



October 24, 2011

WORK SESSION
Taylor Conference Room
12000 Findley Road, Suite 300
www.JohnsCreekGA.gov

5:00 PM

A) PLEDGE OF ALLEGIANCE

B) OPENING COMMENTS-Mayor Bodker

C) DEPARTMENTAL UPDATES

Legal

- Review of "Growler" Ordinance Amending Chapter 22: Licensing
- Review of Lease with Atlanta Fulton County Water Resource Commission

City Manager

- Rental of Public Access Property-Film Industry
- Review of Charter Commission Formation Resolution

Finance

- Letter of Engagement for 2011 Audit from Mauldin & Jenkins

Community Relations

- Discussion of Citizen Counter Survey

D) EXECUTIVE SESSION (If Needed)

E) ADJOURNMENT

**AN ORDINANCE TO AMEND CHAPTER 6, ALCOHOLIC BEVERAGES TO
AUTHORIZE USE OF GROWLERS FOR LICENSED PACKAGE MALT BEVERAGE
DEALERS**

WHEREAS, the Mayor and City Council of the City of Johns Creek are charged with the protection of the public health, safety, and welfare of the citizens of Johns Creek; and

WHEREAS, the City's Alcoholic Beverages Ordinance currently prohibits selling unsealed packaged malt beverages by a dealer with a malt beverage package license; and

WHEREAS, the City Council desires to allow package malt beverage dealers to sell draft beer in sealed growlers so long as certain other regulatory measures of the licensee's premises are met.

NOW, THEREFORE, BE IT ORDAINED, by the Mayor and City Council of the City of Johns Creek, Georgia, pursuant to their authority, as follows:

Section 1: Chapter 6 ("Alcoholic Beverages") of the City of Johns Creek Code of Ordinances is hereby amended by adding the following definitions to Section 6-2 as follows:

"Growler" means a reusable glass jug used to transport draft beer for off-premises consumption.

"Package" means a bottle, can, keg barrel, growler or other original consumer container.

Section 2: Chapter 6 of the Johns Creek Code of Ordinances is hereby further amended by revising Section 6-68 in its entirety to read as follows:

Sec. 6-68. On-premises consumption unlawful; growlers

- (a) It shall be unlawful for any person to consume any alcoholic beverages on premises licensed for the sale of alcoholic beverages by the package. It shall be unlawful for any package licensee to open or break the package of any alcoholic beverages for a purchaser or to permit the consumption of alcoholic beverages on the licensed premises.
- (b) Notwithstanding the foregoing prohibition, retail package malt beverage licensees may fill and refill growlers with draft beer at a licensed location for retail package sales so long as the growler is not more than thirty-two ounces in volume, that said growler is sealed, on premises, with a tamper proof plastic cap, and at least 90% of the licensee's total gross sales come from the sale of malt beverages and/or wine. Licensees authorized to fill growlers must comply with all State, Federal and local packaging and labeling laws regarding alcoholic beverages.

Section 3: All ordinances, parts of ordinances, or regulations in conflict herewith are repealed.

Section 4: *Severability.* Should any court of competent jurisdiction declare any section of this Ordinance invalid or unconstitutional, such declaration shall not affect the validity of the Ordinance as a whole or any part thereof, which is not specifically declared to be invalid or unconstitutional.

Section 5: *Repeal of Conflicting Provisions.* It is the intention of the Mayor and City Council, and it is hereby ordained that the provisions of this Ordinance shall become and be made a part of the Code of Ordinances, City of Johns Creek, Georgia and the sections of this Ordinance may be renumbered to accomplish such intention.

SO ORDAINED AND EFFECTIVE, this the ___ day of _____, 2011.

