CITY OF BERKELEY LAKE, GEORGIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

Together With

AUDITORS' REPORT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2011
CITY OF BERKELEY LAKE, GEORGIA

MAYOR

Lois Salter

MAYOR PRO-TEM

Rebecca Spitler

CITY COUNCIL

Anne Carpenter
Jim Donnelly
Scott Lee
Bob Smith
Rebecca Spitler

CITY ADMINISTRATOR AND CLERK

Tom Rozier

DEPUTY CITY ADMINISTRATOR

Leigh Threadgill

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SIMMONS & JAMIESON P.C.
CERTIFIED PUBLIC ACCOUNTANTS
5440 BUFORD HIGHWAY
NORCROSS, GEORGIA

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, 2011, 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, 2011, 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 August 13, 2012 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.

August 13, 2012.

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, 2011. 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 $5,806,210 (reported as "*net assets*"). Of this amount, $483,447 (*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 $3,606,506. Approximately 23.7 percent of this amount, $853,636 is available for spending at the City's discretion (*unreserved fund balance*).**

- **The City had long-term debt (general obligation bond debt) of $4,385,000 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 9-10 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 11 and 12 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 14-28 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 $5,806,210 as of December 31, 2011.

City of Berkeley Lake
Net Assets as of December 31, 2011 and 2010

	Governmental Activities	
	2011	2010
Current and Other Assets	$ 3,700,290	$ 1,039,212
Net Capital Assets	6,584,705	6,757,468
Total Assets	10,284,995	7,796,680
Long-term Liabilities	4,355,000	1,710,000
Other Liabilities	123,785	29,056
Total liabilities	4,478,785	1,739,056
Invested in Capital Assets, net of related debt	2,199,705	5,047,068
Restricted Net Assets	3,123,060	371,465
Unrestricted Net Assets	483,447	639,091
Total Net Assets	$ 5,806,210	$ 6,057,624

The largest portion of the City's net assets, (37.9 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 $3,123,060 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 ($483,447) 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, 2011 and 2010

	Governmental Activities	
	2011	2010
Revenues:		
Program:		
Charges for services	$ 14,690	$ 22,395
Operating grants and contributions	-0-	-0-
Capital grants and contributions	253,794	276,524
General Revenues:		
Property taxes	541,048	541,056
Other taxes	206,732	211,322
Investment earnings	11,207	9,361
Other	50,909	17,830
Total revenues	1,078,380	1,078,488
Expenses:		
General government	538,046	329,153
Public safety	76,161	70,588
Housing and development	5,893	10,665
Judicial	3,074	3,070
Public works	400,169	401,674
Culture and recreation	9,948	8,773
Health and welfare	-0-	-0-
Interest	131,349	79,422
Bond issuance costs	165,154	-0-
Total expenses	1,329,794	903,345
Increase (decrease) in net assets	(251,414)	175,143
Beginning net assets	6,057,624	5,882,481
Ending net assets	$ 5,806,210	$ 6,057,624

***Governmental Activities*. Governmental fund activities increased the City's governmental fund balance by $2,596,350 in year 2011. Key elements of this increase are as follows:**

- **Total revenues were $1,078,382, a decrease of $107 (0%) under the prior year. Although SPLOST revenues decreased, an increase in other revenues compensated for that decrease.**

- **Expenditures totaled $1,282,032. This represents an increase of $298,366 (30.3%) over the previous year. An increase in debt service expenditures accounted for this change.**

- **Other financing sources amounted to $2,800,000 in 2011 as a result of the issuance of general obligation debt.**

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, *unassigned 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 $861,329, a decrease of $190,516 or 18.1 percent in comparison with the restated prior year. Approximately 99.1 percent of this amount ($853,636) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is either *nonspendable or restricted* 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 *unassigned fund balance* to total fund expenditures. Unassigned fund balance represents 163.9 percent of total general fund expenditures for the current year.

Key factors in the decrease of the general fund's fund balance of $194,563 during the current year are as follows:

- **Property tax revenues decreased in 2011.**

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 2011 was amended during the year. The budget was balanced using allocation from prior year reserves (fund balance).

