,389
Due from primary government		<u>24,703</u>
Total assets	\$	<u><u>161,092</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$	<u>9,547</u>
Total liabilities		<u>9,547</u>

**FUND BALANCE**

Restricted for trade and tourism		<u>151,545</u>
Total liabilities and fund balance	\$	<u><u>161,092</u></u>

**CITY OF JOHNS CREEK, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
COMPONENT UNIT - JOHNS CREEK CONVENTION VISITORS BUREAU  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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<b>REVENUES</b>	
Intergovernmental	\$ 140,485
	<u>140,485</u>
Total revenues	<u>140,485</u>
<b>EXPENDITURES</b>	
Current:	
Culture and recreation	<u>164,382</u>
Total expenditures	<u>164,382</u>
Net change in fund balance	<u>(23,897)</u>
<b>FUND BALANCE, beginning of year</b>	<u>175,442</u>
<b>FUND BALANCE, end of year</b>	<u><u>\$ 151,545</u></u>

## STATISTICAL SECTION

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# STATISTICAL SECTION

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

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**Financial Trends**..... **49**

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

**Revenue Capacity** ..... **51**

These schedules contain information to help the reader assess the City’s most significant local revenue source, property tax.

**Debt Capacity** ..... **59**

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

**Demographic and Economic Information**..... **61**

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

**Operating Information** ..... **62**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report. The City’s first period of operation was fiscal year 2007; therefore, data prior to 2007 is not available.

CITY OF JOHNS CREEK, GEORGIA

NET POSITION BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007
Primary government:								
Net investment in capital assets	\$ 131,880,973	\$ 125,050,777	\$ 123,600,396	\$ 111,695,549	\$ 111,518,588	\$ 112,742,594	\$ 110,650,922	\$ 112,146,791
Restricted	355,547	284,689	237,891	176,572	52,800	52,800	52,800	52,800
Unrestricted	54,348,545	47,116,522	43,456,119	35,423,722	28,777,667	23,566,497	22,144,572	10,044,078
Total primary government net position	\$ 186,585,065	\$ 172,451,988	\$ 167,294,406	\$ 147,295,843	\$ 140,349,055	\$ 136,361,891	\$ 132,848,294	\$ 122,243,669

Note: The City's operations grew during 2008, its first full year of operation. The 2007 period was only 10 months.