Approved:

Michael Bodker, Mayor

Attest:

Joan Jones, City Clerk

(Seal)

Approved for Content:

William F. Riley, Jr., City Attorney

**LEASE AGREEMENT FOR A TRACT OF LAND
LOCATED ADJACENT TO THE
AUTREY MILL NATURE PRESERVE & HERITAGE CENTER**

THIS LEASE AGREEMENT ("Lease") is made and entered into this ____ day of _____, 2011 ("effective Date"), by and between the **CITY OF ATLANTA**, a political subdivision of the State of Georgia ("Atlanta"), **FULTON COUNTY**, a political subdivision of the State of Georgia ("Fulton"), collectively Atlanta and Fulton are referred to as "Lessor" and the **CITY OF JOHNS CREEK**, a municipal corporation of the State of Georgia ("Johns Creek" or "Lessee"), collectively Lessee and Lessor are referred to as the "Parties."

BACKGROUND

Atlanta and Fulton jointly own certain property located in LL [REDACTED] of the [REDACTED] District of Fulton County, Georgia, having a tax identification number in Fulton County of [REDACTED] ("Property"). The Property is used to operate and maintain a water treatment plant, known as the "North Fulton Water Treatment Plant" ("Plant") by and through a joint venture partnership between Atlanta and Fulton, known as the Atlanta Fulton County Water Resources Commission ("AFCWRC"). A portion of the Property is currently maintained as passive greenspace, which greenspace is more particularly described in **Exhibit "A"** of this Lease, attached and incorporated herein by reference ("Premises"). The Greenspace is located adjacent to a public park, known as the Autrey Mill Nature Preserve & Heritage Center (the "Park"). The Park is owned and operated by Johns Creek. Atlanta and Fulton, by and through the AFCWRC, desire to lease the Premises to Johns Creek for the purpose of maintaining the Premises in its current natural state according to the terms and conditions described below.

NOW THEREFORE in consideration of the mutual covenants contained herein as well as other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Authority.** Lessor and Lessee have the authority to enter into and perform the terms and conditions of this Lease pursuant to the legislative authority granted by the respective governing bodies of Lessor and Lessee, which legislative authority of Lessor and Lessee is attached collectively as **Exhibit "B"**.
2. **Term.** The term of this Lease shall be for twenty-five (25) years commencing on the Effective Date of this Lease, subject to the termination provision contained in Section 10, below. At the end of such term, Lessor and Lessee may agree to renew the Lease for an additional five (5) year term.
3. **Rent.** Lessee shall pay Lessor a fee of ten (\$10.00) annually for the use of the Property.
4. **Use of Premises.**
 - 4.1 Lessor shall maintain the Premises in its natural state, free and clear of any hazards created by debris and/or other hazards created by dead, diseased trees or other natural occurrences and in a neat and orderly manner. All uses of the Premises shall be limited to passive recreational uses.
 - 4.2 No improvements shall be permitted on the Premises without the express written consent of Lessor, provided that Lessee may be permitted to repair and/or improve the existing structure, known as the Stone Chapel, to a safe condition, free and clear of any hazards. Lessee shall be permitted to place only temporary, removable facilities and equipment on the Premises so long as such facilities are consistent with the uses permitted herein. Lessee shall be solely responsible for the maintenance and security of such fixtures and shall remove such fixtures upon the termination of this Lease.

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4.3 Use of Premises shall not include any land disturbing activities, using mechanized or other equipment that would require a land disturbance permit. All such activity by Lessee on the Premises shall be consistent with and shall not interfere with Lessor's intended use of the Property.

4.4 Lessor expressly reserves all rights and interests to its ownership of the Property and superior use of the Property for its intended use for water and sewer purposes and in no way relinquishes such interest by way of this Lease. Lessee expressly acknowledges that the permissions granted in this Lease in no way constitutes a dedication or use of the Premises as a public park; and further acknowledges that such permissions granted in this Lease are expressly conditioned and subject to Lessor's interest and uses of the Property.

4.5 Lessee shall comply with all applicable state, local and federal laws, regulations, policies and procedures in its use of the Premises.