2011 General Fund Budget

	Original Budget	Amendments	Final Budget	Actual
Revenue/other financing sources	$ 608,145	$(86,023)	$ 522,122	$ 524,904
Expenditures/other financing uses	608,145	(86,023)	522,122	715,420

Actual revenues were slightly greater than anticipated budget and actual expenditures/other financing uses were greater 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, 2011, amounted to $2,199,705 (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, 2011, the City's purchases for capital assets totaled $62,586.

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	**$ 4,385,000**

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, 2012. Budget calculations were based on, but not limited to, the following:

1. **During 2010, the City commissioned an evaluation of the condition of streets within its boundaries. As a result of those findings, a paving project was scheduled for 2011 to address streets categorized in poor or failed condition. That street condition survey was updated in 2012 and further SPLOST-funded repairs are being scheduled.**

2. **A long-term general fund loan made in 2009 for administrative and recreational projects continues to be repaid monthly as SPLOST revenues are realized.**

3. **The City expects to expend operational funds to continue in the development of its own stormwater management program.**

4. **The City continues to benefit from lower costs associated with the 2009 refinancing of its greenspace bonds.**

5. **In 2009, the City-owned Lake Berkeley dam was damaged during a localized 100-year flood event. Governor Sonny Purdue declared a state of emergency and requested a disaster declaration from the U.S. Government for an area including the City of Berkeley Lake. President Obama approved a Federal disaster declaration for the 17 affected counties. Since that time, the City worked with geotechnical engineers to determine the condition within the dam, develop a repair program and secured significant funding from FEMA and GEMA and intends to repay all if not most of $2.8 million in bonds that were issued for the purpose of repairing the Lake Berkeley dam. During the development of the 2012 budget, council chose to provide for a completion of that project for the most part in 2012.**

6. **The city expects to be set a millage rate of 2.8 for 2012 in late July based upon the following:**

   a. **a reduction in property values;**
   b. **2011 annexation of .51 square miles of land;**
   c. **a significant increase in the number of businesses within the city limits.**

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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 409,132	$ -0-	$ 409,132
Receivables:			
Property taxes	34,200	-0-	34,200
Other taxes	74,011	-0-	74,011
Intergovernmental	52,194	-0-	52,194
Prepaid items	7,693	-0-	7,693
Restricted Assets:			
Cash	3,123,060	-0-	3,123,060
Capital Assets:			
Nondepreciable capital assets	4,848,940	-0-	4,848,940
Depreciable capital assets, net	1,735,765	-0-	1,735,765
Total Assets	10,284,995	-0-	10,284,995
LIABILITIES			
Current Liabilities:			
Accounts payable	11,857	-0-	11,857
Accrued liabilities	66,296	-0-	66,296
Unearned revenue	15,632	-0-	15,632
Liabilities payable from:			
Restricted assets	30,000	-0-	30,000
Long-Term Liabilities:			
General obligation bonds payable, (net of current portion)	4,355,000	-0-	4,355,000
Total Liabilities	4,478,785	-0-	4,478,785
NET ASSETS			
Invested in capital assets, net of related debt	2,199,705	-0-	2,199,705
Restricted for:			
Debt service	448,467	-0-	448,467
Capital projects	2,674,593	-0-	2,674,593
Unrestricted	483,447	-0-	483,447
Total Net Assets	$ 5,806,210	$ -0-	$ 5,806,210

See Accompanying Notes to the Basic Financial Statements

CITY OF BERKELEY LAKE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

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	$ 538,046	$ 4,538	$ -0-	$ 253,794	$(279,714)	$ -0-	$(279,714)
Public safety	76,161	-0-	-0-	-0-	(76,161)	-0-	(76,161)
Housing and development	5,893	7,652	-0-	-0-	1,759	-0-	1,759
Judicial	3,074	2,500	-0-	-0-	(574)	-0-	(574)
Public works	400,169	-0-	-0-	-0-	(400,169)	-0-	(400,169)
Culture and recreation	9,948	-0-	-0-	-0-	(9,948)	-0-	(9,948)
Health and welfare	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Interest on long-term debt	131,349	-0-	-0-	-0-	(131,349)	-0-	(131,349)
Debt issuance costs	$ 165,154	-0-	-0-	-0-	(165,154)	-0-	(165,154)
Total governmental activities:	$1,329,794	$ 14,690	$ -0-	$ 253,794	$(1,061,310)	$ -0-	$(1,061,310)
General revenues:							
Property taxes					541,048	-0-	541,048
Insurance premium tax					73,827	-0-	73,827
Franchise taxes					98,085	-0-	98,085
Other taxes					34,820	-0-	34,820
Unrestricted investment earnings					11,207	-0-	11,207
Miscellaneous revenue/other					50,909	-0-	50,909
Total general revenues					809,896	-0-	809,896
Change in net assets					(251,414)	-0-	(251,414)
Net assets - beginning					6,057,624	-0-	6,057,624
Net assets - ending					$ 5,806,210	$ -0-	$ 5,806,210