**CITY OF JOHNS CREEK, GEORGIA**

**CHANGES IN NET POSITION  
LAST EIGHT FISCAL YEARS  
(accrual basis of accounting)**

	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses</b>								
General government	\$ 9,173,194	\$ 9,315,391	\$ 8,401,404	\$ 8,473,996	\$ 10,006,958	\$ 10,113,200	\$ 10,431,889	\$ 7,784,141
Judicial	571,034	581,038	616,764	549,615	421,763	419,015	373,841	189,802
Public safety	21,803,754	24,420,784	19,772,277	19,255,530	19,744,699	16,741,131	15,055,910	8,470,837
Public works	8,598,644	9,361,326	8,521,056	8,993,484	10,806,418	11,257,900	10,464,085	8,377,110
Culture and recreation	2,735,690	2,239,239	2,048,933	1,882,042	1,195,390	1,175,499	1,388,914	1,093,499
Community development	2,783,031	2,762,171	3,039,827	2,876,703	4,886,840	5,287,755	5,817,895	5,314,229
Interest on long-term debt	149,406	177,399	176,884	204,863	313,466	403,244	361,212	143,467
Total expenses	\$ 45,804,753	\$ 48,857,348	\$ 42,577,145	\$ 42,236,233	\$ 47,375,534	\$ 45,397,744	\$ 43,893,746	\$ 31,373,085
<b>Program revenues</b>								
Charges for services:								
General government	\$ 1,049,331	\$ 1,111,782	\$ 1,200,977	\$ 1,008,918	\$ 783,095	\$ 870,650	\$ 1,093,164	\$ 912,693
Judicial	1,299,083	1,294,633	1,126,259	1,059,290	1,176,913	1,254,994	760,372	163,612
Public safety	1,834,379	1,693,516	1,605,609	1,583,430	1,633,424 (3)	1,666,613	5,092	-
Public works	2,650	300	791	750	150	335	910	1,175
Culture and recreation	135,646	120,720	132,249	49,740	41,091	42,698	38,774	19,245
Community development	852,634	911,628	973,739	739,053	613,682	548,965	1,173,960	1,163,329
Operating grants and contributions	48,233	40,058	15,750	5,250	22,075	4,000	87,500	15,000
Capital grants and contributions	5,720,390	3,858,776	13,179,713 (4)	1,727,249	2,050,856	1,574,382	1,706,595	289,890
Total program revenues	\$ 10,942,346	\$ 9,031,413	\$ 18,235,087	\$ 6,173,680	\$ 6,321,286	\$ 4,462,637	\$ 4,866,367	\$ 2,564,944
Net (expense) revenue	\$ (34,862,407)	\$ (39,825,935)	\$ (24,342,058)	\$ (36,062,553)	\$ (41,054,248)	\$ (40,935,107)	\$ (39,027,379)	\$ (28,808,141)
<b>General Revenues and Other Changes in Net Position</b>								
Taxes								
Property taxes	\$ 18,256,432	\$ 17,215,159	\$ 16,743,082	\$ 16,708,870	\$ 19,009,118	\$ 19,215,657	\$ 18,910,045	\$ 16,806,870
Sales taxes	19,732,444	17,061,276	17,046,077	16,053,759	15,643,135	14,762,126 (1)	17,372,673	14,824,210
Hotel/Motel taxes	437,103	397,450	367,537	374,147	331,707	340,018	413,030	295,001
Franchise taxes	4,344,254	4,283,380	4,359,944	4,262,254	4,271,267	4,340,199	4,003,465	2,474,242
Business taxes	6,047,586	5,770,239	5,646,233	5,360,729	5,142,452	5,104,952	5,513,389	1,613,495
Unrestricted intergovernmental revenue	-	-	-	-	59,219	12,515	2,850,436 (2)	-
Unrestricted investment earnings	51,410	50,380	43,451	39,938	73,409	301,236	519,624	375,048
Miscellaneous revenues	83,540	201,113	138,697	209,644	511,105	372,001	49,342	15,020
Gain on sale of capital assets	42,715	4,520	5,600	-	-	-	-	-
Special item - donation of infrastructure at incorporation	-	-	-	-	-	-	-	-
Total	\$ 48,995,484	\$ 44,983,517	\$ 44,340,621	\$ 43,009,341	\$ 45,041,412	\$ 44,448,704	\$ 49,632,004	\$ 151,051,810
<b>Change in Net Position</b>	\$ 14,133,077	\$ 5,157,582	\$ 19,998,563	\$ 6,946,788	\$ 3,987,164	\$ 3,513,597	\$ 10,604,625	\$ 122,243,669

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months. The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenses.

- (1) Sales taxes are down due to the recent economic downturn.
- (2) In 2008, the City received a one-time payment from Fulton County.
- (3) FY2010 was the City's first full year of collecting revenues for E911 services.
- (4) In FY2012, the City received approximately \$11.7 million of donated construction and permanent easements from the Georgia Department of Transportation.

**CITY OF JOHNS CREEK, GEORGIA**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST EIGHT FISCAL YEARS  
(accrual basis of accounting)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Hotel/Motel Taxes</b>	<b>Franchise Taxes</b>	<b>Business Taxes</b>	<b>Total</b>
2007	\$ 16,806,870	\$ 14,824,210	\$ 295,001	\$ 2,474,242	\$ 1,613,495	\$ 36,013,818
2008	18,910,045	17,372,673	413,030	4,003,465	5,513,389	46,212,602
2009	19,215,657	14,762,126 (1)	340,018	4,340,199	5,104,952	43,762,951
2010	19,009,118	15,643,135	331,707	4,271,267	5,142,452	44,397,679
2011	16,708,870	16,053,759	374,147	4,262,254	5,360,729	42,759,759
2012	16,743,082	17,046,077	357,537	4,359,944	5,646,233	44,152,873
2013	17,215,159	17,061,276	397,450	4,283,380	5,770,239	44,727,504
2014	18,256,432	19,732,444	437,103	4,344,254	6,047,586	48,817,819

Note: Fiscal year 2008 is the City's first full year of operations. The 2007 period was only 10 months.