4.6 Lessee shall be responsible for all funding, equipment and supplies for the maintenance, repair, improvements and general upkeep of the Premises, according to this Lease.

4.7 Under no circumstances shall Lessee knowingly permit illegal activity to occur in conjunction with the use of the Premises nor shall alcoholic beverages be permitted on the Premises.

5. Employees. Any personnel employed by, volunteering on behalf of, or contracted with by Lessee shall be deemed "employees," "volunteers" or independent contractors respectively of Lessee, and shall not be deemed employees or volunteers of Lessor.

6. Records, Audit and Inspection. Lessee shall maintain records and accounts in direct connection with the performance of this Lease for a period of three (3) years from the expiration or termination of this Lease. Lessor and its designated agents and representatives shall have the right to examine and copy such records and accounts at all reasonable times, with advance notification, and such right shall survive for up to three (3) years following the expiration or termination of this Lease. Lessor further shall have the right to access and inspect the Premises at any time and without notice for the purpose of ensuring compliance with this Lease.

7. Benefits to the Parties. Lessor acknowledges and the Parties agree that the use of the Premises, as contemplated by this Lease will substantially benefit Lessor through Lessee's management of the Premises in its natural state and will provide great benefits to the surrounding community. Lessor further acknowledges and agrees that the benefits gained from uses permitted in this Lease are sufficient consideration for the rights and permissions granted herein.

8. As-is. Lessor shall tender the Premises for Lessee's use in an "as-is" condition. Lessor shall not be responsible for any improvements to the Premises that Lessee may deem necessary for Lessee's use of the Premises, specifically including without limitation, utilities to the Premises.

9. Sublessees. Lessee shall be permitted to sublease the Premises to any person or entity, provided that Lessee include and enforce the following in any sublease for such purpose:

- a. Sublessee shall be obligated to comply with all terms and conditions of this Lease, which shall be incorporated into the sublease agreement;
- b. Sublessee shall agree to defend, indemnify and hold harmless Lessor, its agents, successors and assigns from and against any and all demands, claims, payments, obligations, actions or causes of

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action, losses, damages, penalties, fines, liabilities, costs and expenses, including without limitation, all claims, loss and damage arising from any property damage, injury or claim of injury to, or death of, any person arising from the use of the Premises. In addition, Lessee agrees to obtain the same indemnification from any independent contractors operating the Premises on its behalf in favor of Lessor.

- c. Sublessee must obtain and maintain general liability insurance policy during the course of the sublease, and properly endorse policies to name Lessor as an additional insured in accordance with the following:

Sublessee shall provide an insurance certificate to Lessor, listing Lessor as an additional insured and evidencing coverage below and shall request its agents, contractors and other persons accessing the Premises on their behalf for the same as follows:

Commercial General Liability Insurance - \$2,000,000.00;

Automobile Liability Insurance - \$2,000,000.00; and

Worker's Compensation Insurance – Statutory Limits.

The certificate must also state that the insurance cannot be cancelled or modified without at least thirty (30) days prior notice to Owner. This obligation will continue for the entire term of this Lease.

10. Termination. This Lease shall terminate in the event any material breach of this Lease is not cured by Lessee within thirty (30) days following receipt of notice from Lessor of such breach. Lessor may terminate this Lease for convenience upon providing Lessee with ninety (90) days written notice to Lessee upon Lessor's determination that Lessor has a need to utilize the Premises for a water or sewer purpose which, in Lessor's sole determination and discretion, would require Lessee to discontinue its use. Upon such determination that the uses and permissions granted herein are inconsistent with Lessee's uses of the Premises, and after providing notice to Lessee, Lessee shall cease all use of the Premises, vacate the Premises and remove all temporary facilities, equipment and belongings of Lessee from the Premises. At such time, Lessee shall leave the Premises in as good condition as existed at the time it assumed use of the Premises. However, nothing set forth in this Section 10 shall require Lessee to remove or relocate the Stone Chapel from the Premises. Lessor may terminate the Lease immediately upon discovery of any activity on the Premises that poses a direct and imminent threat to the health, safety, general welfare of Lessor's citizens or the security and critical operations of the Plant. Lessee may terminate this Lease for convenience upon providing Lessor with ninety (90) days written notice.

