

# Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2008



**CITY OF JOHNS CREEK, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Submitted by:**  
**John Kachmar**  
**City Manager**

## INTRODUCTORY SECTION

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**CITY OF JOHNS CREEK, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**CITY OF JOHNS CREEK, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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May 20, 2009

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, 2008, 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 unqualified ("clean") opinion on the City of Johns Creek's financial statements for the fiscal year ended September 30, 2008. 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 70,050 (based upon the City of Johns Creek Comprehensive Plan 2009-2030).

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; 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 the City of Atlanta and Fulton County, via intergovernmental agreements. The City of Johns Creek Police Department began service the end of April 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. 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 1,900 businesses. Large employers include the State Farm Insurance's Operation Center and CIBA Vision Corporation's worldwide headquarters. 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 56 percent of its land devoted to residential uses.

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. Current estimates put the City's population at approximately 70,000 and that number is projected to grow to more than 94,300 by 2030, a 34 percent increase. Over 37 percent of the population was between 35 and 55 years old in 2007, while another 35 percent were age 19 and younger. City residents are highly educated, with 44 percent holding bachelor's degrees and 21 percent master's degrees – both more than twice the rate for Metro Atlanta overall.

Median household income in 2000 was \$105,015 with an average household income of \$133,009. In 2007, the median income was \$150,592 and average household income \$204,494. By 2012, those figures are expected to increase to \$193,254 and \$272,038, respectively. The median home price for 2007 was \$353,936, more than 41 percent higher than just seven years earlier.

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 General Fund balance designation equal to 16% of operating expenditures (approximately two months). 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 City has met the reserve requirement as of 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.

During fiscal year 2008, the City Council approved a tax anticipation note in the amount of \$10 million, and 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. Through planned growth and suitable expansion consistent with existing zoning, the governing body approved several distinctive commercial developments during the fiscal year. Additionally, the residential community experienced significant re-development through builders and developers acquiring existing single family homes for new subdivisions as well as high-end multi-family and mixed use areas. The commercial and residential development slowed down the last quarter of the fiscal year and the City anticipates the growth to continue but at a much slower pace until the national and regional economy recovers.

## **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

During fiscal year 2008 the City established the Police Department. The Police Department expanded from one employee to 63 sworn and civilian employees, purchased all the essential equipment including 53 vehicles, and implemented a number of intergovernmental agreements related to Police operations. Immediately following the establishment of the Police Department the City began working towards gearing up for the establishment of the Fire Department. The City purchased 7 fire trucks, 7 staff vehicles, equipped the vehicles, and hired 78 employees to begin full time for the October 07, 2008 establishment of the Fire Department.

### Municipal Court

Municipal Court is in session two days a week. Citations are now averaging approximately 700 per month.

### Public Works

Also during the year the City prepared and approved a Comprehensive Plan. Public works repaved approximately 2.8 miles of streets, and one intersection improvement project and replaced 12 guardrails on various streets.

## **Awards and Acknowledgments**

We are pleased to present the City's first 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 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