(1) Sales taxes decreased from 2008 to 2009 due to the economic downturn that occurred during the period

**CITY OF JOHNS CREEK, GEORGIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
(modified accrual basis of accounting)

	2014	2013	2012	2011	2010	2009	2008	2007
General Fund								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 106,557	\$ 1,353,107	\$ 107,532	\$ 215,718
Unreserved, designated	-	-	-	-	6,947,880	6,781,675	7,276,239	-
Unreserved	-	-	-	-	17,072,485	391,498	11,087,107	6,591,987
Nonspendable - prepaids	121,842	222,427	15,447	198,932	-	-	-	-
Nonspendable - inventory	92,252	77,682	96,709	77,480	-	-	-	-
Nonspendable - advances	-	-	211,051	-	-	-	-	-
Restricted - capital projects	52,800	52,800	52,800	52,800	-	-	-	-
Assigned - vehicle replacement	1,922,646	1,622,646	1,240,000	740,000	-	-	-	-
Unassigned	46,071,853	39,638,568	33,712,377	27,769,825	-	-	-	-
Total general fund	\$ 48,261,393	\$ 41,614,123	\$ 35,328,384	\$ 28,829,037	\$ 24,126,922	\$ 8,526,280	\$ 18,470,878	\$ 6,807,705
All Other Governmental Funds								
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,813
Unreserved, reported in:								
Special revenue funds	-	-	-	-	92,397	(952,258)	2,547	1,087
Capital projects funds	-	-	-	-	2,776,387	3,118,230	2,461,883	2,260,152
Restricted - law enforcement	263,671	196,968	160,916	123,772	-	-	-	-
Restricted - public safety facilities	39,076	34,488	24,175	-	-	-	-	-
Restricted - community development	-	433	-	-	-	-	-	-
Committed - tree replacement	63,765	-	-	-	-	-	-	-
Assigned - capital projects	5,869,769	4,017,903	4,910,103	4,072,075	-	-	-	-
Unassigned	(34,447)	(2,377)	(212,358)	(350,857)	-	-	-	-
Total all other governmental funds	\$ 6,201,834	\$ 4,247,415	\$ 4,882,836	\$ 3,844,990	\$ 2,868,784	\$ 2,165,972	\$ 2,464,430	\$ 2,356,052

NOTE: (1) The City's operations grew during 2008, its first full year of operation. The 2007 period was only 10 months.  
(2) The City implemented GASB Statement 54 in fiscal year 2011.

**CITY OF JOHNS CREEK, GEORGIA**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(modified accrual basis of accounting)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>			
Property taxes	\$ 18,302,306	\$ 17,265,354	\$ 16,767,324
Sales taxes	19,732,444	17,061,276	17,046,077
Hotel/Motel taxes	437,103	397,450	357,537
Franchise taxes	4,344,254	4,283,380	4,359,944
Business taxes	6,047,586	5,770,239	5,646,233
Licenses and permits	1,824,439	1,783,358	1,934,988
Charges for services	2,074,645	2,028,883	1,949,800
Fines and forfeitures	1,274,639	1,321,974	1,153,197
Intergovernmental	6,723,622	1,898,947	1,299,770
Contributions	5,295	114,581	44,750
Interest earned	51,410	50,380	43,454
Miscellaneous	83,540	201,113	138,697
Total revenues	<u>60,901,283</u>	<u>52,176,935</u>	<u>50,741,771</u>
<b>Expenditures</b>			
Current:			
General government	9,269,141	9,030,662	8,262,785
Judicial	569,611	587,530	615,633
Public safety	21,201,601	20,984,990	19,366,721
Public works	7,911,390	7,965,504	6,954,482
Culture and recreation	2,368,869	2,017,484	1,790,767
Community development	2,783,031	2,762,171	3,039,827
Capital outlay	7,373,169	3,092,326	2,145,261
Debt service:			
Principal	715,677	729,591	857,576
Interest	149,820	177,795	177,126
Total expenditures	<u>52,342,309</u>	<u>47,348,053</u>	<u>43,210,178</u>
Excess (deficiency) of revenues over expenditures	<u>8,558,974</u>	<u>4,828,882</u>	<u>7,531,593</u>
<b>Other Financing Sources (Uses)</b>			
Issuance of long term debt	-	816,916	-
Sale of assets	42,715	4,520	5,600
Transfers in	5,440,939	4,218,916	4,301,228
Transfers out	<u>(5,440,939)</u>	<u>(4,218,916)</u>	<u>(4,301,228)</u>
Total other financing sources (uses)	<u>42,715</u>	<u>821,436</u>	<u>5,600</u>
Net change in fund balances	<u>\$ 8,601,689</u>	<u>\$ 5,650,318</u>	<u>\$ 7,537,193</u>
Debt service as a percentage of noncapital expenditures	2.0%	2.1%	2.5%

