CITY OF BERKELEY LAKE, GEORGIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

Together With

AUDITORS' REPORT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2008
CITY OF BERKELEY LAKE, GEORGIA

MAYOR

Lois Salter

MAYOR PRO-TEM

Walter Anderson

CITY COUNCIL

Walter Anderson
Debbie Guthrie
Tom Kitchens
Frank Lombardi
Rebecca Spitler

CITY ADMINISTRATOR

Tom Rozier

DEPUTY CITY ADMINISTRATOR

Leigh Threadgill

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	**1**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**2-7**
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	**8**
Statement of Activities	**9**
Fund Financial Statements:	
Balance Sheet - Governmental Funds	**10**
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	**11**
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	**12**
Notes to the Basic Financial Statements	**13-26**
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund	**27**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Capital Projects Fund	**28**
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Governmental Funds	
General Fund:	
Comparative Balance Sheet	**29**
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	**30**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	**31**
Capital Projects Fund:	
Comparative Balance Sheet	**32**
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	**33**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	**34**

TABLE OF CONTENTS - CONTINUED

Debt Service Fund:
- **Comparative Balance Sheet** 35
- **Comparative Statement of Revenues, Expenditures and Changes in Fund Balance** 36
- **Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual** 37

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS:

- **Schedule By Function and Activity** 38
- **Schedule of Changes By Function and Activity** 39
- **Comparative Schedule By Source** 40

OTHER REPORTING SECTION:

- **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*** 41

- **Schedule of Projects Financed with Special Purpose Local Option Sales Tax** 42

Independent Auditors' Report

Honorable Mayor and City Council

CITY OF BERKELEY LAKE, GEORGIA

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Berkeley Lake, Georgia, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 and each major fund for the City of Berkeley Lake, Georgia, as of December 31, 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 December 16, 2009 on our consideration of the City's internal control over financial reporting and 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.

Management's Discussion and Analysis and Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This information is the responsibility of the City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and accordingly, 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 Berkeley Lake, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, and the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the special purpose local option sales tax report 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.

Simmons & Jamieson, P.C.

December 16 , 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Berkeley Lake provides this *Management's Discussion and Analysis* for readers of the City's financial statements for the year ended December 31, 2008. This narrative overview of the City's financial activities should be read in conjunction with the basic financial statements and disclosures to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- **The assets of the City of Berkeley Lake exceeded its liabilities at the close of the year by $5,539,017 (reported as "*net assets*"). Of this amount, $1,428,565 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.**

- **The City's governmental funds report combined ending fund balances of $2,213,537. Approximately 60.9 percent of this amount, $1,347,729 is available for spending at the City's discretion (*unreserved fund balance*).**

- **The City had long-term debt (general obligation bond debt) of $1,910,000 at year end.**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements. The *government-wide financial statements* include the *statement of net assets* and the *statement of activities*. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

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*. The City's *net assets*, which is the difference between assets, what the citizens own, and liabilities, what the citizens owe, is one way to measure the City's *financial position*. 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. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, etc.) must be considered to assess the *overall health* of the City.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. 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.

Both the government-wide financial statements contain the City's only activities:

- **Governmental activities; most of the City's basic services are reported here, including police, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeits and intergovernmental revenues (governmental activities) finance most of these activities.**

The government-wide financial statements can be found on pages 8-9 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. Some funds are required to be established by state law. The City of Berkeley Lake uses one category fund: governmental fund.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

Governmental funds. Most of the City's basic *governmental activities* reported in the government-wide statements are accounted for in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between *governmental activities* (reported in the *statement of net assets* and the *statement of activities*) and *governmental funds* is described in a reconciliation beside the fund financial statements. The City uses three governmental funds whose basic financial statements can be found on pages 10 and 11 of this report.

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 13-26 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining financial statements for non-major funds referred to earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the city.

This report includes two schedules (pages 10 and 12) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- **Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.**
- **Unless due and payable, long-term liabilities appear only in the government-wide statements.**
- **Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.**
- **Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.**

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 of Berkeley Lake, assets exceeded liabilities by $5,539,017 as of December 31, 2008.

City of Berkeley Lake
Net Assets as of December 31, 2008 and 2007

	Governmental Activities	
	2008	2007
Current and Other Assets	$ 2,300,461	$ 2,069,482
Net Capital Assets	5,235,480	4,986,732
Total Assets	7,535,941	7,056,214
Long-term Liabilities	1,910,000	2,015,000
Other Liabilities	86,924	62,613
Total liabilities	1,996,924	2,077,613
Invested in Capital Assets, net of related debt	3,325,480	2,992,396
Restricted Net Assets	784,972	511,788
Unrestricted Net Assets	1,428,565	1,474,417
Total Net Assets	$ 5,539,017	$ 4,978,601

The largest portion of the City's net assets, (60.1 percent), reflects its investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available to future spending.