11. Notices:

All notices, requests, demands or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by UPS Next Day Air Note or overnight courier, or by hand delivery by reputable courier, to each Party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any Party may from time to time and at any time change its address for notices hereunder. Legal counsel for the respective Parties may send

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to the other Parties any notices, requests, demands or other communications required or permitted to be given hereunder by such Party.

In the case of Lessor to:

Fulton County
Address:
Phone:
Fax:
Attn:

With a copy to:

And

City of Atlanta
55 Trinity Avenue, Suite 5400
Atlanta, Georgia 30303
Attn: Commissioner
404-330-6081
404-658-7194

With a copy to:

City Attorney
68 Mitchell St., Suite 4100
Atlanta, Georgia 30303
AFWRC

In the case of the Lessee to:

City of Johns Creek
Attn: City Manager
12000 Findley Rd., Suite 400
Johns Creek, Georgia 30097
(678)512-3200

With a copy to:

City Attorney
12000 Findley Rd., Suite 400
Johns Creek, Georgia 30097
(678)512-3200

12. Miscellaneous Provisions.

ENTIRE AGREEMENT

This Lease supersedes all prior discussions and agreements among the parties with respect to the subject matter hereof. This Lease shall not be modified or amended in any respect except by written instrument

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executed by or on behalf of the Parties in the same manner as this Lease is executed and specifically referencing such a modification or amendment.

BINDING EFFECT

This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, executors and assigns.

SEVERABILITY

In the event any provision or portion of this Lease is held by any Court of competent jurisdiction to be invalid or unenforceable, such holding shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provisions or portion never been a part hereof.

FURTHER ASSURANCES

On and after the Effective Date, each Party shall, at the request of any other, make, execute and deliver or obtain and deliver all such certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things which any Party may reasonably require to effectuate the provisions and the intentions of this Lease.

CAPTIONS

All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular paragraphs and subparagraphs by number refer to the text of the paragraphs or subparagraphs so numbered in this Lease.

GENDER

Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice-versa, unless the context requires otherwise.

EXHIBITS

Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is, and shall be, construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to or otherwise mentioned.

REFERENCES

All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraphs of this Lease. Unless otherwise specified in this Lease, the terms "herein," "hereof," "hereinafter," "hereunder" and other terms of like or similar import shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

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RIGHTS CUMULATIVE

Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

AMENDMENT AND ASSIGNMENT

The interest of the parties may not be assigned without prior written consent from the other party. This Lease shall not be amended except in writing by both parties.

GOVERNING LAW

This Lease, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to principles of conflicts of laws thereof. The Parties hereby fix jurisdiction and venue for any action brought with respect to this Lease in Fulton County, Georgia.

NO PARTNERSHIP

This Lease shall not be interpreted or construed to create an association, joint venture or partnership between the Parties, nor to impose any partnership obligations or liabilities on any Party. Furthermore, no Party shall have any right, power or authority to enter into any Lease or undertaking of or on behalf of, to act as or be an agent or representative of, or to otherwise bind any other Party.

TIME OF ESSENCE

Time is and shall be of the essence in this Lease.

WAIVER

The failure of any Party to seek redress for any violation of, or to insist upon the strict performance of, any term of this Lease will not prevent a subsequent violation of this Lease from being actionable by such Party.

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed by their duly authorized officials, the day and year first above written.