Note: Fiscal year 2008 was the City's first full year of operations. The 2007 period was only 10 months.

The City is gradually taking over the services provided to its citizens by Fulton County, which will result in increases to both revenues and expenditures.

(1) The decrease in property tax revenues in 2009 and increase in 2010 is due to the 2009 taxes being billed after year-end and recognized as revenues for 2010. 2010 taxes were billed prior to year-end and also recognized as revenues in 2010.

(2) Sales taxes are down due to the recent economic downturn.

(3) In 2008, the City received a one-time payment from Fulton County.

(4) FY2010 was the City's first full year of collecting revenues for E911 services.

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
\$	16,774,303	\$ 31,719,433 (1)	\$ 6,606,730 (1)	\$ 18,294,082	\$ 15,873,749
	15,759,593	16,046,051	14,653,376 (2)	17,372,673	14,824,210
	374,147	331,707	340,018	413,030	295,001
	4,262,254	4,271,267	4,340,199	4,003,465	2,474,242
	5,360,729	5,142,452	5,104,952	5,513,390	1,613,495
	1,543,769	1,374,399	1,401,509	2,217,222	1,997,800
	1,833,433	1,619,378 (4)	201,613	100,829	98,642
	1,079,281	1,239,276	1,281,133	754,221	163,612
	1,222,002	434,069	421,879	2,967,686 (3)	237,090
	5,250	22,075	4,000	104,500	67,800
	39,938	73,409	301,236	519,624	375,048
	209,644	511,105	372,001	49,342	15,020
	<u>48,464,343</u>	<u>62,784,621</u>	<u>35,028,646</u>	<u>52,310,064</u>	<u>38,035,709</u>
	8,376,712	10,065,108	10,013,463	10,530,632	8,212,727
	543,696	445,991	419,015	373,841	189,802
	18,651,425	19,574,394	18,878,280	20,545,115	8,470,837
	7,868,085	8,702,246	9,171,814	8,390,494	6,314,112
	1,729,215	1,000,855	1,002,519	1,215,934	920,615
	2,876,703	4,886,840	5,287,755	5,817,895	5,314,229
	956,583	598,013	-	-	-
	1,785,837	1,871,940	1,563,358	257,119	-
	227,840	313,466	374,522	361,212	143,467
	<u>43,016,096</u>	<u>47,458,853</u>	<u>46,710,726</u>	<u>47,492,242</u>	<u>29,565,789</u>
	<u>5,448,247</u>	<u>15,325,768</u>	<u>(11,682,080)</u>	<u>4,817,822</u>	<u>8,469,920</u>
	224,031	977,686	1,439,024	6,953,729	430,837
	6,043	-	-	-	263,000
	5,330,174	5,595,094	4,391,491	2,131,172	2,507,695
	<u>(5,330,174)</u>	<u>(5,595,094)</u>	<u>(4,391,491)</u>	<u>(2,131,172)</u>	<u>(2,507,695)</u>
	<u>230,074</u>	<u>977,686</u>	<u>1,439,024</u>	<u>6,953,729</u>	<u>693,837</u>
\$	<u>5,678,321</u>	<u>\$ 16,303,454</u>	<u>\$ (10,243,056)</u>	<u>\$ 11,771,551</u>	<u>\$ 9,163,757</u>
	4.9%	4.9%	4.5%	1.5%	0.5%