***Restricted net assets* totaling $784,972 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance of unrestricted net assets ($1,428,565) may be used to meet the City's ongoing obligations to citizens and creditors.**

City of Berkeley Lake
Changes in Net Assets for the Years Ended December 31, 2008 and 2007

	Governmental Activities	
	2008	2007
Revenues:		
Program:		
Charges for services	$ 19,840	$ 66,204
Operating grants and contributions	-0-	209,650
Capital grants and contributions	482,891	318,288
General Revenues:		
Property taxes	393,648	395,954
Other taxes	214,184	223,452
Investment earnings	35,898	55,305
Other	14,895	267
Total revenues	1,161,356	1,269,120
Expenses:		
General government	284,072	247,734
Public safety	98,738	103,954
Housing and development	9,967	36,517
Judicial	1,089	4,980
Public works	84,974	547,095
Culture and recreation	15,660	6,476
Health and welfare	-0-	-0-
Interest	106,440	111,340
Total expenses	600,940	1,058,096
Increase in net assets	560,416	211,024
Beginning net assets	4,978,601	4,767,577
Ending net assets	$ 5,539,017	$ 4,978,601

***Governmental Activities*. Governmental fund activities increased the City's governmental fund balance by $210,439 in year 2008. Key elements of this increase are as follows:**

- **Total revenues were $1,161,356, a decrease of $ 107,764 (8.5 %) over the prior year. Decreases in several revenue areas, including SPLOST revenues, accounted for this change.**

- **Expenditures totaled $950,917. This represents an decrease of $204,035 (17.7%) over the previous year. An decrease in SPLOST expenditures accounted for this change.**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The City uses governmental funds 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 a government's net resources available for spending at the end of the year. The City of Berkeley Lake uses 3 governmental funds: the general fund, capital projects fund and the debt service fund.

At the end of the current year, the City's general fund reported an ending fund balance of $1,357,012, a decrease of $4,291 or .3 percent in comparison with the prior year. Approximately 99.3 percent of this amount ($1,347,729) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for other restricted purposes.

As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 286.3 percent of total general fund expenditures for the current year.

Key factors in the decrease of the general fund's fund balance of $1,357,012 during the current year are as follows:

- **Generally all revenue areas (taxes, fees for services, investment earnings) were all slightly down from 2007.**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to the Georgia statutes and the City of Berkeley Lake Code. The most significant budgeted fund is the General Fund.

The City's original budget for 2008 was amended during the year. The budget was balanced with no allocation from prior year reserves (fund balance).

2008 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue/other financing sources	$ 549,098	$(29,138)	$ 519,960	$ 466,490
Expenditures/other financing sources	554,098	(34,138)	519,960	470,781

Actual expenditures were less than anticipated budget and actual revenues were also slightly less than anticipated budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Berkeley Lake's investment in capital assets for its governmental activities as of December 31, 2008, amounted to $3,325,480 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements and machinery and equipment.

During the year ended December 31, 2008, the City's purchases for capital assets totaled $255,587.

More information on capital assets may be found in the notes to the basic financial statements.

Debt Administration. At the end of the current year, the City had the following outstanding debt:

Long-term debt:

General obligation bond debt	**$1,910,000**

More information on long-term debt may be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected officials considered many factors when adopting the budget for the year ending December 31, 2009. Budget calculations were based on, but not limited to, the following:

- **SPLOST revenues, although overall for the 2005 program are greater than originally anticipated, have slowed. 2005 SPLOST expenditures for FY 2009 are primarily reserved for recreational and administrative facilities. In order to complete administrative and recreational projects currently in progress, the City is loaning itself reserve funds in anticipation of revenue to be generated in the coming 5 years from the 2009 SPLOST program.**

- **New residential and commercial development will continue to produce income from permit fees, although the pace of development continues to be slower than previous years.**

- **The City expects to expend operational funds for upkeep and maintenance of new recreational and administrative facilities, expected to be in place by mid-year.**

- **The City expects to expend operational funds to continue to develop its own stormwater management program.**

The City has proposed to keep its 2009 millage rate at the rollback value of 3.687.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Berkeley Lake finances for all of its citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator/Clerk, 4040 South Berkeley Lake Road, Berkeley Lake, GA 30096.