See Accompanying Notes to the Basic Financial Statements.

CITY OF BERKELEY LAKE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 409,132	$ -0-	$ -0-	$ 409,132
Restricted assets	-0-	2,674,593	448,467	3,123,060
Receivables, net	108,211	-0-	-0-	108,211
Prepaid items	7,693	-0-	-0-	7,693
Due from other funds	372,943	-0-	-0-	372,943
Due from other governments	-0-	52,194	-0-	56,194
Total assets	$ 897,979	$2,726,787	$ 448,467	$4,073,233
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	11,857	-0-	-0-	11,857
Accrued liabilities	9,161	-0-	57,135	66,296
Due to other funds	-0-	372,943	-0-	372,943
Unearned revenue	15,632	-0-	-0-	15,632
Total liabilities	36,650	372,943	-0-	466,728
Fund balances:				
Nonspendable:				
Prepaid items	7,693	-0-	-0-	7,693
Restricted:				
Debt service	-0-	-0-	391,332	391,332
Capital projects expenditures	-0-	2,353,844	-0-	2,353,844
Unassigned, reported in:				
General fund	853,636	-0-	-0-	853,636
Total fund balances	861,329	2,353,844	391,332	3,606,505
Total liabilities and fund balances	$ 897,979	$2,726,787	$ 448,466	

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.	$ 6,584,705
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
General obligation bonds payable	(4,385,000)
Net assets of governmental activities	$ 5,806,210

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, 2011

	General	Capital Projects	Debt Service	Total Governmental Funds
Revenues:				
Taxes	$ 449,431	$ -0-	$ 298,349	$ 747,780
Licenses and permits	12,190	-0-	-0-	12,190
Intergovernmental	-0-	253,794	-0-	253,794
Fines and forfeits	2,500	-0-	-0-	2,500
Investment earnings	9,874	489	846	11,209
Other	50,909	-0-	-0-	50,909
Total revenues	524,904	254,283	299,195	1,078,382
Expenditures:				
Current:				
General government	365,284	-0-	-0-	365,284
Public safety	76,161	-0-	-0-	76,161
Housing and development	5,893	-0-	-0-	5,893
Judicial	3,074	-0-	-0-	3,074
Public works	60,497	339,672	-0-	400,169
Culture and recreation	9,948	-0-	-0-	9,948
Health and welfare	-0-	-0-	-0-	-0-
Debt service	-0-	-0-	421,503	421,503
Total expenditures	520,857	339,672	421,503	1,282,032
Excess (deficiency) of revenues over expenditures	4,047	(85,389)	(122,308)	(203,650)
Other financing sources (uses):				
Bond issuance	-0-	-0-	2,800,000	2,800,000
Transfers in	-0-	2,650,849	-0-	2,650,849
Transfers out	(194,563)	(8,741)	(2,447,545)	(2,650,849)
Total other financing sources (uses)	(194,563)	2,642,108	352,455	2,800,000
Net change in fund balance	(190,516)	2,556,719	230,147	2,596,350
Fund balances at beginning of year	1,051,845	(202,874)	161,185	1,010,156
Fund balances at end of year	$ 861,329	$ 2,353,845	$ 391,332	$ 3,606,506

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, 2011

Net Changes in Fund Balances - Total Governmental Fund:	**$ 2,596,349**
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statements of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	
Additions	**62,585**
Retirements/deletions	**(170,000)**
Depreciation expense	**(65,348)**
Issuance of general obligation bond debt is a source of funds in the governmental funds, but the indebtedness increases long-term liabilities in the statement of net assets.	**(2,800,000)**
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.	
Principal payment	**125,000**
Change in Net Assets of Governmental Activities	**$(251,414)**

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, 2011.**

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.**

Special Purpose Local Option Sales Tax 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.**

Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund **- This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.**

Debt Service Fund **- This fund is used to account for the accumulation of resources for, and the payment of, the City's General Obligation Refunding Series 2009 and the General Obligation Bonds, Series 2011 general long-term debt principal and interest.**

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, 2011.