**CITY OF JOHNS CREEK, GEORGIA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST EIGHT FISCAL YEARS  
(modified accrual basis of accounting)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Hotel/Motel Taxes</b>	<b>Franchise Taxes</b>	<b>Business Taxes</b>	<b>Total</b>
2007	\$ 996,312	\$ 9,627,122	\$ 2,349,053	\$ 583,129	\$ 7,779,925	\$ 21,335,541
2008	18,294,082	17,372,673	413,030	4,003,465	5,513,390	45,596,640
2009	6,606,730 (1)	14,653,376 (2)	340,018	4,340,199	5,104,952	31,045,272
2010	31,719,433 (1)	16,046,051	331,707	4,271,267	5,142,452	57,510,909
2011	16,774,303	15,759,593	374,147	4,262,254	5,360,729	42,531,026
2012	16,767,324	17,046,077	357,537	4,359,944	5,646,233	44,177,115
2013	17,265,354	17,061,276	397,450	4,283,380	5,770,239	44,777,699
2014	18,302,306	19,732,444	437,103	4,344,254	6,047,586	48,863,693

Note: Fiscal year 2008 is the City's first full year of operations. The 2007 period was only 10 months.

(1) The decrease in property tax revenues in 2009 and increase in 2010 is due to the 2009 taxes being billed after year-end and recognized as revenues for 2010. 2010 taxes were billed prior to year-end and also recognized as revenues in 2010.

(2) Sales taxes are down due to the recent economic downturn.

**CITY OF JOHNS CREEK, GEORGIA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST EIGHT CALENDAR YEARS**

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<b>Calendar Year</b>	<b>Real Property</b>				<b>Personal Property</b>
	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other (1)</b>	<b>Motor Vehicles</b>
2007	\$ 3,215,735,140	\$ 691,897,960	\$ 30,436,270	\$ 6,102,040	\$ 211,448,560
2008	3,319,338,140	922,281,870	29,536,370	6,372,840	257,655,650
2009	3,288,413,670	864,697,050	22,784,200	6,412,960	267,843,670
2010	3,160,092,600	862,966,660	21,279,610	6,457,520	234,501,440
2011	3,022,831,760	794,933,420	21,056,810	3,157,840	233,172,030
2012	2,972,383,620	754,130,450	19,578,650	3,279,840	246,471,400
2013	2,921,151,930	716,466,010	23,717,770	3,076,560	276,044,730
2014	3,060,767,320	760,031,600	28,456,500	3,019,520	238,200,610

Source: Fulton County Tax Commissioner

(1) Reflects agricultural and conservation use.

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<b>Public Utility</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ -	\$ 365,168,373	\$ 3,790,451,597	4.614	\$ 9,476,128,993	40%
18,865,548	369,540,788	4,184,509,630	4.614	10,461,274,075	40%
23,276,481	386,329,458	4,087,098,573	4.614	10,217,746,433	40%
22,896,714	401,674,528	3,906,520,016	4.614	9,766,300,040	40%
22,796,561	394,616,032	3,703,332,389	4.614	9,258,330,973	40%
24,219,447	389,803,646	3,630,259,761	4.614	9,075,649,403	40%
22,741,412	389,764,914	3,573,433,498	4.614	8,933,583,745	40%
22,242,831	406,614,154	3,706,104,227	4.614	9,265,260,568	40%

**CITY OF JOHNS CREEK, GEORGIA**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST EIGHT CALENDAR YEARS  
(rate per \$1,000 of assessed value)**

Calendar Year	Johns Creek (1)	Fulton County			School District			State	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total Fulton County Millage	Operating Millage	Debt Service Millage	Total School District Millage		
2007	4.614	10.281	-	10.281	16.903	1.188	18.091	0.250	33.236
2008	4.614	10.281	-	10.281	16.403	1.099	17.502	0.250	32.647
2009	4.614	10.281	-	10.281	17.502	-	17.502	0.250	32.647
2010	4.614	10.281	-	10.281	18.502	-	18.502	0.250	33.647
2011	4.614	10.281	0.270	10.551	18.502	-	18.502	0.250	33.917
2012	4.614	10.281	0.270	10.551	18.502	-	18.502	0.200	33.867
2013	4.614	10.211	0.270	10.481	18.502	-	18.502	0.150	33.747
2014	4.614	11.781	0.270	12.051	18.502	-	18.502	0.100	35.267

Source: Fulton County Tax Commissioner

(1) M&O rate. No components to display.