Ivan Figueroa

Liz Hausmann

Randall Johnson

Dan McCabe

Bev Miller

Karen Richardson

### Administration

John Kachmar

City Manager

Joseph Daniels

Fire Chief

Tony Day

Clerk of Courts

Ed Densmore

Police Chief

Grant Hickey

Special Projects Manager

Joan Jones

City Clerk

Bill Riley

City Attorney

Monte Vavra

Finance Director

### CH2M Hill Officials

Harold Boehm

Program Director

Sheryl Boell

Administrative Services

Bill Doughty

Communications Director

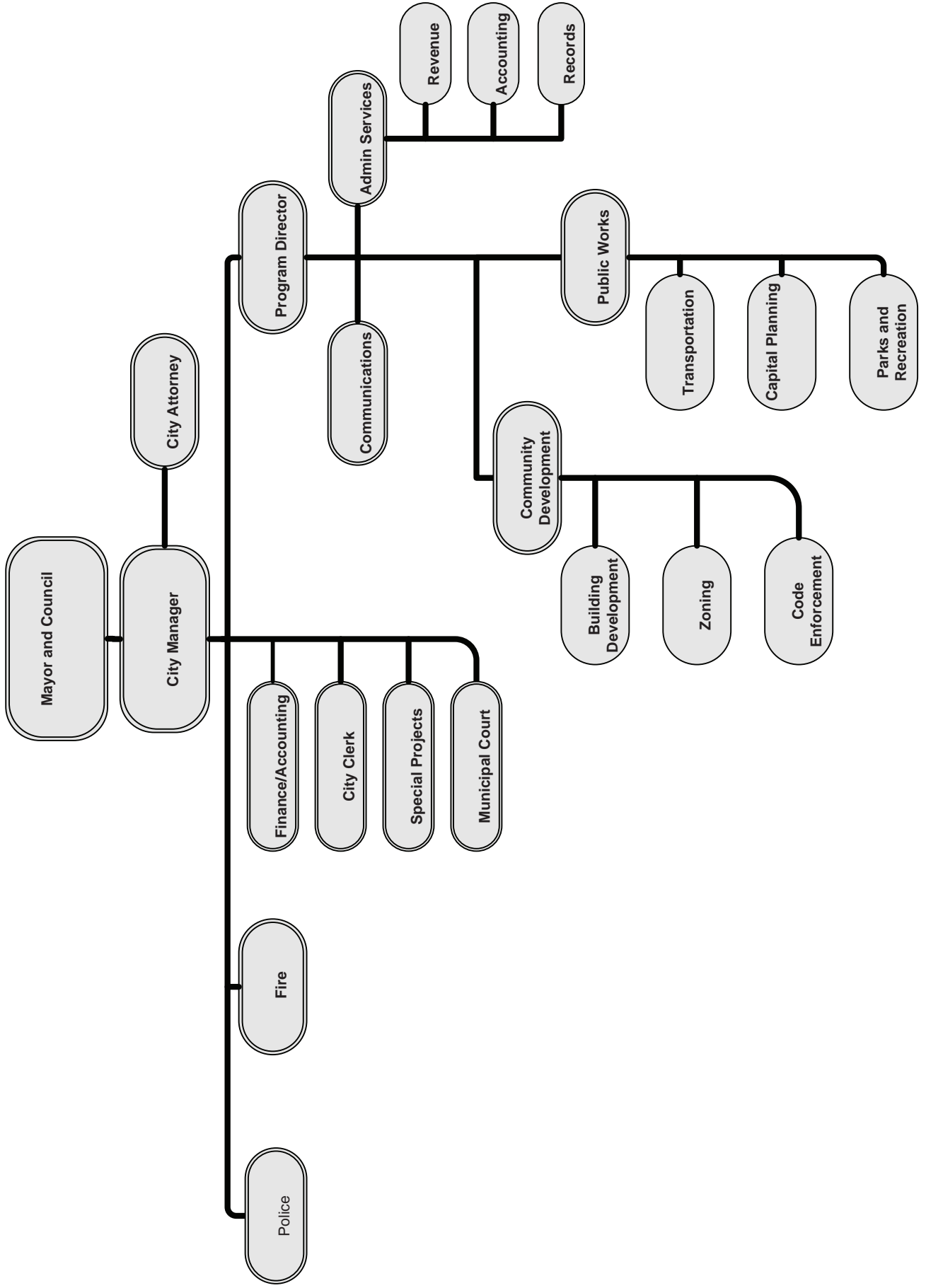
Ken Hildebrandt

Director of Public Works

Mike Williams

Director of Community Development

# City Of Johns Creek Organizational Chart



## 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**

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**, as of and for the year ended September 30, 2008, which collectively comprise the City of Johns Creek, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Johns Creek, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2009, on our consideration of the City of Johns Creek, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and 31 and 32 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Johns Creek, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
May 20, 2009

# 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, 2008. 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 \$132,848,294, total net assets. Of this amount \$22,144,572, unrestricted net assets, is available to meet the ongoing obligations of the government.
- The City's increase in net assets was \$10,604,625 during the fiscal period; primarily due to increased revenues and expenditures less than budget.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of \$20,935,308.
- The City's total long-term debt at September 30, 2008, consists of a master lease that was used to purchase furniture and equipment in fiscal year 2007 for City Hall in the amount of \$430,837 and public safety vehicles and equipment in fiscal year 2008 in the amount of \$6,953,729. As of September 30, 2008 the balance of capital leases outstanding is \$7,127,447. Additionally, the City has short term borrowings of \$10 million for a tax anticipation note used to provide a positive cash flow for fiscal period operations. The tax anticipation note has a due date of December 31, 2008 and will be paid in full as of that date.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 11 and 12 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 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 17 through 30 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedules as presented on a generally accepted accounting principal basis in this section. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 31 and 32 of this report.

The individual fund statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 35 through 37 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$132,848,294.

The following table provides a summary of the City's governmental net assets for the fiscal year 2007 and 2008

#### City of Johns Creek Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current assets	\$ 34,940,515	\$ 26,653,131
Capital assets, net of accumulated depreciation	117,778,369	112,577,628
Total assets	152,718,884	139,230,759
Liabilities		
Current liabilities	14,310,097	16,694,662
Long-term liabilities	5,560,493	292,428
Total liabilities	19,870,590	16,987,090
Net assets		
Invested in capital assets, net of related debt	110,650,922	112,146,791
Restricted for capital projects	52,800	52,800
Unrestricted	22,144,572	10,044,078
Total net assets	\$ 132,848,294	\$ 122,243,669

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The remaining portion of the City's net assets represents positive unrestricted net assets of \$22,144,572 that is available to meet the ongoing obligations of the government.

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

**Changes in Net Assets.** Governmental activities increased the City's net assets by \$10,604,625 in fiscal year 2008. The following table indicates the changes in net assets for governmental activities in fiscal year 2007 and 2008

	Governmental Activities	
	2008	2007
Revenues		
Program revenues:		
Charges for services	\$ 3,072,272	\$ 2,260,054
Operating grants and contributions	87,500	15,000
Capital grants and contributions	1,706,595	289,890
General revenues:		
Property taxes	18,910,045	16,806,870
Sales and use taxes	17,372,673	14,824,210
Hotel/Motel taxes	413,030	295,001
Franchise taxes	4,003,465	2,474,242
Business taxes	5,513,389	1,613,495
Unrestricted intergovernmental earnings	2,850,436	-
Unrestricted investment earnings	519,624	375,048
Miscellaneous revenues	49,342	15,020
Total revenues	54,498,371	38,968,830
Expenses		
General government	10,431,889	7,784,141
Judicial	373,841	189,802
Public safety	15,055,910	8,470,837
Public works	10,464,085	8,377,110
Culture and recreation	1,388,914	1,093,499
Community development	5,817,895	5,314,229
Interest on short term debt	361,212	143,467
Total expenses	43,893,746	31,373,085
Income (loss) before special item	10,604,625	7,595,745
Special item - donation of infrastructure at incorporation	-	114,647,924
Change in net assets	10,604,625	122,243,669
Net assets beginning of year	122,243,669	-
Net assets end of year	\$ 132,848,294	\$ 122,243,669

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Governmental activities.** Governmental activities increased the City's net assets by \$10.6 million in fiscal year 2008. Key elements of this increase are as follows:

Total revenues were \$54.5 million, up 39.9% from the prior year. Property taxes reflect a reassessment of property values by Fulton County. Sales tax revenue, business tax revenue and franchise fees increased partially from recognizing revenue for the full year; fiscal year 2007 reflected only the ten month period from the date of incorporation through the end of the fiscal year. The unrestricted intergovernmental earnings consists of a one time transfer of revenue that was collected by Fulton County prior to the City's incorporation.

Expenses reflect the full year's operations when compared to the ten month period in fiscal year 2007. Interest on short term debt is the interest paid on a \$10 million tax anticipation note.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$20,935,308. The primary reason for this positive fund balance is due to the general fund's receipt of property taxes received and accrued at the fiscal year end. A large component of the City's governmental funds combined ending fund balance is approximately \$2.4 million reported in the capital projects fund. The City's policy is to maintain a minimum General Fund balance designation equal to 16% of operating expenditures (approximately two months) or \$7.3 million. The remaining portion represents unreserved, undesignated fund balance of \$11,087,107.

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance was \$11,087,107, while total fund balance was \$18,470,878. As a measure of the liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total general fund change in fund balance was \$11,663,173. The City issued a \$10 million tax anticipation note to provide operating capital during the fiscal year. Unreserved, undesignated fund balance represents 40.4% of total general fund expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Key factors in the increase of reserves are as follows:

- Revenues exceeded budget by approximately \$7.0 million, the majority of this excess was property taxes, \$.8 million, sales tax, \$1.073 million, franchise fees by \$1.34 million, and a one-time payment from Fulton County of \$2.85 million.
- Expenditures were \$4.57 million less than budgeted primarily due to unspent general government and public safety.

### **General Fund Budgetary Highlights**

The City's budget utilized a conservative approach based on lack of historical information available. Emphasis was given to ensuring financial stability for the full year of operations and long-term stability while providing revenue enhancement; financial priorities and discipline.