BASIC FINANCIAL STATEMENTS

CITY OF BERKELEY LAKE, GEORGIA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	**$ 282,578**	**$ -0-**	**$ 282,578**
Equity in pooled cash	**584,769**	**-0-**	**584,769**
Certificates of deposit	**400,065**	**-0-**	**400,065**
Receivables:			
Property taxes	**47,265**	**-0-**	**47,265**
Other taxes	**71,219**	**-0-**	**71,219**
Intergovernmental	**80,147**	**-0-**	**80,147**
Interest receivable	**4,777**	**-0-**	**4,777**
Other	**7,959**	**-0-**	**7,959**
Bond issuance cost, net	**27,427**	**-0-**	**27,427**
Prepaid items	**9,283**	**-0-**	**9,283**
Restricted Assets:			
Cash	**784,972**	**-0-**	**784,972**
Capital Assets:			
Nondepreciable capital assets	**4,961,413**	**-0-**	**4,961,413**
Depreciable capital assets, net	**274,067**	**-0-**	**274,067**
Total Assets	**7,535,941**	**-0-**	**7,535,941**
LIABILITIES			
Current Liabilities:			
Accounts payable	**37,101**	**-0-**	**37,101**
Accrued liabilities	**9,007**	**-0-**	**9,007**
Unearned revenue	**40,816**	**-0-**	**40,816**
Liabilities payable from:			
Restricted assets	**-0-**	**-0-**	**-0-**
Long-Term Liabilities:			
General obligation bonds payable, (net of current portion)	**1,910,000**	**-0-**	**1,910,000**
Total Liabilities	**1,996,924**	**-0-**	**1,996,924**
NET ASSETS			
Invested in capital assets, net of related debt	**3,325,480**	**-0-**	**3,325,480**
Restricted for:			
Debt service	**345**	**-0-**	**345**
Capital projects	**784,627**	**-0-**	**784,627**
Unrestricted	**1,428,565**	**-0-**	**1,428,565**
Total Net Assets	**$ 5,539,017**	**$ -0-**	**$ 5,539,017**

See Accompanying Notes to the Basic Financial Statements

CITY OF BERKELEY LAKE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 284,072	$ 4,378	$ -0-	$ 289,735	$ 10,041	$ -0-	$ 10,041
Public safety	98,738	-0-	-0-	-0-	(98,738)	-0-	(98,738)
Housing and development	9,967	14,612	-0-	-0-	4,645	-0-	4,645
Judicial	1,089	850	-0-	-0-	(239)	-0-	(239)
Public works	84,974	-0-	-0-	-0-	(84,974)	-0-	(84,974)
Culture and recreation	15,660	-0-	-0-	193,156	177,496	-0-	177,496
Health and welfare	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest on long-term debt	106,440	-0-	-0-	-0-	(106,440)	-0-	(106,440)
Total governmental activities:	600,940	19,840	-0-	482,891	(98,209)	-0-	(98,209)
General revenues:							
Property taxes					393,648	-0-	393,648
Insurance premium tax					94,866	-0-	94,866
Franchise taxes					86,166	-0-	86,166
Other taxes					33,152	-0-	33,152
Unrestricted investment earnings					35,898	-0-	35,898
Miscellaneous revenue/other					14,895	-0-	14,895
Total general revenues					658,625	-0-	658,625
Change in net assets					560,416	-0-	560,416
Net assets - beginning					4,978,601	-0-	4,978,601
Net assets - ending					$ 5,539,017	$ -0-	$ 5,539,017

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF BERKELEY LAKE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 282,578	$ -0-	$ -0-	$ 282,578
Equity in pooled cash	584,769	-0-	-0-	584,769
Certificates of deposit	400,065	-0-	-0-	400,065
Restricted assets	-0-	784,627	345	784,972
Receivables, net	131,220	-0-	-0-	131,220
Prepaid items	9,283	-0-	-0-	9,283
Due from other governments	-0-	80,147	-0-	80,147
Bond issuance cost, net	27,427	-0-	-0-	27,427
Total assets	$1,435,342	$ 864,774	$ 345	$2,300,461
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	28,507	8,594	-0-	37,101
Accrued liabilities	9,007	-0-	-0-	9,007
Unearned revenue	40,816	-0-	-0-	40,816
Total liabilities	78,330	8,594	-0-	86,924
Fund balances:				
Reserved for:				
Prepaid items	9,283	-0-	-0-	9,283
Debt service	-0-	-0-	345	345
Capital projects expenditures	-0-	856,180	-0-	856,180
Unreserved, reported in:				
General fund	1,347,729	-0-	-0-	1,347,729
Total fund balances	1,357,012	856,180	345	2,213,537
Total liabilities and fund balances	$1,435,342	$ 856,180	$ 345	

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.	$ 5,235,480
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bond payable	(1,910,000)
Net assets of governmental activities	$ 5,539,017

See accompanying notes to financial statements.