LESSOR

CITY OF ATLANTA

Mayor

ATTEST:

Municipal Clerk (Seal)

Approved:

Commissioner, Department of
Watershed Management

Approved as to form:

City Attorney (by Assistant City Attorney)

FULTON COUNTY

Chair, Board of Commissioners

ATTEST:

Clerk to the Commission

Approved as to form:

County Attorney

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LESSEE

CITY OF JOHNS CREEK

Mayor

ATTEST:

City Clerk (Seal)

Approved as to form:

City Attorney

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EXHIBIT A

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EXHIBIT B



AGENDA REPORT

To: Honorable Mayor and City Council Members

From: John Kachmar, City Manager

By: Monte Vavra, Finance Director

Date: October 18, 2011

Agenda: October 24, 2011 WORK SESSION AGENDA Item: Engagement Letter with Mauldin & Jenkins – Fiscal Year 2011 Audit

Recommendation: Mayor and City Council to approve engagement letter with Mauldin & Jenkins to perform the Fiscal Year 2011 financial audit

Issue: In 2007 the City requested firms to bid on the financial audit for a period of five years; the City selected Mauldin & Jenkins CPA's. This will be the fifth year of the current contract. This request is for the City Council to authorize the Mayor to sign the attached engagement letter for the Fiscal Year 2011 audit.

The fee for the Fiscal Year 2011 base audit will be \$33,000, Single Audit and reporting requirements are estimated to range between \$5,000 - \$9,000.

Funds have been included in the FY 2012 budget.

Basis for Recommendation: Renewal of contract previously approved by City Council

Financial Impact: Funds included in FY 2012 budget

Alternative Approaches: None

Attachment(s): Engagement letter

October 6, 2011

Honorable Mayor and Members of the
City Council and City Manager
City of Johns Creek, Georgia
Attention: Monte Vavra, Finance Director
12000 Findley Road, Suite 400
Johns Creek, Georgia 30097

We are pleased to confirm our understanding of the services we are to provide the City of Johns Creek, Georgia (the City) for the year ended September 30, 2011. We will audit the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of the City of Johns Creek, Georgia as of and for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis (MD&A).
2. Budgetary comparison for the General Fund.

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of expenditures of federal awards.
2. Combining and individual fund statements.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance:

1. Introductory section
2. Statistical section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objectives also includes reporting on -

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and the schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

We will prepare the trial balance for use during the audit. Our preparation of the trial balance will be limited to formatting information into a working trial balance based on management's chart of accounts and trial balances as provided by you.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of 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 and the respective changes in financial position in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of

fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review subsequent to the start of fieldwork. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential,

and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Johns Creek, Georgia's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will

consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Johns Creek's major programs. The purpose of these procedures will be to express an opinion on the City of Johns Creek's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Other Attestation Services

Our annual examination will also be conducted to provide for attestation on certain management assertions in accordance the American Institute of Certified Public Accountant's (AICPA's) Statement on Standards for Attestation Engagements (SSAE) No. 3, *Compliance Attestation*, as amended. The objective of our reports will be to examine management's assertion about Johns Creek's compliance with regards to 9-1-1 funds being expended in accordance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. Our responsibility will be to express an opinion on management's assertion about Johns Creek's compliance based on our examination. Our report will include a statement that the report is intended for the information and use of the Georgia Department of Audits and Accounts and Johns Creek's management and is not intended to be and should not be used by anyone other than these specified parties.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to the City of Johns Creek, Georgia; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit, including other attestation examination, documentation for this engagement is the property of Mauldin & Jenkins and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Mauldin & Jenkins personnel. Furthermore, upon request, we may provide copies of selected audit documentation to