The City employs an annual mid-year budget process in order to re-align appropriations made during the annual budget process with significant unexpected trends. This ensures adjustments facilitating appropriations to be in alignment with expected resources. Differences between the original budget and final amended budget are then resolved via official City Council action.

During the year budget realignments in appropriations were made between the original and final amended budget. The following are the main components of this budget realignment:

- \$7.9 million in supplemental appropriations to public safety relating to equipment for the police and fire departments.

This realignment was funded from unanticipated revenues.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental activities as of September 30, 2008, amounts to \$117,778,369 (net of accumulated depreciation). These assets primarily reflect the infrastructure assets for roadways, sidewalks, culverts and signals, and park land. During the year the City purchased public safety vehicles and equipment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities	
	2008	2007
Land	\$ 6,307,840	\$ 6,080,587
Buildings	732,288	760,343
Improvements	841,245	986,170
Machinery and equipment	6,076,297	428,583
Infrastructure	103,820,699	104,321,945
Total	<u>\$ 117,778,369</u>	<u>\$ 112,577,628</u>

Additional information on the City's capital assets can be found in note 6 on page 26 and 27 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$7,127,447 for city hall and municipal court furniture and equipment, police and fire vehicles, and other public safety furniture and equipment. Additionally, the City had short term borrowings of \$10,000,000 in the form of a tax anticipation note used to provide a positive cash flow for the first fiscal period of operations.

Additional information on the City's long-term debt can be found in note 8 on page 28 of this report.

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

All of these factors were considered in preparing the City's budget for the 2009 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 significantly, and that sales tax revenues will decline by nine percent.
- Cost of government – The government is legally mandated to levy a maximum of 4.731 millage rate through the legislation that created the City, however the City Council approved a millage rate in July of 4.614 mills. This millage rate, along with the first time levy of property taxes within the City, provided approximately \$16.4 million in revenue.
- First full year of operations for both the Police and Fire Departments
- Continued improvements to infrastructure, especially focused on street and roads
- Establishment of storm water and solid waste programs

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **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 government City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Johns Creek, 12000 Findley Road, Suite 400, Johns Creek, Georgia, 30097, or by calling (678) 512-3348.

# CITY OF JOHNS CREEK, GEORGIA

## STATEMENT OF NET ASSETS SEPTEMBER 30, 2008

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Convention Visitors Bureau</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,103,301	\$ 177,983
Accounts receivable	7,219,969	-
Taxes receivable, net of allowance	22,231,252	-
Due from other governments	331,261	-
Due from primary government	-	43,434
Prepays	54,732	-
Capital assets:		
Nondepreciable	6,307,840	-
Depreciable, net of accumulated depreciation	111,470,529	-
Total assets	152,718,884	221,417
<b>LIABILITIES</b>		
Accounts payable	1,865,900	-
Accrued liabilities	525,679	-
Due to component unit	43,434	-
Unearned revenue	21,111	-
Tax anticipation note	10,000,000	-
Compensated absences, due within one year	287,019	-
Note payable, due within one year	1,566,954	-
Note payable, due in more than one year	5,560,493	-
Total liabilities	19,870,590	-
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	110,650,922	-
Restricted for capital projects	52,800	-
Unrestricted	22,144,572	221,417
Total net assets	\$ 132,848,294	\$ 221,417

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, 2008**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Assets</b>	
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>	<b>Component Unit</b>
					<b>Governmental Activities</b>	<b>Convention Visitors Bureau</b>
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 10,431,889	\$ 1,093,164	\$ 87,500	\$ -	\$ (9,251,225)	\$ -
Judicial	373,841	760,372	-	-	386,531	-
Public safety	15,055,910	5,092	-	-	(15,050,818)	-
Public works	10,464,085	910	-	1,589,345	(8,873,830)	-
Culture and recreation	1,388,914	38,774	-	117,250	(1,232,890)	-
Community development	5,817,895	1,173,960	-	-	(4,643,935)	-
Interest on long-term debt	361,212	-	-	-	(361,212)	-
Total governmental activities	<u>43,893,746</u>	<u>3,072,272</u>	<u>87,500</u>	<u>1,706,595</u>	<u>(39,027,379)</u>	<u>-</u>
Total primary government	<u>\$ 43,893,746</u>	<u>\$ 3,072,272</u>	<u>\$ 87,500</u>	<u>\$ 1,706,595</u>	<u>(39,027,379)</u>	<u>-</u>
<b>Component Unit</b>						
Convention Visitors Bureau	\$ 6,144	\$ -	\$ -	\$ -	\$ -	\$ (6,144)
	<u>\$ 6,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,144)</u>
General revenues:						
Property taxes					\$ 18,910,045	\$ -
Sales taxes					17,372,673	-
Hotel/Motel taxes					413,030	227,561
Franchise taxes					4,003,465	-
Business taxes					5,513,389	-
Unrestricted intergovernmental revenue					2,850,436	-
Unrestricted investment earnings					519,624	-
Miscellaneous revenues					49,342	-
Total general revenues					<u>49,632,004</u>	<u>227,561</u>
Change in net assets					10,604,625	221,417
Net assets, beginning of year					122,243,669	-
Net assets, end of year					<u>\$ 132,848,294</u>	<u>\$ 221,417</u>