Note: As set forth in the City's charter, the millage rate cannot exceed 4.731 mills unless a higher limit is approved through a referendum by a majority of qualified voters of the City.

# CITY OF JOHNS CREEK, GEORGIA

## PRINCIPAL PROPERTY TAXPAYERS CURRENT AND SEVEN YEARS PRIOR

Taxpayer	2014			2007 (1)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Development Authority of Fulton County	\$ 28,334,499	1	0.76 %	\$ -		-
Alcon Laboratories, Inc. (2)	28,150,410	2	0.76	62,235,005	1	1.64
Addison Place Apartment Manager	23,136,671	3	0.62	-		-
Peach Farm Property LLC	19,897,919	4	0.54	-		-
PREFCO Twenty Limited Partnership	19,212,480	5	0.52	-		-
Chelsa Ridge LLC	17,812,961	6	0.48	-		-
Aylesbury Farms LLC	16,984,801	7	0.46	14,933,999	6	0.39
Sawnee EMC	14,127,915	8	0.38	-		-
Avonlea on the River LLC	13,922,280	9	0.38	-		-
CSP Community Owner LLC	13,700,000	10	0.37	-		-
EHCA Dunwoody LLC	-		-	31,252,490	2	0.82
National Distributing Co. Inc.	-		-	19,711,920	3	0.52
State Farm Mutual Auto Ins. Co.	-		-	17,284,726	4	0.46
Robert Properties	-		-	16,348,370	5	0.43
Bristol Park Apartments LLC	-		-	14,755,520	7	0.39
Hendon JDN Creek Village LLC	-		-	13,243,990	8	0.35
Federated Systems Group, Inc.	-		-	12,797,698	9	0.34
Atlanta Athletic Club	-		-	11,403,877	10	0.30
<b>Totals</b>	<b>\$ 195,279,936</b>		<b>5.27 %</b>	<b>\$ 213,967,595</b>		<b>5.64 %</b>

Source: Fulton County Tax Commissioner

(1) City of Johns Creek was incorporated on December 1, 2006, fiscal year 2007 is the first year to report.

**CITY OF JOHNS CREEK, GEORGIA**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST EIGHT FISCAL YEARS**

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 15,744,661	\$ 383,563	2.4 %	\$ 15,342,195	\$ 15,725,758	99.9 %
2008	16,142,319	466,654	2.9	15,659,817	16,126,471	99.9
2009	17,104,875	- (1)	-	17,086,567	17,086,567	99.9
2010	16,309,021	2,753,052	16.9	13,537,459	16,290,511	99.9
2011	15,286,779	3,228,341	21.1	12,039,462	15,267,803	99.9
2012	14,984,738	3,048,566	20.3	11,888,262	14,936,828	99.7
2013	14,828,030	4,469,702	30.1	10,318,155	14,787,857	99.7
2014	15,583,101	1,137,915 (2)	7.3	-	1,137,915	7.3

Source: Fulton County Tax Commissioner

NOTE: City of Johns Creek was incorporated on December 1, 2006; fiscal year 2007 is the first year to report.

(1) Due to delays by Fulton County, property taxes were not billed to citizens until October 2009 and thus no amounts were collected by the City during the fiscal year ended September 30, 2009.

(2) The due date for property tax bills was changed from October 15 to October 31 during fiscal year 2014 and thus collections through September 30, 2014 decreased as a result of the additional time to pay in October.