the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulatory body. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately January 2, 2012 and to issue our reports no later than March 31, 2012. Adam Fraley is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$33,000 for the year ended September 30, 2010. This includes fees for our audit of the primary government. The above fee does not include fees for our audit of the Johns Creek Convention & Visitors Bureau or the procedures and reporting associated with the City's E911 revenues and expenditures. Our fees for the audit of the Johns Creek Convention & Visitors Bureau, the City's discretely presented component unit, as presented in the City's financial statements, and the procedures and reporting associated with the City's E911 revenues and expenditures, are based on the time required by the individuals assigned to the engagement, plus direct expenses. The above fees also do not include fees for the performance of a single audit and the reporting thereof. The cost of a single audit varies depending on the major program requiring testing and our fees for the performance of a single audit and the reporting thereof are also based on the time required by the individuals assigned to the engagement, plus direct expenses; however, we estimate that the fees for the performance of a single audit of one major program to range from \$5,000 - \$9,000. Our hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. However, if major problems arise during our examination, any additional work necessary will be billed at standard rates. This above fee will be subject to adjustments based on unanticipated changes in the scope of our work and/or the incomplete or untimely receipt by us of the information on the client participation listing. All other provisions of this letter will survive any fee adjustment. No changes will be made without approval from you regarding the proposed change. Our invoices for these fees will be rendered as work progresses and are payable upon presentation. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports

and letters of comment received during the period of the contract. Our 2008 peer review report accompanies this letter. We did not receive a letter of comment with the peer review report.

We appreciate the opportunity to be of service to the City of Johns Creek, Georgia and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

MAULDIN & JENKINS, LLC



Adam M. Fraley

RESPONSE:

This letter correctly sets forth the understanding of the City of Johns Creek, Georgia.

By: _____

Title: _____



August 15, 2008

To the Owners of
Mauldin & Jenkins, LLC
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mauldin & Jenkins, LLC (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2008. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Mauldin & Jenkins, LLC in effect for the year ended May 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

Clifton Gunderson LLP

**Attachment to the Peer Review Report of Mauldin & Jenkins, LLC
Description of the Peer Review Process**

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objectives of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC. Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, these documents are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.

Planning the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Mauldin & Jenkins, LLC, we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review for the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under the *Government Auditing Standards*, audits performed under FDICIA, multi-office audits, and audits of Employee Benefit Plans. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted a meeting with firm management to discuss our findings and recommendations.