CITY OF BERKELEY LAKE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Taxes	$ 395,857	$ -0-	$ 211,975	$ 607,832
Licenses and permits	18,990	-0-	-0-	18,990
Intergovernmental	-0-	470,781	-0-	470,781
Fines and forfeits	850	-0-	-0-	850
Investment earnings	35,898	12,110	-0-	48,008
Other	14,895	-0-	-0-	14,895
Total revenues	466,490	482,891	211,975	1,161,356
Expenditures:				
Current:				
General government	267,536	86,062	-0-	353,598
Public safety	98,738	-0-	-0-	98,738
Housing and development	9,967	-0-	-0-	9,967
Judicial	1,089	-0-	-0-	1,089
Public works	78,374	6,600	-0-	84,974
Culture and recreation	15,077	175,504	-0-	190,581
Health and welfare	-0-	-0-	-0-	-0-
Debt service	-0-	-0-	211,970	211,970
Total expenditures	470,781	268,166	211,970	950,917
Excess (deficiency) of revenues over expenditures	(4,291)	214,725	5	210,439
Other financing sources (uses):				
Transfers in	-0-	-0-	-0-	-0-
Transfers out	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Net change in fund balance	(4,291)	214,725	5	210,439
Fund balances at beginning of year - restated	1,361,303	641,455	340	2,003,098
Fund balances at end of year	$1,357,012	$ 856,180	$ 345	$2,213,537

See accompanying notes to financial statements.

CITY OF BERKELEY LAKE, 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 DECEMBER 31, 2008

Net Changes in Fund Balances - Total Governmental Fund:	**$ 210,439**
Amounts reported for governmental activities in the statement of activities are different because:	
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 as depreciation expense.	
Depreciation expense	**(6,839)**
Capital outlay	**251,816**
Repayment of general obligation bond debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	**105,000**
Change in Net Assets of Governmental Activities	**$ 560,416**

See accompanying notes to financial statements.

Note 1. Description of Governmental Unit:

The City of Berkeley Lake was incorporated in 1956 under provisions of the laws of the State of Georgia. The City operates under a Mayor - Council form of government and provides the following services in addition to general administrative responsibilities: public safety, streets maintenance and cultural and recreational activities.

Note 2. Summary of Significant Accounting Policies:

A. Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Stands Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level, provided they do not conflict with or contradict GASB pronouncements.

B. Reporting Entity

The City's financial statements include the accounts of all City operations and included in this report are all activities of the City of Berkeley Lake. The accounting policies and the presentation of the financial report of the City of Berkeley Lake, Georgia (the "City") have been designed to conform to generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Board (GASB). In conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the City includes all funds that are controlled by or dependent on the City Council of the City. Since no other entities are controlled by or rely on the City, the reporting entity consists solely of the City.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 2 - Summary of Significant Accounting Policies (Continued):

Government-wide Financial Statements **- The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The City of Berkeley Lake had no business-type activities as of December 31, 2008.**

The statement of net assets presents the financial position of the governmental activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements **- During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are provided for governmental funds.**

Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting **- The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses only one category of funds: governmental.**

Note 2 - Summary of Significant Accounting Policies (Continued):

Governmental Funds **- Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:**

General Fund **- The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.**

Capital Projects Fund **- This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.**

Debt Service Fund **- This fund is used to account for the accumulation of resources for, and the payment of, the City's Obligation Bond Series 1996 general long-term debt principal, interest and related costs.**

D. Measurement Focus and Financial Statement Presentation

Government-wide Financial Statements **- The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports revenues and expenses, including depreciation.**

Fund Financial Statements **- All governmental funds are accounted for using a flow of current financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.**

Like the government-wide statements, proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. The City had no proprietary funds as of and for the year ended December 31, 2008.

Note 2 - Summary of Significant Accounting Policies (Continued):

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, other taxes, interest and federal and state grants.

Unearned Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measured but not available) rather than as revenue.

***Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.**

Note 2 - Summary of Significant Accounting Policies (Continued):

F. Assets, Liabilities, and Net Assets or Equity

1. *Cash, Cash Equivalents, and Investments*

Cash and cash equivalents include amounts in demand deposits and all highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value.

Statutes authorize the City to invest in U.S. Government obligations, State of Georgia obligations, obligations of other municipalities, and certificates of deposit.

2. *Receivables*

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

3. *Interfund Balances*

The City's interfund transactions are generally infrequent and the amounts are not material to the financial statements. There were no interfund balances as of the year ended December 31, 2008.

4. *Inventories and Prepaid Items*

On both the government-wide and fund financial statements, supplies are recorded as expenditures at the time items are purchased; they are not recorded on the statement of net assets due to a lack of materiality.