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*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

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. Under GASB 54, the hierarchy of possible classifications of fund balance has been modified and includes nonspendable, restricted, committed, assigned and unassigned. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

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.

Deficit Fund Balance/Restated Fund Balance

The City's Special Purpose Local Option Sales Tax Capital Projects Fund had a deficit fund balance of $297,004 and $202,874 as of December 31, 2011 and 2010. This was the result of SPLOST project expenditures exceeding actual SPLOST inflows. The transfer of funds from the General Fund during 2009 was restated as an interfund balance for the year ended December 31, 2010. These funds are being restored as SPLOST funds are received.

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, 2010 was 48 days. At December 31, 2011, the City's balance in Georgia Fund 1 was $1,194.

Note 5. Receivables

Receivables at December 31, 2011, 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, 2011, was as follows:

	Balance 12/31/10	Additions	Deductions	Balance 12/31/11
Governmental activities:				
Capital assets not being depreciated:				
Land	**$4,961,413**	**$ 57,527**	**$ 170,000**	**$4,848,940**
Other capital assets:				
Buildings and improvements	**1,769,587**	**449**	**-0-**	**1,770,036**
Machinery and equipment	**92,877**	**-0-**	**7,634**	**85,243**
Furniture and fixtures	**69,435**	**-0-**	**-0-**	**69,435**
Computers and peripherals	**11,326**	**4,609**	**-0-**	**15,935**
Total other capital assets	**1,943,225**	**5,058**	**7,634**	**1,940,649**
Accumulated depreciation:				
Buildings and improvements	**75,266**	**45,374**	**-0-**	**120,640**
Machinery and equipment	**44,753**	**8,788**	**7,634**	**45,907**
Furniture and fixtures	**21,921**	**8,669**	**-0-**	**30,590**
Computers and peripherals	**5,230**	**2,517**	**-0-**	**7,747**
Total accumulated depreciation	**147,170**	**65,348**	**7,634**	**204,884**
Governmental activities capital assets, net	**$6,757,468**	**(2,763)**	**$(170,000)**	**$6,584,705**
Governmental activities depreciation expense:				
General government		**$ 65,348**		

Note 8 - Changes in Long-Term Debt:

Changes in Governmental Long-Term Debt

2009 General Obligation Refunding Series:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. In August, 2009, the City issued $1,940,000 in general obligation bonds to advance refund the City's 1996 General Obligation Bond Series. The repayment of this new debt is due in annual installments ranging from $110,000 to $225,000 through 2021 at a rate of 4.34% per annum.

The debt service requirements to maturity on the 2009 General Obligation Refunding Bonds are as follows:

Year ending December 31	Principal	Interest	Total Debt Service
2012	$ -0-	$ 34,394	$ 34,394
2013	135,000	65,860	200,860
2014	140,000	59,892	199,892
2015	150,000	53,599	203,599
2016	165,000	46,764	211,764
2017-2021	995,000	113,382	1,108,382
	$1,585,000	$ 373,891	$1,958,891

Changes in long-term obligations for the Series 2009 obligations are as follows:

	Balance 12-31-10	Additions	Payments/ Retirements	Balance 12/31/11
General obligation bond payable	$1,710,000	$ -0-	$ 125,000	$1,585,000

General Obligation Bonds, Series 2011:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. In June, 2011, the City issued $2,800,000 in general obligation bonds to finance the reconstruction of the City's dam. The repayment of this debt is due in annual installments ranging from $30,000 to $195,000 through 2041 at interest rates ranging from 2.0% to 4.65% per annum.