**CITY OF JOHNS CREEK, GEORGIA**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS**

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<b>Fiscal Period Ended September 30,</b>	<b>Governmental Activities</b>		<b>Total</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
	<b>Notes Payable</b>	<b>Contracts Payable</b>			
2007	\$ 430,837	\$ -	\$ 430,837	0.01 %	\$ 6.15
2008	7,127,447	-	7,127,447	0.15	101.75
2009	5,564,089	1,439,024	7,003,113	0.15	99.97
2010	4,669,835	1,439,024	6,108,859	0.13	87.21
2011	3,180,542	1,366,511	4,547,053	0.14	59.26
2012	2,418,335	1,271,142	3,689,477	0.10	46.59
2013	2,603,998	1,172,804	3,776,802	0.10	45.89
2014	1,991,201	1,069,924	3,061,125	0.08	36.98

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

# CITY OF JOHNS CREEK, GEORGIA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF SEPTEMBER 30, 2014

	<b>Net General Obligation Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Amount Applicable to Johns Creek</b>
Overlapping General Obligation Debt:			
Fulton County, Georgia	\$ 155,340,000	7.80 %	\$ 12,116,520
Fulton County Board of Education	87,460,000	14.50	12,681,700
Total Overlapping Debt	242,800,000		24,798,220
City Direct Debt:			
Notes Payable	1,991,201	100.00	1,991,201
Contracts Payable	1,069,924	100.00	1,069,924
Total Direct Debt	3,061,125		3,061,125
 Total Direct and Overlapping Debt	 \$ 245,861,125		 \$ 27,859,345

Source: Assessed value data used to estimate applicable percentages obtained from Fulton County Board of Assessors and debt outstanding obtained from Fulton County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

# CITY OF JOHNS CREEK, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST EIGHT FISCAL YEARS

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Fiscal Period	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment (5)	Unemployment Rate (4)
2007	70,050 (3) \$	4,622,880	\$ 65,994 (3)	35 (3)	15,705	4.4 %
2008	70,050 (3)	4,622,880	65,994 (3)	35 (3)	17,331	6.4
2009	70,050 (3)	4,622,880	65,994 (3)	35 (3)	16,310	10.1
2010	70,050 (3)	4,622,880	65,994 (3)	35 (3)	20,192	10.2
2011	76,728 (2)	3,226,796	42,055 (2)	36 (2)	18,244	10.6
2012	79,192 (1)	3,712,125	46,875 (1)	37 (1)	19,804	8.1
2013	82,306 (6)	3,858,094	46,875 (6)	37 (6)	20,822	9.7
2014	82,788 (7)	3,625,287	43,790 (7)	37 (6)	20,664	7.3

- (1) Source: U.S. Census Bureau 2011 estimate
- (2) Source: U.S. Census Bureau 2010 Census
- (3) Source: City of Johns Creek Comprehensive Plan, 2008
- (4) Source: U. S. Bureau of Labor Statistics (Fulton County unemployment rate)
- (5) Source: Fulton County Board of Education
- (6) Source: U.S. Census Bureau 2012 estimate
- (7) Source: U.S. Census Bureau 2013 estimate

# CITY OF JOHNS CREEK, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND EIGHT YEARS AGO

Employer	2014			2007		
	Employees (1)	Rank	Percentage of Total City Employment (1)	Employees (1)	Rank	Percentage of Total City Employment (1)
Macy's Systems & Technology	1,275	1	9.64 %	808	3	5.16 %
State Farm Insurance Company	1,200	2	9.07	1,500	1	9.57
Alcon, Inc. (2)	1,100	3	8.31	1,147	2	7.32
Emory Johns Creek Hospital	612	4	4.63	500	4	3.19
Kroger Company	593	5	4.48	390	5	2.49
SAIA, Inc.	360	6	2.72	278	8	1.77
Nordson Corporation	311	7	2.35	-	-	-
Publix	262	8	1.98	290	7	1.85
Whole Foods Market Group, Inc.	226	9	1.71	316	6	2.02
Lifetime Fitness	220	10	1.66	-	-	-
IP Unity-Glenayre, Ince	-		-	237	9	1.51
World Financial Group Insurance	-		-	237	10	1.51
<b>Totals</b>	<b>6,159</b>		<b>46.55 %</b>	<b>5,703</b>		<b>36.39 %</b>