Certain payments to service providers reflect costs applicable to future periods and are recorded as prepaid items when purchased. These amounts are subsequently adjusted at audit date. They are labeled as prepaid items in both government-wide and fund financial statements.

5. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure generally consists of streets and roads. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. The capitalization threshold is generally any item exceeding $100.

Note 2 - Summary of Significant Accounting Policies (Continued):

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25 years
Machinery and equipment	5-10 years
Furniture and fixtures	7 years

6. ***Compensated Absences/Vacation Pay***

Employees of the City are entitled to paid vacation, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The City's policy is to recognize the costs of compensated absences when actually paid to City's employees.

7. ***Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

8. ***Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net assets".

Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations demonstrate management's intent to set aside these resources for specific services.

Note 2 - Summary of Significant Accounting Policies (Continued):

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

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

9. ***Estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

10. ***Comparative Data***

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Note 3 - Stewardship, Compliance and Accountability

A. Budgetary Information

The City adopts an annual operating budget for the general fund, the capital projects fund and the debt service fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds' budgets are adopted on a basis consistent with GAAP.

All unexpended, unencumbered annual appropriations lapse at year-end.

Note 3 - Stewardship, Compliance and Accountability (Continued):

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- **The departments may transfer funds from one object or purpose to another within the department, subject to approval by Mayor/Council.**
- **The City Council may amend the budget by motion during the year.**

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

Note 4 - Deposit and Investment Risk:

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Note 4 - Deposit and Investment Risk (Continued):

Foreign Currency Risk

The City has no investments dominated in a foreign currency.

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8 , which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. Georgia Fund 1 is managed by the Georgia Office of Treasury and Fiscal Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

Georgia Fund 1 is rated AAAm by Standard & Poor's. The weighted average maturity at December 31, 2008 was 46 days. At December 31, 2008, the City's balance in Georgia Fund 1 was $584,769.

Note 5. Receivables

Receivables at December 31, 2008, consisted of taxes, interest and intergovernmental receivables. Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Note 6. Property Taxes

The City's property taxes are billed and collected by Gwinnett County. The City levies annual real and personal property taxes based on the lien date of January 1. After adoption of the millage rate, the levy date is September 15, with taxes due on that date through November 15. After this 60 day period, the taxes become delinquent and subject to penalty and interest. At year end, the receivables represent delinquent taxes. At the fund reporting level, if delinquent taxes are not paid within 60 days of year end, they are recorded as deferred revenue since they are not available to finance current expenditures.

Note 7. Capital Assets:

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 12/31/07	Additions	Deductions	Balance 12/31/08
Governmental activities:				
Capital assets not being depreciated:				
Land	**$ 4,961,413**	**$ -0-**	**$ -0-**	**$4,961,413**
Other capital assets:				
Buildings and improvements	**21,780**	**247,814**	**-0-**	**269,594**
Machinery and equipment	**40,709**	**2,935**	**1,785**	**41,858**
Furniture and fixtures	**8,746**	**2,095**	**-0-**	**10,842**
Computers and peripherals	**8,692**	**2,743**	**-0-**	**11,435**
Total other capital assets	**79,927**	**255,587**	**1,785**	**333,729**
Accumulated depreciation:				
Buildings and improvements	**4,197**	**3,886**	**-0-**	**8,083**
Machinery and equipment	**36,645**	**1,598**	**1,785**	**36,458**
Furniture and fixtures	**8,395**	**195**	**-0-**	**8,590**
Computers and peripherals	**5,371**	**1,160**	**-0-**	**6,531**
Total accumulated depreciation	**54,608**	**6,839**	**1,785**	**59,662**
Governmental activities capital assets, net	**$ 4,986,732**	**$248,748**	**$ 1,785**	**$5,235,480**
Governmental activities depreciation expense:				
General government		**$ 6,839**		

Note 8. Changes in Beginning Balances:

The beginning fund balances of the general fund and capital projects fund have been adjusted to account for clerical errors of immaterial amounts. The net effect of this adjustment increased beginning fund balance in the capital projects fund by $1,554 and decreased beginning fund balance in the general fund by $325.