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

**CITY OF JOHNS CREEK, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008**

<b>ASSETS</b>	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 5,015,517	\$ 87,784	\$ 5,103,301
Accounts receivable	7,219,969	-	7,219,969
Taxes receivable, net of allowance	22,199,141	32,111	22,231,252
Intergovernmental receivable	-	331,261	331,261
Due from other funds	9,171	2,553,311	2,562,482
Prepays	54,732	-	54,732
<b>Total assets</b>	<b>\$ 34,498,530</b>	<b>\$ 3,004,467</b>	<b>\$ 37,502,997</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 1,709,729	\$ 156,171	\$ 1,865,900
Accrued liabilities	525,679	-	525,679
Due to other funds	2,553,311	9,171	2,562,482
Due to component unit	-	43,434	43,434
Tax anticipation note	10,000,000	-	10,000,000
Deferred revenue	1,238,933	331,261	1,570,194
<b>Total liabilities</b>	<b>16,027,652</b>	<b>540,037</b>	<b>16,567,689</b>
<b>FUND BALANCES</b>			
Fund balances:			
Reserved for:			
Prepays	54,732	-	54,732
Capital projects	52,800	-	52,800
Unreserved:			
Reported in, designated for:			
General fund, capital outlay	100,000	-	100,000
General fund, operations	7,176,239	-	7,176,239
Unreserved, reported in:			
General fund	11,087,107	-	11,087,107
Special revenue funds	-	2,547	2,547
Capital projects funds	-	2,461,883	2,461,883
<b>Total fund balances</b>	<b>18,470,878</b>	<b>2,464,430</b>	<b>20,935,308</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,498,530</b>	<b>\$ 3,004,467</b>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			117,778,369
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			(7,414,466)
Some revenues are not available in the current period and, therefore, are not reported in the funds.			1,549,083
<b>Net assets of governmental activities</b>			<b>\$ 132,848,294</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, 2008**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 18,294,082	\$ -	\$ 18,294,082
Sales taxes	17,372,673	-	17,372,673
Hotel/Motel taxes	-	413,030	413,030
Franchise taxes	4,003,465	-	4,003,465
Business taxes	5,513,390	-	5,513,390
Licenses and permits	2,217,222	-	2,217,222
Charges for services	100,829	-	100,829
Fines and forfeitures	753,254	967	754,221
Intergovernmental	2,850,436	117,250	2,967,686
Contributions	104,500	-	104,500
Interest earned	506,700	12,924	519,624
Miscellaneous	49,342	-	49,342
Total revenues	<u>51,765,893</u>	<u>544,171</u>	<u>52,310,064</u>
<b>Expenditures:</b>			
Current:			
General government	10,530,632	-	10,530,632
Judicial	373,841	-	373,841
Public safety	20,545,115	-	20,545,115
Public works	6,875,210	1,515,284	8,390,494
Culture and recreation	708,802	507,132	1,215,934
Community development	5,817,895	-	5,817,895
Debt service:			
Principal	-	257,119	257,119
Interest	334,566	26,646	361,212
Total expenditures	<u>45,186,061</u>	<u>2,306,181</u>	<u>47,492,242</u>
Excess (deficiency) of revenues over expenditures	<u>6,579,832</u>	<u>(1,762,010)</u>	<u>4,817,822</u>
<b>Other financing sources (uses):</b>			
Issuance of long term debt	6,953,729	-	6,953,729
Transfers in	130,392	2,000,780	2,131,172
Transfers out	<u>(2,000,780)</u>	<u>(130,392)</u>	<u>(2,131,172)</u>
Total other financing sources (uses)	<u>5,083,341</u>	<u>1,870,388</u>	<u>6,953,729</u>
Net change in fund balances	<u>11,663,173</u>	<u>108,378</u>	<u>11,771,551</u>
<b>Fund balances, beginning of year</b>	<u>6,807,705</u>	<u>2,356,052</u>	<u>9,163,757</u>
<b>Fund balances, end of year</b>	<u>\$ 18,470,878</u>	<u>\$ 2,464,430</u>	<u>\$ 20,935,308</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, 2008

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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	\$ 11,771,551
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.	3,628,396
The net effect of various miscellaneous transactions involving capital assets (i.e. donations) is to increase net assets.	1,572,345
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	615,962
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents the net effect of these differences in the treatment of long-term debt.	(6,696,610)
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>(287,019)</u>
	<u>\$ 10,604,625</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, 2008**

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	<b>ASSETS</b>	<b>Municipal Court Fund</b>
Cash		<u>\$ 90,199</u>
Total assets		<u><u>\$ 90,199</u></u>
	<b>LIABILITIES</b>	
Due to others		<u>\$ 90,199</u>
Total liabilities		<u><u>\$ 90,199</u></u>

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

# CITY OF JOHNS CREEK, GEORGIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

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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. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City's government-wide financial statements do not apply subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

#### **A. Reporting Entity**

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

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. A voting majority of the governing body is appointed by City Council. 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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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.

## 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)

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

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

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

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

The City reports the following major governmental fund:

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

Additionally, the City reports the following fund type:

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

## 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 reservation of fund balance since the commitments would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2008, 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 fund. During the fiscal year ended September 30, 2008, 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2008, are recorded as prepaid items in both government-wide and fund financial statements.

#### I. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all 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.

#### J. Long-Term Obligations

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

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

## NOTES TO FINANCIAL STATEMENTS

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

#### K. 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.

#### L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### M. Use of Estimates

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

## 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 Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,628,396 difference are as follows:

Capital outlay	\$ 6,888,059
Depreciation expense	<u>(3,259,663)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities</i>	<u>\$ 3,628,396</u>

Another element of the reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$6,696,610 difference are as follows:

Issuance of new notes payable	\$ 6,953,729
Principal repayments on notes payable	<u>(257,119)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities</i>	<u>\$ 6,696,610</u>

## NOTES TO FINANCIAL STATEMENTS

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### 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.

### NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of September 30, 2008 are summarized as follows:

Statement of Net Assets:	
Cash and cash equivalents - primary government	\$ 5,103,301
Cash and cash equivalents - component unit	177,983
Statement of Fiduciary Net Assets:	
Cash - Agency fund	90,199
	<u>\$ 5,371,483</u>
Cash deposited with financial institutions	\$ 5,371,483
	<u>\$ 5,371,483</u>

**Custodial Credit Risk – Deposits:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2008, all of the City's and CVB's bank balances were adequately insured and collateralized as defined by GASB.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. RECEIVABLES

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

Receivables at September 30, 2008, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Receivables:			
Taxes	\$ 23,033,973	\$ 32,111	\$ 23,066,084
Accounts	7,219,969	-	7,219,969
Intergovernmental	-	331,261	331,261
Total receivables	30,253,942	363,372	30,617,314
Less allowance for uncollectible	834,832	-	834,832
Net total receivable	\$ 29,419,110	\$ 363,372	\$ 29,782,482

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the period ended September 30, 2008 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ 6,080,587	\$ 227,253	\$ -	\$ 6,307,840
Total	<u>6,080,587</u>	<u>227,253</u>	<u>-</u>	<u>6,307,840</u>
Capital assets, being depreciated:				
Buildings	788,398	-	-	788,398
Improvements	1,130,999	-	-	1,130,999
Machinery and equipment	430,837	6,660,806	-	7,091,643
Infrastructure	106,384,940	1,572,345	-	107,957,285
Total	<u>108,735,174</u>	<u>8,233,151</u>	<u>-</u>	<u>116,968,325</u>
Less accumulated depreciation for:				
Buildings	(28,055)	(28,055)	-	(56,110)
Improvements	(144,829)	(144,925)	-	(289,754)
Machinery and equipment	(2,254)	(1,013,092)	-	(1,015,346)
Infrastructure	(2,062,995)	(2,073,591)	-	(4,136,586)
Total	<u>(2,238,133)</u>	<u>(3,259,663)</u>	<u>-</u>	<u>(5,497,796)</u>
Total capital assets being depreciated, net	<u>106,497,041</u>	<u>4,973,488</u>	<u>-</u>	<u>111,470,529</u>
Governmental activities capital assets, net	<u>\$ 112,577,628</u>	<u>\$ 5,200,741</u>	<u>\$ -</u>	<u>\$ 117,778,369</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 66,470
Public safety	946,622
Public works	2,073,591
Culture and recreation	<u>172,980</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,259,663</u></u>

### NOTE 7. SHORT-TERM BORROWINGS

The City has a tax anticipation note for operating purposes of \$10,000,000 at a local financial institution. The borrowing, with an interest rate of 3.15%, matures on December 31, 2008. As of September 30, 2008, \$10,000,000 of principal was outstanding.