(1) Source: City of Johns Creek Business Licenses

(2) Formerly known as CIBA Vision Company

**CITY OF JOHNS CREEK, GEORGIA**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST EIGHT FISCAL YEARS**

<b>Function</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
General Government (City Manager)	7	7	6	6	6	5	3	4
City Clerk	3	3	3	3	1	1	1	1
Finance Department	10	10	10	10	1	1	1	1
Human Resources/Support Services	5	6	6	7	1	1	-	-
Facilities	2	3	3	2	1	1	1	-
Communications/Public Relations	6	6	6	6	-	-	-	-
Municipal Court	4	3	4	4	1	1	1	1
Public safety								
Police								
Officers	63	60	61	62	60	60	58	1
Civilians	6	10	10	8	7	8	8	-
Fire								
Firefighters	74	73	75	78	77	75		
Civilians	2	2	2	2	2	1	6	-
Public Works	2	2	2	2	-	-	-	-
Recreation/Parks	1	1	1	1	-	-	-	-
<b>Total</b>	<b>185</b>	<b>186</b>	<b>189</b>	<b>191</b>	<b>157</b>	<b>154</b>	<b>79</b>	<b>8</b>

Source: City of Johns Creeks Human Resources Department

Note: Fiscal year 2008 is the City's first full year of operations. The 2007 period was only 10 months.  
Police operations began in FY08 and Fire operations began in FY09.

**CITY OF JOHNS CREEK, GEORGIA**

**OPERATING INDICATORS BY FUNCTION  
LAST SEVEN FISCAL YEARS**

<b>Function</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police</b>							
Homicide	-	4	-	-	-	-	-
Robbery	8	11	16	14	12	21	5
Assault	220	249	240	205	208	194	83
Burglary	90	139	106	133	163	204	83
Larceny	296	299	283	252	288	303	329
Motor vehicle theft	17	19	16	17	20	27	91
Total calls for service	76,392	78,866	73,532	76,010	64,656	41,725	24,816
<b>Fire</b>							
Fire calls	851	943	912 (1)	115	125	106	-
EMS calls	5,792	5,003	5,223 (1)	2,133	1,389	1,494	-
False alarms	836	908	739 (1)	408	401	408	-
Service calls	305	492	333 (1)	385	352	310	-
Hazardous conditions	109	168	88 (1)	83	81	74	-
Good intent calls	43	56	137 (1)	1,337	1,218	516	-
Water rescue calls	59	9	- (1)	13	N/A	N/A	N/A
Fire investigations	14		7 (1)	15	8	7	-
<b>Public Works</b>							
<b>Highways &amp; Streets</b>							
Streets resurfaced (miles)	3	7	1	4	6	3	3
Sidewalk installed/replaced (sq. ft.)	103,993	124,595	36,700	7,798	7,890	43,105	14,240
Curb & Gutter install/replaced (linear ft.)	487	325	900	637	675	N/A	N/A

Sources: Various City departments.

Note: Johns Creek Police Department began operations on April 27, 2008.  
Johns Creek Fire Department began operations on October 7, 2008.

Information prior to 2008 is not available.

(1) Change in method of counting Fire Department responses from an incident count to total apparatus response count.

**CITY OF JOHNS CREEK, GEORGIA**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST SEVEN FISCAL YEARS**

<b>Function/Program</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Police</b>							
Stations	2	2	2	1	1	1	1
Patrol units	44	44	44	44	44	44	32
Other vehicles	20	20	20	20	20	19	19
<b>Fire (1)</b>							
Stations	3	3	3	3	3	3	-
Ladder trucks	2	2	2	2	2	2	2
Fire engines	4	4	4	4	4	4	3
Rescue vehicles	2	2	2	2	2	2	2
Mobile air unit	1	1	1	1	1	1	1
Rescue boat	2	2	2	1	1	1	1
Special Operations Truck	1	1	1	1	-	-	-
Other vehicles	12	12	9	10	10	9	7
<b>Public Works</b>							
Streets (miles)	260	258	261	259	259	259	259
Private roads	71	63	60	60	60	60	60
State routes	18	18	18	18	15	15	-

Source: Various City departments.

(1) Fire Department began operations in October 2008.

Information prior to 2008 is not available.