Note 9 - Changes in Long-Term Debt:

Changes in Governmental Long-Term Debt

During the year ended October 31, 1997, the City purchased a tract of land based on a special referendum in the previous fiscal year. The acquisition of this property was transacted by the issuance of a general obligation bond in the amount of $2,860,000. The repayment of this debt is due in annual installments ranging from $60,000 to $220,000 through 2021 at 4.8% - 5.35% per annum. The annual requirements to amortize general obligation bond debt outstanding as of December 31, 2008 are as follows:

Year ending December 31	Principal	Interest	Total Debt Service
2009	-0-	103,815	103,815
2010	110,000	98,385	208,385
2011	120,000	92,490	212,490
2012	125,000	90,679	215,679
2013	135,000	83,526	218,526
2014-2018	800,000	293,105	1,093,105
2019-2021	620,000	53,958	673,958
	$1,910,000	$ 815,958	$2,725,958

Changes in long-term obligations are as follows:

	Balance 12-31-07	Additions	Payments/ Retirements	Balance 12/31/08
General obligation bond payable	$2,015,000	$ -0-	$ 105,000	$1,910,000

Note 10 - Other Notes

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime motor vehicle and property damage risks.

Note 10 - Other Notes (Continued):

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities -- GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Berkeley Lake must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- **To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.**
- **To select a person to serve as a Member representative.**
- **To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purpose of GIRMA.**
- **To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.**
- **To assist and cooperate in the defense and settlement of claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.**
- **To furnish GIRMA such budget, operating and underwriting information as may be requested.**
- **To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.**

The City of Berkeley Lake retains the first $1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risks of loss up to $1,000 deductible.

Note 10 - Other Notes (Continued):

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Berkeley Lake is a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer (City of Berkeley Lake) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The City pays an annual contribution to GMA for the workers' compensation.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding or compensation therefor, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Note 11 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Litigation - There are no matters of pending or threatened litigation against the City as of December 31, 2008.

Note 12 - Joint Venture:

Under Georgia law, the City, in conjunction with other municipalities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). The ARC is comprised of 64 municipalities and 10 counties in the Greater Atlanta Metropolitan area. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Separate financial statements for the ARC are available from:

Atlanta Regional Commission
40 Courtland Street, N.E.
Atlanta, Georgia 30303

Note 13 - Subsequent Event:

The City's General Obligation Bond Debt (Series 1996) was defeased in August, 2009. This was consummated via the issuance of the City of Berkeley Lake General Obligation Refunding Bond, Series 2009 in the amount of $1,940,000.

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 417,800	$ 448,127	$ 395,857	$(52,270)
Licenses and permits	74,798	18,990	18,990	-0-
Fines and forfeits	-0-	850	850	-0-
Investment earnings	55,000	44,162	35,898	(8,264)
Other	1,500	7,831	14,895	7,064
Total revenues	549,098	519,960	466,490	(53,470)
Expenditures:				
Current:				
General government	316,678	316,659	267,536	49,123
Public safety	107,220	98,794	98,738	56
Housing and development	43,700	9,967	9,967	-0-
Judicial	3,500	1,089	1,089	-0-
Culture and recreation	9,000	15,077	15,077	-0-
Public works	74,000	78,374	78,374	-0-
Health and welfare	-0-	-0-	-0-	-0-
Total expenditures	554,098	519,960	470,781	49,123
Excess of revenues over expenditures	(5,000)	-0-	(4,291)	(4,291)
Other financing sources (uses):				
Transfers out	(-0-)	(-0-)	-0-	-0-
Total other financing sources (uses)	(-0-)	(-0-)	-0-	-0-
Net change in fund balance	$(5,000)	$ -0-	$(4,291)	$(4,291)
Fund balances - beginning, restated			1,361,303	
Fund balances - ending			$1,357,012	

CITY OF BERKELEY LAKE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 552,000	$ 519,088	$ 470,781	$(48,307)
Investment earnings	5,000	12,160	12,110	(50)
	557,000	531,248	482,891	(48,357)
Expenditures:	$ 557,000	$ 531,248	$ 268,166	$(263,082)
Excess of revenues over expenditures	-0-	-0-	214,725	214,725
Other financing sources (uses):				
Transfers out	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	214,725	$ 214,725
Fund balance, January 1, restated			641,455	
Fund balance, December 31			$ 856,180	

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the main operating fund of the City. It is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash	$ 282,578	$ 296,575
Equity in pooled cash	584,769	371,041
Certificates of deposit	400,065	604,439
Property taxes receivable	47,265	36,708
Other taxes receivable	71,219	73,121
Other receivables	7,959	-0-
Interest receivable	4,777	12,976
Prepaid expense	9,283	4,845
Bond issuance cost, net	27,427	29,536
Total assets	$ 1,435,342	$ 1,429,241
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 28,507	$ 30,083
Accrued liabilities	9,007	21385
Unearned revenue	40,816	11,146
Total liabilities	78,330	62,614
Fund balance:		
Reserved for prepaid items	9,283	4,845
Unreserved	1,347,729	1,361,783
Total fund balance	1,357,012	1,366,628
Total liabilities and fund balance	$ 1,435,342	$ 1,429,241