Total short-term borrowings interest incurred and expensed for the period ended September 30, 2008, was \$334,566.

The following is a summary of the tax anticipation note payable for the period ended September 30, 2008:

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT

#### Notes Payable

In September 2007, the City entered into an agreement through a financial institution to borrow \$430,837 for the purchase of various equipment for City Hall. Quarterly payments of \$38,076, including interest at a rate of 3.66% began in December 2007 and will continue through September 2010. The outstanding balance at September 30, 2008 is \$292,429.

During the fiscal year 2008, the City entered into an agreement through a financial institution to borrow \$6,953,729 for the purchase of vehicles and equipment for the police and fire departments. The total borrowing is broken into three separate notes as follows:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Quarterly Payment</u>
\$ 378,666	3.62 %	December 2010	\$ 33,406
414,073	3.45	June 2012	31,244
6,160,990	4.07	September 2018	354,482

At September 30, 2008, the outstanding balance on these notes is \$6,835,018.

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

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,566,954	\$ 261,877	\$ 1,828,831
2010	1,629,889	198,942	1,828,831
2011	1,425,079	136,787	1,561,866
2012	420,450	95,086	515,536
2013	313,345	80,022	393,367
2014-2018	1,771,730	195,104	1,966,834
	<u>\$ 7,127,447</u>	<u>\$ 967,818</u>	<u>\$ 8,095,265</u>

#### Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the period ended September 30, 2008:

	<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	\$ 430,837	\$ 6,953,729	\$ (257,119)	\$ 7,127,447	\$ 1,566,954
Compensated absences	-	403,415	(116,396)	287,019	287,019
Governmental activity					
Long-term liabilities	<u>\$ 430,837</u>	<u>\$ 7,357,144</u>	<u>\$ (373,515)</u>	<u>\$ 7,414,466</u>	<u>\$ 1,853,973</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2008 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 9,171
Nonmajor governmental funds	General Fund	2,553,311
		\$ 2,562,482

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	\$ 130,392
Nonmajor governmental funds	General Fund	2,000,780
		\$ 2,131,172

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

### NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services 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 \$17.5 million, subject to annual negotiation and appropriation.

The City, as of September 30, 2008, has contracted out the operations of the Fire and E911 services to Fulton County, subject to annual negotiation and appropriation.

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2008, there were 75 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, 2008, the City's contributions to the Plan were \$161,156.

### **NOTE 12. JOINT VENTURE**

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Fulton County has paid on behalf of the City of Johns Creek. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

### **NOTE 13. HOTEL/MOTEL LODGING TAX**

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended September 30, 2008, the City received \$413,030 in hotel/motel taxes. Of this amount, \$389,882, or 71.4%, was used for the promotion of tourism, conventions, or trade shows.

### **NOTE 14. RISK MANAGEMENT**

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

**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, 2008**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 17,305,000	\$ 17,489,860	\$ 18,294,082	\$ 804,222
Sales taxes	16,310,000	16,299,462	17,372,673	1,073,211
Franchise taxes	2,320,000	2,662,575	4,003,465	1,340,890
Business taxes	5,123,000	4,899,519	5,513,390	613,871
Licenses and permits	1,540,000	1,905,978	2,217,222	311,244
Charges for services	53,400	47,850	100,829	52,979
Fines and forfeitures	1,225,000	794,707	753,254	(41,453)
Intergovernmental	-	-	2,850,436	2,850,436
Contributions	-	94,900	104,500	9,600
Interest earned	270,000	519,076	506,700	(12,376)
Miscellaneous	1,000	2,735	49,342	46,607
Total revenues	44,147,400	44,716,662	51,765,893	7,049,231
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City council	242,500	269,100	226,437	42,663
City manager	839,000	821,500	638,693	182,807
City clerk	449,000	314,300	225,219	89,081
General operations	6,050,120	5,989,120	5,926,465	62,655
Finance	1,577,200	1,503,200	1,454,951	48,249
Legal services	569,000	633,000	632,129	871
Facilities and buildings	1,896,500	1,982,505	1,426,738	555,767
Contingency	600,000	366,661	-	366,661
Total general government	12,223,320	11,879,386	10,530,632	1,348,754
<b>Judicial:</b>				
Municipal court	593,000	529,600	373,841	155,759
Total municipal court	593,000	529,600	373,841	155,759
<b>Public safety:</b>				
Police	6,975,000	9,790,209	8,424,133	1,366,076
Fire	8,425,500	13,592,004	12,120,982	1,471,022
Total public safety	15,400,500	23,382,213	20,545,115	2,837,098
<b>Public works</b>	6,639,500	6,942,342	6,875,210	67,132
<b>Culture and recreation</b>	817,865	764,865	708,802	56,063
<b>Community development</b>	5,456,200	5,893,200	5,817,895	75,305
<b>Debt service:</b>				
Interest	400,000	361,000	334,566	26,434
Total debt service	400,000	361,000	334,566	26,434
Total expenditures	41,530,385	49,752,606	45,186,061	4,566,545
Excess (deficiency) of revenues over (under) expenditures	2,617,015	(5,035,944)	6,579,832	11,615,776

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, 2008**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 98,600	\$ 130,392	\$ 31,792
Transfers out	(1,717,015)	(1,869,315)	(2,000,780)	(131,465)
Issuance of long term debt	7,750,000	7,750,000	6,953,729	(796,271)
Total other financing sources (uses)	<u>6,032,985</u>	<u>5,979,285</u>	<u>5,083,341</u>	<u>(895,944)</u>
Net change in fund balance	8,650,000	943,341	11,663,173	10,719,832
<b>Fund balance, beginning of year</b>	<u>6,807,705</u>	<u>6,807,705</u>	<u>6,807,705</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 15,457,705</u>	<u>\$ 7,751,046</u>	<u>\$ 18,470,878</u>	<u>\$ 10,719,832</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 expenditure for particular purposes.