Note 8 - Changes in Long-Term Debt (Continued:

The debt service requirements to maturity on the General Obligation Bonds, Series 2011 are as follows:

Year ending December 31	Principal	Interest	Total Debt Service
2012	$ 30,000	$ 113,343	$ 143,343
2013	45,000	111,965	156,965
2014	45,000	111,065	156,065
2015	45,000	110,165	155,165
2016	50,000	109,215	159,125
2017-2021	270,000	524,075	794,075
2022-2026	355,000	472,353	827,353
2027-2031	465,000	393,047	858,047
2032-2036	635,000	275,213	910,213
2037-2041	860,000	105,322	965,322
	$2,800,000	$2,325,763	$5,125,763

Changes in long-term obligations for the Series 2011 obligations are as follows:

	Balance 12-31-10	Additions	Payments/ Retirements	Balance 12/31/11
General obligation bond payable	$ -0-	$2,800,000	$ -0-	$2,800,000

Note 9 - 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.

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.

Note 9 - Other Notes (Continued):

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.

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 10 - Interfund Receivables, Payables and Transfers:

The composition of interfund balances as of December 31, 2011 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects Fund	$ 372,943

This balance is the result of decreased flowing SPLOST revenue funds that were allocated and used for previous administrative and recreational projects. General fund assets were utilized for completion of these objectives.

The composition of interfund transfers for the year ended December 31, 2011 is as follows:

Transfer In	Transfer Out	Amount
Debt Service Fund	General Fund	$ 111,083

Interfund 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, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities, also within business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

This transfer was used for the establishment of a sinking fund for the utilization of the bond principal and interest payments.

Note 11 - Contingent Liabilities:

Grant contingencies - 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, 2011.

Note 12 - Subsequent Event:

The date through which events occurring after December 31, 2010 has been evaluated for possible adjustment to the financial statements or disclosure is August 13, 2012, which is the date on which the financial statements were available to be issued.

Note 13 - 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

REQUIRED SUPPLEMENTARY INFORMATION

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 555,749	$ 452,632	$ 449,431	$(3,201)
Licenses and permits	17,813	12,873	12,190	(683)
Fines and forfeits	-0-	2,500	2,500	-0-
Investment earnings	5,400	3,800	9,874	6,074
Miscellaneous	29,183	50,317	50,909	592
Total revenues	608,145	522,122	524,904	2,782
Expenditures:				
Current:				
General government	646,851	375,371	365,284	10,087
Public safety	76,512	76,887	76,161	726
Housing and development	7,983	6,333	5,893	440
Judicial	2,400	3,075	3,074	1
Public works	56,911	62,347	60,497	1,850
Culture and recreation	11,128	10,928	9,948	980
Health and welfare	-0-	-0-	-0-	-0-
Total expenditures	801,785	534,941	520,857	14,084
Excess of revenues over expenditures	(193,640)	(12,819)	4,047	16,866
Other financing sources (uses):				
Transfers in (out)	193,640	12,819	(194,563)	(207,382)
Total other financing sources (uses)	193,640	12,819	(194,563)	(207,382)
Net change in fund balance	$ -0-	$ -0-	(190,516)	$(190,516)
Fund balances - beginning, restated			1,051,845	
Fund balances - ending			$ 861,329	

CITY OF BERKELEY LAKE, GEORGIA
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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 276,000	$ 272,473	$ 253,794	$(18,679)
Investment earnings	500	485	489	4
	276,500	272,958	254,283	(18,675)
Expenditures:	$ 82,860	$ 339,672	$ 339,671	$ -0-
Excess of revenues over expenditures	193,640	(66,714)	(85,389)	(18,675)
Other financing sources (uses):				
Transfers in (out)	(193,640)	66,714	(8,741)	(75,455)
Total other financing sources (uses)	(193,640)	66,714	(8,741)	(75,455)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	(94,130)	$(94,130)
Fund balance, January 1, restated			(202,874)	
Fund balance, December 31			$(197,004)	