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenues:		
Taxes	$ 395,857	$ 408,050
Licenses and permits	18,990	65,003
Fines and forfeits	850	1,200
Investment earnings	35,898	55,305
Other	14,895	268
Total revenues	466,490	529,826
Expenditures:		
Current:		
General government	267,536	238,289
Public safety	98,738	103,954
Housing and development	9,967	36,517
Judicial	1,089	4,980
Public works	78,374	54,609
Culture and recreation	15,077	6,476
Health and welfare	-0-	-0-
Total expenditures	470,781	444,825
Excess (deficiency) of revenues over expenditures	(4,291)	85,001
Other financing sources (uses):		
Transfers in	-0-	-0-
Transfers out	-0-	-0-
Total other financing sources (uses)	-0-	-0-
Net change in fund balance	(4,291)	185,001
Fund balance at beginning of year, restated	1,361,303	1,281,627
Fund balance at end of year	$ 1,357,012	$ 1,361,628

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 417,800	$ 448,127	$ 395,857	$(52,270)
Licenses and permits	74,798	18,990	18,990	-0-
Fines and forfeits	-0-	850	850	-0-
Investment earnings	55,000	44,162	35,898	(8,264)
Other	1,500	7,831	14,895	7,064
Total revenues	549,098	519,960	466,490	(53,470)
Expenditures:				
Current:				
General government	316,678	316,659	267,536	49,123
Public safety	107,220	98,794	98,738	56
Housing and development	43,700	9,967	9,967	-0-
Judicial	3,500	1,089	1,089	-0-
Public works	74,000	78,374	78,374	-0-
Culture and recreation	9,000	15,077	15,077	-0-
Health and welfare	-0-	-0-	-0-	-0-
Total expenditures	554,098	519,960	470,781	49,179
Excess of revenues over expenditures	(5,000)	-0-	(4,291)	(4,291)
Other financing sources (uses):				
Transfers in (out)	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Net change in fund balance	$(5,000)	$ -0-	(4,291)	$(4,291)
Fund balances - beginning, restated			1,361,303	
Fund balances - ending			$ 1,357,012	

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of specifically planned projects.

2005 Special Purpose Local Option Sales Tax Capital Projects Fund

This fund is used to account for long-term projects finances by the passage of a special purpose local option sales tax.

CITY OF BERKELEY LAKE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash	$ -0-	$ -0-
Investments	-0-	-0-
Taxes receivable	-0-	-0-
Accounts receivable	-0-	-0-
Interest receivable	-0-	-0-
Intergovernmental receivable	80,147	128,453
Prepaid insurance	-0-	-0-
Restricted assets:		
Cash	784,627	511,448
Total assets	$ 864,774	$ 639,901
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 8,594	$ -0-
Deferred revenue	-0-	-0-
Intergovernmental payable	-0-	-0-
Accrued liabilities	-0-	-0-
Customer deposits	-0-	-0-
Total liabilities	8,594	-0-
Fund balance:		
Reserved	856,180	639,901
Total fund balance	856,180	639,901
Total liabilities and fund balance	$ 864,774	$ 639,901

CITY OF BERKELEY LAKE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenues:		
Intergovernmental	$ 470,781	$ 517,508
Investment earnings	12,110	10,430
	482,891	527,938
Expenditures:	268,166	498,787
Excess of revenues over expenditures	214,725	29,151
Other financing sources (uses):		
Operating transfers (net)	-0-	-0-
Total other financing sources (uses)	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	214,725	29,451
Fund balance, January 1, restated	641,455	610,750
Fund balance, December 31	$ 856,180	$ 639,901

CITY OF BERKELEY LAKE, GEORGIA
2005 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 552,000	$ 519,088	$ 470,781	$(48,307)
Investment earnings	5,000	12,160	12,110	(50)
	557,000	531,248	482,891	(48,357)
Expenditures:	$ 557,000	$ 531,248	$ 268,166	$(263,082)
Excess of revenues over expenditures	-0-	-0-	214,725	214,725
Other financing sources (uses):				
Transfers out	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	214,725	$ -0-
Fund balance, January 1, restated			641,455	
Fund balance, December 31			$ 856,180	

DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt (other than Enterprise Funds).