**Confiscated Assets Fund** – To account for the use of confiscated assets by the City's Police Department.

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

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

### **Capital Projects Fund**

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

### **Debt Service Fund**

**Debt Service Fund** – To account for the accumulation of resources and payment of notes payable principal and interest from governmental resources.

**CITY OF JOHNS CREEK, GEORGIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2008**

ASSETS	Special Revenue Funds					Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Grant Fund	Hotel/Motel Tax Fund	Capital Projects Fund	Debt Service Fund	
Cash	\$ 967	\$ 1,580	\$ 85,237	\$ -	\$ -	\$ 87,784
Taxes receivable	-	-	32,111	-	-	32,111
Intergovernmental receivable	-	-	-	331,261	-	331,261
Due from other funds	-	-	-	2,553,311	-	2,553,311
<b>Total assets</b>	<b>\$ 967</b>	<b>\$ 1,580</b>	<b>\$ 117,348</b>	<b>\$ 2,884,572</b>	<b>\$ -</b>	<b>\$ 3,004,467</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 64,743	\$ 91,428	\$ -	\$ 156,171
Due to other funds	-	-	9,171	-	-	9,171
Due to component unit	-	-	43,434	-	-	43,434
Deferred revenue	-	-	-	331,261	-	331,261
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>117,348</b>	<b>422,689</b>	<b>-</b>	<b>540,037</b>
<b>FUND BALANCES</b>						
Unreserved	967	1,580	-	2,461,883	-	2,464,430
<b>Total fund balances</b>	<b>967</b>	<b>1,580</b>	<b>-</b>	<b>2,461,883</b>	<b>-</b>	<b>2,464,430</b>
<b>Total liabilities and fund balances</b>	<b>\$ 967</b>	<b>\$ 1,580</b>	<b>\$ 117,348</b>	<b>\$ 2,884,572</b>	<b>\$ -</b>	<b>\$ 3,004,467</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, 2008**

	<u>Special Revenue Funds</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Confiscated Assets Fund</b>	<b>Grant Fund</b>	<b>Hotel/Motel Tax Fund</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ 413,030	\$ -	\$ -	\$ 413,030
Intergovernmental	-	117,250	-	-	-	117,250
Fines and forfeitures	967	-	-	-	-	967
Interest	-	493	12,431	-	-	12,924
<b>Total revenues</b>	<b>967</b>	<b>117,743</b>	<b>425,461</b>	<b>-</b>	<b>-</b>	<b>544,171</b>
<b>EXPENDITURES</b>						
Current:						
Public works	-	-	-	1,515,284	-	1,515,284
Culture and recreation	-	117,250	389,882	-	-	507,132
Debt service:						
Principal	-	-	-	-	257,119	257,119
Interest	-	-	-	-	26,646	26,646
<b>Total expenditures</b>	<b>-</b>	<b>117,250</b>	<b>389,882</b>	<b>1,515,284</b>	<b>283,765</b>	<b>2,306,181</b>
Excess (deficiency) of revenues over (under) expenditures	967	493	35,579	(1,515,284)	(283,765)	(1,762,010)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	1,717,015	283,765	2,000,780
Transfers out	-	-	(130,392)	-	-	(130,392)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(130,392)</b>	<b>1,717,015</b>	<b>283,765</b>	<b>1,870,388</b>
<b>Net change in fund balances</b>	<b>967</b>	<b>493</b>	<b>(94,813)</b>	<b>201,731</b>	<b>-</b>	<b>108,378</b>
<b>FUND BALANCES, beginning of year</b>	<b>-</b>	<b>1,087</b>	<b>94,813</b>	<b>2,260,152</b>	<b>-</b>	<b>2,356,052</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 967</b>	<b>\$ 1,580</b>	<b>\$ -</b>	<b>\$ 2,461,883</b>	<b>\$ -</b>	<b>\$ 2,464,430</b>

**CITY OF JOHNS CREEK, GEORGIA**

**GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 67,250	\$ 117,250	\$ 117,250	\$ -
Interest	-	-	493	493
Total revenues	<u>67,250</u>	<u>117,250</u>	<u>117,743</u>	<u>493</u>
<b>Expenditures:</b>				
Culture and recreation	<u>67,250</u>	<u>117,250</u>	<u>117,250</u>	<u>-</u>
Total expenditures	<u>67,250</u>	<u>117,250</u>	<u>117,250</u>	<u>-</u>
Excess of revenues over expenditures	-	-	493	493
<b>Fund balances, beginning of year</b>	<u>1,087</u>	<u>1,087</u>	<u>1,087</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 1,087</u>	<u>\$ 1,087</u>	<u>\$ 1,580</u>	<u>\$ 493</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, 2008**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 210,000	\$ 413,032	\$ 413,030	\$ (2)
Interest	-	-	12,431	12,431
Total revenues	<u>210,000</u>	<u>413,032</u>	<u>425,461</u>	<u>12,429</u>
<b>Expenditures:</b>				
Culture and recreation	<u>150,024</u>	<u>389,883</u>	<u>389,882</u>	<u>1</u>
Total expenditures	<u>150,024</u>	<u>389,883</u>	<u>389,882</u>	<u>1</u>
Excess of revenues over expenditures	59,976	23,149	35,579	12,430
<b>Other financing uses:</b>				
Transfers out	<u>(59,976)</u>	<u>(117,962)</u>	<u>(130,392)</u>	<u>(12,430)</u>
Total other financing uses	<u>(59,976)</u>	<u>(117,962)</u>	<u>(130,392)</u>	<u>(12,430)</u>
Net change in fund balances	-	(94,813)	(94,813)	-
<b>Fund balances, beginning of year</b>	<u>94,813</u>	<u>94,813</u>	<u>94,813</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 94,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2008**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures:</b>				
Debt service				
Principal	\$ -	\$ 707,343	\$ 257,119	\$ 450,224
Interest	-	69,957	26,646	43,311
Total expenditures	-	777,300	283,765	493,535
<b>Other financing sources:</b>				
Transfers in	805,000	805,000	283,765	(521,235)
Total other financing sources	805,000	805,000	283,765	(521,235)
Net change in fund balances	805,000	27,700	-	(27,700)
<b>Fund balances, beginning of year</b>	-	-	-	-
<b>Fund balances, end of year</b>	\$ 805,000	\$ 27,700	\$ -	\$ (27,700)