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ -0-	$ -0-	$ -0-	$ -0-
Investment earnings	-0-	-0-	-0-	-0-
			-0-	
Expenditures:	$ -0-	$ -0-	$ -0-	$ -0-
Excess of revenues over expenditures	-0-	-0-	-0-	
Other financing sources (uses):				
Transfers in(out)	-0-	-0-	2,650,849	2,650,849
Total other financing sources (uses)	-0-	-0-	2,650,849	2,650,849
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	2,650,849	$ 2,650,849
Fund balance, January 1			-0-	
Fund balance, December 31			$ 2,650,849	

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, 2011 AND 2010

	2011	2010
ASSETS		
Cash	$ 409,132	$ 479,020
Property taxes receivable	34,200	31,346
Other taxes receivable	74,011	77,581
Prepaid items	7,693	8,928
Due from other funds	372,943	484,026
Total assets	$ 897,979	$1,080,901
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 11,857	$ 1,292
Accrued liabilities	9,161	4,242
Unearned revenue	15,632	23,522
Total liabilities	36,650	29,056
Fund balance:		
Nonspendable	7,693	8,928
Unassigned	853,636	1,042,917
Total fund balance	861,329	1,051,845
Total liabilities and fund balance	$ 897,979	$1,080,901

CITY OF BERKELEY LAKE, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
Taxes	$ 449,431	$ 552,956
Licenses and permits	12,190	21,145
Fines and forfeits	2,500	1,250
Investment earnings	9,874	8,887
Other	50,909	17,831
Total revenues	524,904	602,069
Expenditures:		
Current:		
General government	365,284	289,269
Public safety	76,161	70,588
Housing and development	5,893	10,665
Judicial	3,074	3,070
Public works	60,497	361,224
Culture and recreation	9,948	8,773
Health and welfare	-0-	-0-
Total expenditures	520,857	743,589
Excess (deficiency) of revenues over expenditures	4,047	(141,520)
Other financing sources (uses):		
Transfers in	-0-	-0-
Transfers out	(194,563)	(159,521)
Total other financing sources (uses)	(194,563)	(159,521)
Net change in fund balance	190,516	(301,041)
Fund balance at beginning of year	1,051,845	1,352,886
Fund balance at end of year	$ 861,329	$ 1,051,845

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 555,749	$ 452,632	$ 449,431	$(3,201)
Licenses and permits	17,813	12,873	12,190	(683)
Fines and forfeits	-0-	2,500	2,500	-0-
Investment earnings	5,400	3,800	9,874	6,074
Miscellaneous	29,183	50,317	50,909	592
Total revenues	608,145	522,122	524,904	2,782
Expenditures:				
Current:				
General government	646,851	375,371	365,284	10,087
Public safety	76,512	76,887	76,161	726
Housing and development	7,983	6,333	5,893	440
Judicial	2,400	3,075	3,074	1
Public works	56,911	62,347	60,497	1,850
Culture and recreation	11,128	10,928	9,948	980
Health and welfare	-0-	-0-	-0-	-0-
Total expenditures	801,785	534,941	520,857	14,084
Excess of revenues over expenditures	(193,640)	(12,819)	4,047	16,866
Other financing sources (uses):				
Transfers in (out)	193,640	12,819	(194,563)	(207,382)
Total other financing sources (uses)	193,640	12,819	(194,563)	(207,382)
Net change in fund balance	$ -0-	$ -0-	(190,516)	$(190,516)
Fund balances - beginning, restated			1,051,845	
Fund balances - ending			$ 861,329	

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.

Special Purpose Local Option Sales Tax 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 referendums.

Berkeley Lake Dam Repair/Reconstruction Capital Projects Fund

This fund is used to account for the repair/reconstruction to the dam financed by a general obligation bond issuance.

CITY OF BERKELEY LAKE, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Cash	$ -0-	$ -0-
Investments	-0-	-0-
Taxes receivable	-0-	-0-
Intergovernmental receivable	52,194	70,872
Restricted assets:		
Cash	23,745	210,280
Total assets	$ 75,939	$ 281,152
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	-0-	-0-
Intergovernmental payable	-0-	-0-
Accrued liabilities	-0-	-0-
Due to other funds	372,943	484,026
Total liabilities	372,943	484,026
Fund balance:		
Restricted	(297,004)	(202,874)
Total fund balance	(297,004)	(202,874)
Total liabilities and fund balance	$ 75,939	$ 281,152