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2008 AND 2007

	2008	2007
ASSETS		
Cash	$ -0-	$ -0-
Investments	-0-	-0-
Taxes receivable	-0-	-0-
Accounts receivable	-0-	-0-
Interest receivable	-0-	-0-
Intergovernmental receivable	-0-	-0-
Prepaid insurance	-0-	-0-
Restricted assets:		
Cash	345	340
Total assets	$ 345	$ 340
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -0-	$ -0-
Deferred revenue	-0-	-0-
Intergovernmental payable	-0-	-0-
Accrued liabilities	-0-	-0-
Customer deposits	-0-	-0-
Total liabilities	-0-	-0-
Fund balance:		
Reserved	345	340
Total fund balance	345	340
Total liabilities and fund balance	$ 345	$ 340

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenues:		
Intergovernmental	$ 211,975	$ 211,356
Expenditures:	211,970	211,340
Excess of revenues over expenditures	5	16
Other financing sources (uses):		
Operating transfers (net)	-0-	-0-
Total other financing sources (uses)	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	5	16
Fund balance, January 1	340	324
Fund balance, December 31	$ 345	$ 340

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 210,000	$ 211,970	$ 211,975	$ 5
Expenditures:	210,000	211,970	211,970	-0-
Excess of revenues over expenditures	-0-	-0-	5	5
Other financing sources (uses):				
Transfers in	-0-	-0-	-0-	-0-
Total other financing sources (uses)	-0-	-0-	-0-	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	5	$ 5
Fund balance, January 1			340	
Fund balance, December 31			$ 345	

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

These fixed assets are the fixed assets of the City, other than those accounted for in the Proprietary (Enterprise) Funds. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

CITY OF BERKELEY LAKE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2008

Function and Activity	Total	Land	Buildings and Improvements	Furniture and Fixtures	Machinery and Equipment	Computers and Peripherals
General Government	$5,295,142	$4,961,413	$ 269,594	$ 10,842	$ 41,858	$ 11,435
Total Capital Assets - Governmental Funds	$5,295,142	$4,961,413	$ 269,594	$ 10,842	$ 41,858	$ 11,435

CITY OF BERKELEY LAKE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES - BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2008

Function and Activity	Capital Assets - Governmental Funds Jan. 1, 2008	Additions	Deductions	Capital Assets - Governmental Funds Dec. 31, 2008
General Government	$4,986,732	$ 255,587	$ 1,785	$5,295,142
	$4,986,732	$ 255,587	$ 1,785	$5,295,142

CITY OF BERKELEY LAKE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
DECEMBER 31, 2008

	2008	2007
Capital Assets - Governmental Funds		
Land	**$ 4,961,413**	**$ 4,961,413**
Buildings and improvements	**269,594**	**21,780**
Furniture and fixtures	**10,842**	**8,746**
Machinery and equipment	**41,858**	**40,709**
Computers and peripherals	**11,435**	**8,692**
Total General Fixed Assets	**$ 5,295,142**	**$ 5,041,340**

Investments in Governmental Funds Capital Assets by Source	2008	2007
General Fund	**$ 5,044,393**	**$ 5,041,340**
Capital Projects Fund	**250,749**	**-0-**
	$ 5,295,142	**$ 5,041,340**

OTHER REPORTING SECTION

Honorable Mayor and City Council
City of Berkeley Lake, Georgia:

We have audited the basic financial statements of the governmental activities and each major fund of the CITY OF BERKELEY LAKE, GEORGIA, as of and for the year ended December 31, 2008, and have issued our report thereon dated December 16 , 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Berkeley Lake, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Berkeley Lake's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We noted the following significant deficiencies in the internal control over financial reporting:

Comment 2008-1

***Condition*: The City does not employ any individuals that possess the technical expertise to prepare financial statements that are free of material misstatement.**

Criteria: One of the components of internal control over financial reporting is having personnel that have the technical expertise to prepare financial statements that are free of material misstatement.

Effect: The financial statements that are prepared will have more than a remote likelihood that a material misstatement will not be prevented or detected (other than by the auditor).

Recommendation: The City should consider employing an individual with the technical expertise to prepare financial statements that are free of material misstatements.

Management Response: Management concurs with this finding. However, the City is a small entity with limited personnel and resources. Consideration will be given to this in the future. The City may also consider additional technical training for current personnel to somewhat resolve this situation.

A material weakness is a significant deficiency , or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that Finding 2008-1 listed above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Berkeley Lake, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The City of Berkeley Lake, Georgia's, responses to the findings identified in our audit are described above. We did not audit the City of Berkeley Lake, Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the use of the audit committee and Mayor and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Simmons Jamieson, P.C.

December 16 , 2009.

CITY OF BERKELEY LAKE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2008

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2004 SPLOST Referendum:					
Streets, Roads & Bridges	$ 741,082	$ 806,367	$ 798,007	$ 6,600	$ 804,607
Recreational Facilities	450,000	489,654	-0-	175,504	175,504
Administrative Facilities	675,000	734,465	6,301	86,062	92,363
Total	$1,860,082	$2,030,486	$ 804,308	$ 268,166	$1,072,474