## **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, 2008**

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	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<b>MUNICIPAL COURT FUND</b>				
<b>Assets:</b>				
Cash	<u>\$ 29,907</u>	<u>\$ 599,714</u>	<u>\$ 539,422</u>	<u>\$ 90,199</u>
<b>Liabilities:</b>				
Due to others	<u>\$ 29,907</u>	<u>\$ 599,714</u>	<u>\$ 539,422</u>	<u>\$ 90,199</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 revenue

**CITY OF JOHNS CREEK, GEORGIA**

**BALANCE SHEET  
COMPONENT UNIT - JOHNS CREEK CONVENTION VISITORS BUREAU  
SEPTEMBER 30, 2008**

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**ASSETS**

Cash	\$	177,983
Due from primary government		<u>43,434</u>
Total assets	\$	<u><u>221,417</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$	<u>-</u>
Total liabilities		<u>-</u>

**FUND BALANCE**

Unreserved		<u>221,417</u>
Total liabilities and fund balance	\$	<u><u>221,417</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, 2008**

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<b>REVENUES</b>	
Hotel/Motel taxes	\$ 227,561
	<hr/>
Total revenues	227,561
	<hr/>
<b>EXPENDITURES</b>	
Current:	
Culture and recreation	6,144
	<hr/>
Total expenditures	6,144
	<hr/>
Net change in fund balance	221,417
	<hr/>
<b>FUND BALANCE, beginning of year</b>	-
	<hr/>
<b>FUND BALANCE, end of year</b>	\$ 221,417
	<hr/> <hr/>

## 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**..... 41

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** ..... 43

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

**Debt Capacity** ..... 51

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**..... 53

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** ..... 54

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.

# CITY OF JOHNS CREEK, GEORGIA

## NET ASSETS BY COMPONENT LAST TWO FISCAL YEARS (accrual basis of accounting)

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	<u>2008</u>	<u>2007</u>
Primary government:		
Invested in capital assets, net of related debt	\$ 110,650,922	\$ 112,146,791
Restricted	52,800	52,800
Unrestricted	22,144,572	10,044,078
Total primary government net assets	<u>\$ 132,848,294</u>	<u>\$ 122,243,669</u>

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

# CITY OF JOHNS CREEK, GEORGIA

## CHANGES IN NET ASSETS LAST TWO FISCAL YEARS (accrual basis of accounting)

	2008	2007
<b>Expenses</b>		
General government	\$ 10,431,889	\$ 7,784,141
Judicial	373,841	189,802
Public safety	15,055,910	8,470,837
Public works	10,464,085	8,377,110
Culture and recreation	1,388,914	1,093,499
Community development	5,817,895	5,314,229
Interest on long-term debt	361,212	143,467
<b>Total expenses</b>	\$ 43,893,746	\$ 31,373,085
<b>Program revenues</b>		
Charges for services:		
General government	\$ 1,093,164	\$ 912,693
Judicial	760,372	163,612
Public safety	5,092	-
Public works	910	1,175
Culture and recreation	38,774	19,245
Community development	1,173,960	1,163,329
Operating grants and contributions	87,500	15,000
Capital grants and contributions	1,706,595	289,890
<b>Total program revenues</b>	\$ 4,866,367	\$ 2,564,944
<b>Net (expense) revenue</b>	\$ (39,027,379)	\$ (28,808,141)
<b>General Revenues and Other Changes in Net Assets</b>		
Taxes		
Property taxes	\$ 18,910,045	\$ 16,806,870
Sales taxes	17,372,673	14,824,210
Hotel/Motel taxes	413,030	295,001
Franchise taxes	4,003,465	2,474,242
Business taxes	5,513,389	1,613,495
Unrestricted intergovernmental revenue	2,850,436	-
Unrestricted investment earnings	519,624	375,048
Miscellaneous revenues	49,342	15,020
Special item - donation of infrastructure at incorporation	-	114,647,924
<b>Total</b>	\$ 49,632,004	\$ 151,051,810
<b>Change in Net Assets</b>	\$ 10,604,625	\$ 122,243,669

Note: Fiscal year 2008 is 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.

**CITY OF JOHNS CREEK, GEORGIA**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TWO 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

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

# CITY OF JOHNS CREEK, GEORGIA

## FUND BALANCES OF GOVERNMENTAL FUNDS LAST TWO FISCAL YEARS (modified accrual basis of accounting)

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	<u>2008</u>	<u>2007</u>
General Fund		
Reserved	\$ 107,532	\$ 215,718
Unreserved, designated	7,276,239	-
Unreserved	11,087,107	6,591,987
Total general fund	<u>\$ 18,470,878</u>	<u>\$ 6,807,705</u>
All Other Governmental Funds		
Reserved	\$ -	\$ 94,813
Unreserved, reported in:		
Special revenue funds	2,547	1,087
Capital projects funds	2,461,883	2,260,152
Total all other governmental funds	<u>\$ 2,464,430</u>	<u>\$ 2,356,052</u>

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

# CITY OF JOHNS CREEK, GEORGIA

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

	2008	2007
<b>Revenues</b>		
Property taxes	\$ 18,294,082	\$ 15,873,749
Sales taxes	17,372,673	14,824,210
Hotel/Motel taxes	413,030	295,001
Franchise taxes	4,003,465	2,474,242
Business taxes	5,513,390	1,613,495
Licenses and permits	2,217,222	1,997,800
Charges for services	100,829	98,642
Fines and forfeitures	754,221	163,612
Intergovernmental	2,967,686	237,090
Contributions	104,500	67,800
Interest earned	519,624	375,048
Miscellaneous	49,342	15,020
Total revenues	52,310,064	38,035,709
<b>Expenditures</b>		
Current:		
General government	10,530,632	8,212,727
Judicial	373,841	189,802
Public safety	20,545,115	8,470,837
Public works	8,390,494	6,314,112
Culture and recreation	1,215,934	920,615
Community development	5,817,895	5,314,229
Debt service:		
Principal	257,119	-
Interest	361,212	143,467
Total expenditures	47,492,242	29,565,789
Excess of revenues over expenditures	4,817,822	8,469,920
<b>Other Financing Sources (Uses)</b>		
Issuance of long term debt	6,953,729	430,837
Sale of assets	-	263,000
Transfers in	2,131,172	2,507,695
Transfers out	(2,131,172)	(2,507,695)
Total other financing sources (uses)	6,953,729	693,837
 Net change in fund balances	 \$ 11,771,551	 \$ 9,163,757

Debt service as a percentage of noncapital expenditures 1.5% 0.5%

Note: Fiscal year 2008 is 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.