CITY OF BERKELEY LAKE, GEORGIA
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, 2011 AND 2010

	2011	2010
Revenues:		
Intergovernmental	$ 253,794	$ 274,314
Investment earnings	489	2,210
	254,283	276,524
Expenditures:	339,672	40,655
Excess of revenues over expenditures	(85,389)	235,869
Other financing sources (uses):		
Operating transfers (net)	(8,741)	-0-
Total other financing sources (uses)	(8,741)	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(94,130)	235,869
Fund balance, January 1	(202,874)	(438,743)
Fund balance, December 31	$(297,004)	$(202,874)

CITY OF BERKELEY LAKE, GEORGIA
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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 276,000	$ 272,473	$ 253,794	$(18,679)
Investment earnings	500	485	489	4
	276,500	272,958	254,283	(18,675)
Expenditures:	$ 82,860	$ 339,672	$ 339,672	$ -0-
Excess of revenues over expenditures	193,640	(66,714)	(85,389)	(18,675)
Other financing sources (uses):				
Transfers in(out)	(193,640)	66,714	(8,741)	(75,455)
Total other financing sources (uses)	(193,640)	66,714	(8,741)	(75,455)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	(94,130)	$(94,130)
Fund balance, January 1, restated			(202,874)	
Fund balance, December 31			$(297,004)	

DAM REPAIR/RECONSTRUCTION CAPITAL PROJECTS FUND

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
Cash	$ -0-	$ -0-
Investments	-0-	-0-
Taxes receivable	-0-	-0-
Intergovernmental receivable	-0-	-0-
Restricted assets:		
Cash	2,650,849	-0-
Total assets	$ 2,650,849	$ -0-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	-0-	-0-
Intergovernmental payable	-0-	-0-
Accrued liabilities	-0-	-0-
Due to other funds	-0-	
Total liabilities	-0-	-0-
Fund balance:		
Restricted	2,650,849	-0-
Total fund balance	2,650,849	-0-
Total liabilities and fund balance	$ 2,650,849	$ -0-

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
Intergovernmental	$ -0-	$ -0-
Investment earnings	-0-	-0-
	-0-	-0-
Expenditures:	-0-	-0-
Excess of revenues over expenditures	-0-	-0-
Other financing sources (uses):		
Operating transfers (net)	2,650,849	-0-
Total other financing sources (uses)	2,650,849	-0-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,650,849	-0-
Fund balance, January 1	-0-	-0-
Fund balance, December 31	$2,650,849	$ -0-

CITY OF BERKELEY LAKE, GEORGIA
DAM REPAIR/RECONSTRUCTION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ -0-	$ -0-	$ -0-	$ -0-
Investment earnings	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-
Expenditures:	$ -0-	$ -0-	$ -0-	$ -0-
Excess of revenues over expenditures	-0-	-0-	-0-	-0-
Other financing sources (uses):				
Transfers in(out)	-0-	-0-	2,650,849	2,650,849
Total other financing sources (uses)	-0-	-0-	2,650,849	2,650,849
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	2,650,849	$ 2,650,849
Fund balance, January 1			-0-	
Fund balance, December 31			$ 2,650,849	

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, 2011 AND 2010

	2011	2010
ASSETS		
Cash	$ -0-	$ -0-
Investments	-0-	-0-
Taxes receivable	-0-	-0-
Intergovernmental receivable	-0-	-0-
Restricted assets:		
Cash	448,647	161,185
Total assets	$ 448,647	$ 161,185
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ -0-	$ -0-
Intergovernmental payable	-0-	-0-
Accrued liabilities	57,135	-0-
Total liabilities	57,135	-0-
Fund balance:		
Restricted	391,332	161,185
Total fund balance	391,332	161,185
Total liabilities and fund balance	$ 391,332	$ 161,185

CITY OF BERKELEY LAKE, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Revenues:		
Taxes	$ 298,349	$ 199,422
Investment earnings	846	474
	299,195	199,896
Expenditures:	(421,503)	199,422
Excess of revenues over expenditures	(122,308)	474
Other financing sources (uses):		
Bonds issued for dam repair/reconstruction	2,800,000	-0-
Transfers out	(2,447,545)	-0-
Transfers in	-0-	159,521
Total other financing sources (uses)	352,455	159,521
Excess of revenues and other financing sources over (under) expenditures and other financing uses	230,147	157,995
Fund balance, January 1	161,185	1,190
Fund balance, December 31	$ 391,332	$ 161,185