CITY OF
JOHNS CREEK
GEORGIA

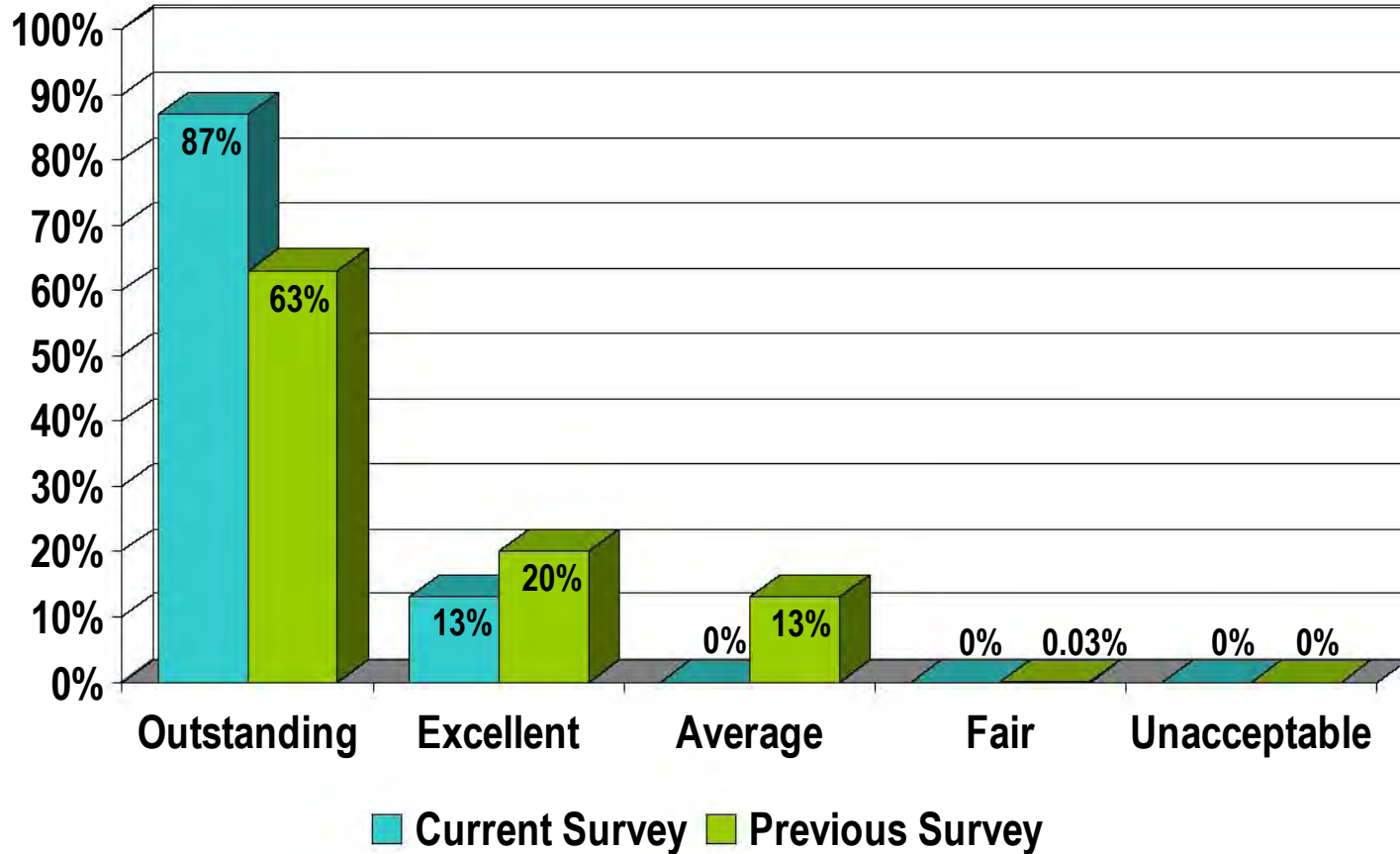


Methodology

- Random sample of customers
- Face-to-face survey
- Survey conducted without counter person knowledge (exiting customers)
- Informal survey of 30 respondents



Based on your recent experience, how satisfied are you with the City of Johns Creek customer service you received today?



87% of Customers reported Outstanding Service



What service did you receive today?

Community Development:

Building Permit

Special Use Permit

Land Development Permit

Sign Permit

Variance Application

Rezoning

Revenue Department:

Business License

Alcohol License

Pouring Permit



Please provide the name of the customer service representative who assisted you.