**CITY OF JOHNS CREEK, GEORGIA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TWO 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

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

# CITY OF JOHNS CREEK, GEORGIA

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TWO CALENDAR YEARS

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Calendar Year	Real Property				Personal Property
	Residential Property	Commercial Property	Industrial Property	Other (1)	Motor Vehicles
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

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	4,165,644,082	4.614	10,414,110,205	40%

**CITY OF JOHNS CREEK, GEORGIA**

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

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<b>Calendar Year</b>	<b>Johns Creek</b>	<b>Fulton County</b>	<b>School District</b>			<b>State</b>	<b>Total Direct &amp; Overlapping Rates</b>
			<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total School District Millage</b>		
2007	4.614	10.281	16.903	1.188	18.091	0.250	33.236
2008	4.614	10.281	16.403	1.099	17.502	0.250	32.647

Source: Fulton County Tax Commissioner

Note: As set forth in the City's charter, the millage rate cannot exceed 4.614 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 PRIOR YEAR**

Taxpayer	2008			2007 (1)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
CIBA Vision Corporation	\$ 54,498,913	1	1.31 %	\$ 62,235,005	1	1.64 %
EHCA Dunwoody LLC	42,353,960	2	1.02	31,252,490	2	0.82
State Farm Mutual Auto Ins. Co.	25,269,612	3	0.61	17,284,726	4	0.46
National Distributing Co. Inc.	19,337,911	4	0.46	16,348,370	5	0.43
Prefco Twenty Limited Partnership	18,741,199	5	0.45	-	-	-
WLA Bristol Park Investors V LLC	16,398,240	6	0.39	-	-	-
Robert Properties	16,237,321	7	0.39	19,711,920	3	0.52
Hendon JDN Creek Village LLC	15,016,599	8	0.36	13,243,990	8	0.35
Aylesbury Farms LLC	13,708,879	9	0.33	14,933,999	6	0.39
Rivergate Farms LLC	12,600,000	10	0.30	-	-	-
Bristol Park Apartments LLC	-			14,755,520	7	0.39
Federated Systems Group, Inc.	-			12,797,698	9	0.34
Atlanta Athletic Club	-			11,403,877	10	0.30
<b>Totals</b>	<b>\$ 234,162,634</b>		<b>5.62 %</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 TWO FISCAL YEARS**

<b>Fiscal Period Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2007	\$ 15,690,864	\$ 383,563	2.4 %	\$ 15,017,477	\$ 15,401,040	98.2 %
2008	16,440,465	466,654	2.8	N/A	466,654	2.8

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.

**CITY OF JOHNS CREEK, GEORGIA**

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

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<b>Fiscal Period Ended September 30,</b>	<b>Governmental Activities Capital Leases</b>	<b>Percentage of Personal Income (1)</b>	<b>Per Capita (1)</b>
2007	\$ 430,837	0.01 %	\$ 6.15
2008	7,127,447	0.15	101.75

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, 2008

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
Fulton County	\$ 4,581,096	7.68 %	\$ 351,828
Fulton County School District	178,755,000	7.68	13,728,384
Total overlapping debt	\$ 183,336,096		\$ 14,080,212

Source: Assessed value date used to estimate applicable percentages and debt outstanding obtained from Fulton County's December 31, 2007 Comprehensive Annual Financial Report.

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 TWO FISCAL YEARS

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<b>Fiscal Period</b>	<b>Population (1)</b>	<b>Personal Income (amounts expressed in thousands) (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (2)</b>
2007	70,050	\$ 4,622,880	\$ 65,994	35	15,705	4.4 %
2008	70,050	4,622,880	65,994	35	17,331	6.4

(1) Source: City of Johns Creek Comprehensive Plan, 2008

(2) Source: Georgia Department of Labor U. S. Bureau of Labor Statistics (Fulton County unemployment rate)

(3) Source: Fulton County Board of Education

# CITY OF JOHNS CREEK, GEORGIA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND ONE YEAR AGO

Employer	2008			2007		
	Employees (1)	Rank	Percentage of Total City Employment (1)	Employees (1)	Rank	Percentage of Total City Employment (1)
State Farm Insurance Company	1,700	1	10.85 %	1,500	1	9.57 %
CIBA Vision Corporation	1,577	2	10.07	1,147	2	7.32
Federated Systems Group	870	3	5.55	808	3	5.16
Emory Johns Creek Hospital	487	4	3.11	500	4	3.19
Kroger Company	459	5	2.93	390	5	2.49
Publix	300	6	1.90	290	7	1.85
Nordson Corporation	290	7	1.85	278	8	1.77
Lifetime Fitness	250	8	1.60	-		
World Financial Group Insurance	231	9	1.47	237	10	1.51
Whole Foods	211	10	1.35	316	6	2.02
IP Unity-Glenayre, Ince	-		-	237	9	1.51
Totals	<u>6,375</u>		<u>40.68 %</u>	<u>5,703</u>		<u>36.39 %</u>

(1) Source: City of Johns Creek Business Licenses

# CITY OF JOHNS CREEK, GEORGIA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST TWO FISCAL YEARS

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<b>Function</b>	<b>2008</b>	<b>2007</b>
General government	7	7
Public safety		
Police		
Officers	58	1
Civilians	8	-
Fire		
Firefighters	6	-
Total	79	8

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. The City is gradually taking over the services provided to its citizens by Fulton County, which results in changes to the number of employees.

**CITY OF JOHNS CREEK, GEORGIA**  
**OPERATING INDICATORS BY FUNCTION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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<b>Function</b>	<u><b>2008</b></u>
<b>Police</b>	
Homicide	-
Robbery	5
Assault	83
Burglary	83
Larceny	329
Motor vehicle theft	91
<b>Public Works</b>	
Highways & Streets	
Streets resurfaced (miles)	3
Guardrails installed/replaced	12
Sidewalk installed/replaced (sq. ft.)	14,240
Repaired potholes	113

Sources: Various City departments.

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

Information prior to 2008 is not available.

# CITY OF JOHNS CREEK, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION FOR THE YEAR ENDED SEPTEMBER 30, 2008

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<b>Function/Program</b>	<b>2008</b>
Police	
Stations	1
Patrol units	32
Other vehicles	19
Fire (1)	
Ladder trucks	2
Fire engines	3
Rescue vehicles	2
Mobile air unit	1
Rescue boat	1
Other vehicles	7
Public Works	
Streets (miles)	269
Private roads	70

Source: Various City departments.

(1) Fire Department began operations in October 2008.

Information prior to 2008 is not available.

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