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 199,214	$ 298,349	$ 298,349	$ -0-
Investment earnings	-0-	6,744	846	(5,898)
	199,214	305,093	299,195	(5,898)
Expenditures:	199,214	451,503	421,503	30,000
Excess of revenues over expenditures	-0-	(146,410)	(122,308)	24,102
Other financing sources (uses):				
Transfers in (out)	-0-	(2,653,590)	(2,447,545)	206,045
Bonds issued for dam repair/reconstruction	-0-	2,800,000	2,800,000	-0-
Total other financing sources (uses)	-0-	146,410	352,455	206,045
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ -0-	$ -0-	230,147	$ 230,147
Fund balance, January 1			161,185	
Fund balance, December 31			$ 391,332	

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, 2011

Function and Activity	Total	Land	Buildings and Improvements	Furniture and Fixtures	Machinery and Equipment	Computers and Peripherals
General Government	$6,789,589	$4,848,940	$1,770,036	$ 69,435	$ 85,243	$ 15,935
Total Capital Assets - Governmental Funds	$6,789,589	$4,848,940	$1,770,036	$ 69,435	$ 85,243	$ 15,935

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, 2011

Function and Activity	Capital Assets - Governmental Funds Jan. 1, 2011	Additions	Deductions	Capital Assets - Governmental Funds Dec. 31, 2011
General Government	$6,904,638	$ 62,586	$ 177,634	$6,789,590
	$6,904,638	$ 62,586	$ 177,634	$6,789,590

CITY OF BERKELEY LAKE, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
DECEMBER 31, 2011

	2011	2010
Capital Assets - Governmental Funds		
Land	**$4,848,940**	**$4,961,413**
Buildings and improvements	**1,770,036**	**1,769,587**
Furniture and fixtures	**69,435**	**69,435**
Machinery and equipment	**85,243**	**92,877**
Computers and peripherals	**15,935**	**11,326**
Total Capital Assets	**$6,789,589**	**$6,904,638**

Investments in Governmental Funds Capital Assets by Source	2011	2010
General Fund	**$5,157,008**	**$5,329,585**
Capital Projects Fund	**1,632,581**	**1,575,053**
	$6,789,589	**$6,904,638**

OTHER REPORTING SECTION

SIMMONS & JAMIESON P.C.
CERTIFIED PUBLIC ACCOUNTANTS
5440 BUFORD HIGHWAY
NORCROSS, GEORGIA

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, 2011, which collectively comprise the City of Berkeley Lake, Georgia's basic financial statements, and have issued our report thereon dated August 13, 2012. 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.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described as follows, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Comment 2011-1

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

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

Effect: **The financial statements that are prepared will have a reasonable possibility that a misstatement will not be prevented or detected on a timely basis.**

Recommendation: **The City should consider additional technical training to prepare financial statements that are free of misstatements.**

Management Response: **Management concurs with this finding. The City is a small entity with limited personnel and resources. Consideration will be given to this in the future. The City may consider additional technical training for current personnel to somewhat resolve this situation. Management expects to further address this in the 2012 audit year.**

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.

August 13, 2012.

CITY OF BERKELEY LAKE, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2011

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2004 SPLOST Referendum:					
Streets, Roads & Bridges	$ 741,082	$ 809,000	$ 808,877	$ -0-	$ 808,877
Recreational Facilities	450,000	490,500	490,158	(5,235)	485,283
Administrative Facilities	675,000	736,500	731,040	-0-	731,040
Total	$1,860,000	$2,036,000	$2,030,075	$(5,235)	$2,025,200
2009 SPLOST Referendum:					
Streets, Roads & Bridges	$ 659,128	$ 659,128	$ 40,050	$ 344,907	$ 384,957
Administrative Facilities	988,692	983,457	652,761	-0-	652,761
Total	$1,647,820	$1,647,820	$ 692,811	$ 344,907	$1,037,718