Elaine Cribbs

Stephen Gehrlich

Mary Beth Leima

Michelle McAdory

Una Power

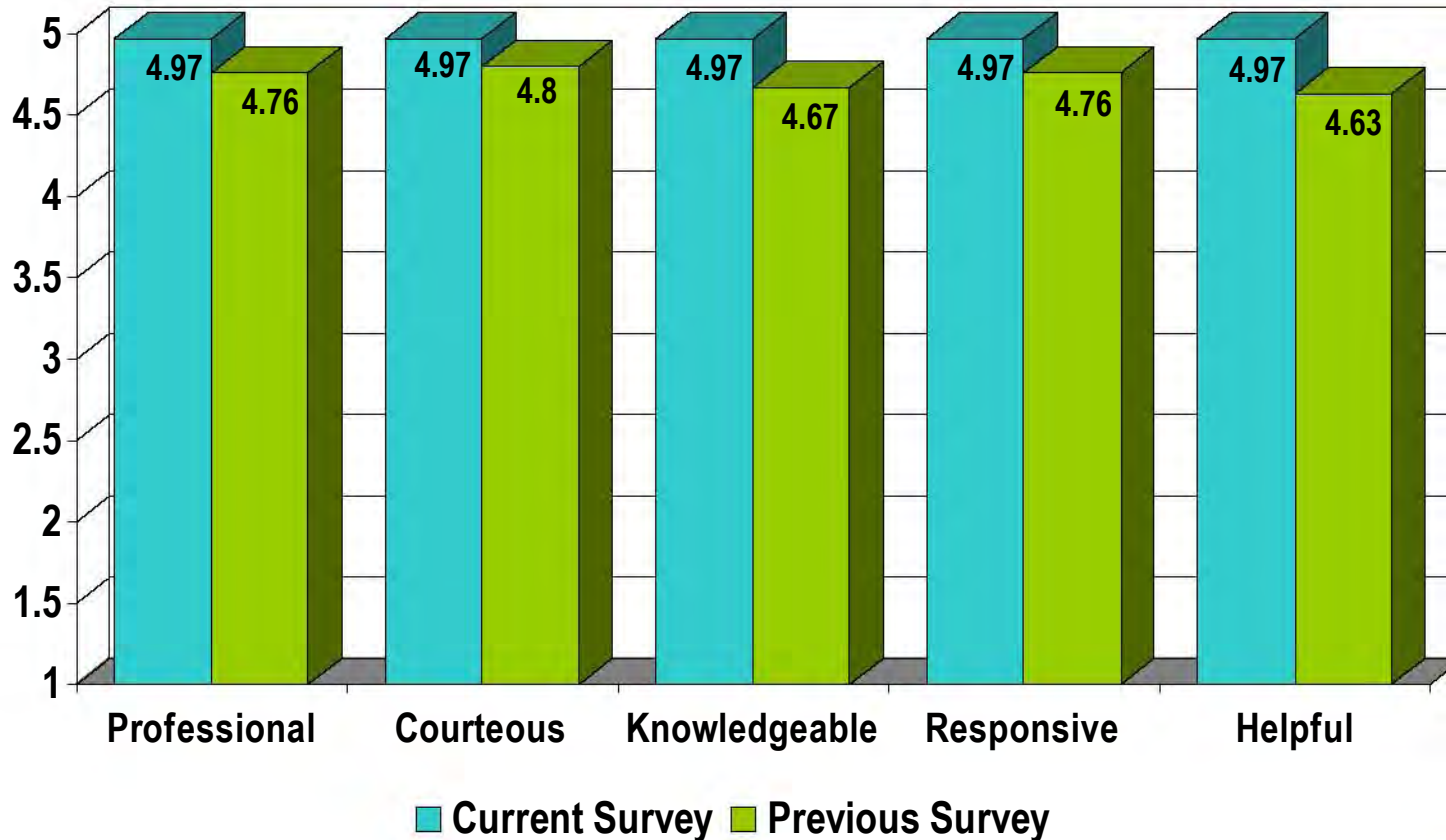
John Sanders

Ben Song

Seth Yurman



Please rate your satisfaction level with the service you received in the following aspects:
one (1) being Unacceptable and five (5) being Outstanding.



If this is a service you receive in other cities, how does the City of Johns Creek customer service rate in comparison to other jurisdictions?

- **95% of customers who answered the question responded customer service at the City of Johns Creek was the same or better than other jurisdictions**
- **One customer stated that the inability to fax documents, like in Cobb County, complicated the permitting process**



Do you have any suggestions for improving our customer service?

- Faster turnaround
- Adjust fee schedule (currently based on the GC, needs to be based on the contractor)
- Improve the taxing system
- Expand online services
- More payment options (phone, online, fax)
- More comprehensive checklists for permitting
- Ability to fax in documents
- Extend inspection scheduling cut off from 4:00 p.m. to 5:00 p.m.

- Of the 22 customers who stated that there was no improvement needed, some also stated...
 - “Completely exceeded expectations.”
 - “Good up front info.”
 - “It took 5 minutes; it was great.”
 - “You really care.”
 - “It was great. I messed up the application and John helped me get it right.”
 - “Solution oriented.”
 - ”Y’all are great!”
 - “Love the online application process.”
 - “You guys are doing everything right!”
 - “Keep up the good work.”
 - “Very consistent.”



Questions

