Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2012



CITY OF JOHNS CREEK, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Prepared by:
Monte Vavra
Finance Director

Submitted by:
John Kachmar
City Manager

INTRODUCTORY SECTION

CITY OF JOHNS CREEK, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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CITY OF JOHNS CREEK
GEORGIA

March 22, 2013

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report (CAFR) for the City of Johns Creek, Georgia, for the fiscal year ended September 30, 2012, is submitted herewith. Georgia state law and local ordinances require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements.

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

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

Mauldin and Jenkins, LLC, has issued an unqualified ("clean") opinion on the City of Johns Creek's financial statements for the fiscal year ended September 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

12000 Findley Road, Suite 400, Johns Creek, Georgia 30097-1412 • Tel: 678.512.3200 • Fax: 678.512.3322

Profile of the Government

Johns Creek was incorporated on December 01, 2006, becoming Georgia's 10th largest City. Located in northern Fulton County, the City of Johns Creek is made up of the four original farming communities of Warsaw, Shakerag, Newton, and Ocee with the Chattahoochee River forming the City's southeast boundary. The City occupies a land area of 32 square miles and serves a population of 79,192 (based upon the U.S. Census Bureau 2011 Census).

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

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

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

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

Local Economy

The City is home to some 2,380 businesses. Large employers include the State Farm Insurance's Operation Center, MACY's Systems & Technology, and ALCON Inc. Other major employers include Federated Systems Group, the Fulton County Board of Education, and Emory Johns Creek Hospital. By and large, however, Johns Creek is largely a bedroom community with 58 percent of its land devoted to residential uses. The current economic situation has had an effect on the revenue base. Sales tax collections increased over the previous fiscal year by 6%. Property tax collections are flat when compared to previous fiscal years. The tax digest has decreased by approximately 1.9% from the previous year's digest. Building permit revenue and business occupation license revenue both increased over the previous fiscal year.

Johns Creek has experienced explosive population growth over the past two decades. Between 1990 and 2000, the number of people living in the area that is now the City grew by 232 percent. The 2011 census estimate puts the City's population at 79,192 and that number is projected to grow to more than 94,300 by 2030, a 23 percent increase. Over 37 percent of the population was between 35 and 55 years old in 2011, while another 37 percent were age 19 and younger. City residents are highly educated, with 44 percent holding bachelor's degrees and 22 percent master's degrees – both more than twice the rate for Metro Atlanta overall.

Median household income in 2007 was $150,592 with an average household income of $204,404. In 2011, the median income was estimated to be $110,648 and average household income $124,707. The median home price for 2011 was $340,300.

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

Long-term Financial Planning

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

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

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

The City is expected to continue developing as an economic hub and preferred location for business and residential investment once the economy recovers. The City has seen development picking up during the past year. The City issued 176 permits for new single family structure construction during the fiscal year. The City anticipates that new construction and growth will remain sporadic for the upcoming three to five years.

Relevant Financial Policies

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

Major Initiatives

Police and Fire

The Fire Department has continued to be focused on mission specific training such as fire/EMS response, and specialized training for technical rescue, vehicle extrication, and water rescue emergencies. Furthermore, the department has a renewed effort at ensuring that the community is aware of special safety considerations in response to fire and general life safety. The department has implemented its first Citizens Fire Academy with plans for a second class in the spring of 2013. The department also plans for its third Community Safety Day that will take place in the fall of 2013.

The Police Department received re-certification from CALEA and the State of Georgia. The department also continued the Citizen Police Academy giving residents an in-depth look at the operations and policies of the JCPD. Furthermore, the Department conducted women's/children's self defense courses and participated with the municipal court's diversion programs.

Municipal Court

Municipal Court is in session two days a week. Municipal Court disposed of 8,983 citations in FY2012. Municipal Court has continued to provide the youth intervention program (STOP) to address under twenty-one driving habits. STOP had over 600 students mandated to the class by the Johns Creek Municipal Court and other surrounding Municipal courts (Alpharetta, Dacula, Doraville, Duluth, Gwinnett, Norcross, Roswell, and Sandy Springs). The Chief Judge of the Municipal Court and the Police Department continue to work together presenting several defensive driving classes and alcohol/drug awareness modules to the local high school students. Programs such as S.T.O.P, M.I.P, Drive Smart and Ghost Out were presented to the local high schools in 2012.

Public Works

Public works repaved approximately 1.0 miles of streets, replaced/constructed 36,700 square feet of sidewalk, replaced approximately 900 linear feet of curb & gutter and installed 17 cameras for the intelligent traffic system.

Recreation and Parks

The recreation and parks department renovated three athletic fields and built a concession building with public restrooms at Shakerag Park. Also at Ocee Park the department completed the playground renovation along with constructing a new maintenance building. The parking lot at Newtown Park was expanded and reconfigured which added 72 additional parking spaces.

Other Initiatives

The City continues to use CDBG funds primarily to meet the HUD Livable Community Initiative. Funds were used to pay down the advance from the general fund for the rehabilitation of the old Newtown School House. The renovated building opened in July 2011 and enjoyed its first year of successful operations. Other activities include placement of equipment in two local libraries to aid the visually impaired and conducting Housing Education workshops in the community and for staff. Further, the City was able to use the Department of Energy EECBG funds for tow expansions in the Intelligent Traffic System (ITS). ITS installation on State Bridge Road will be completed in 2013 and the grant will closeout in 2013.

Awards and Acknowledgments

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

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

Respectfully submitted,

Monte L. Vavra
Finance Director

OFFICIALS

Mayor and City Council

Michael Bodker

Mayor

City Council

Ivan Figueroa	Brad Raffensperger
Randall Johnson	Karen Richardson
Bev Miller	Kelly Stewart

Administration

John Kachmar

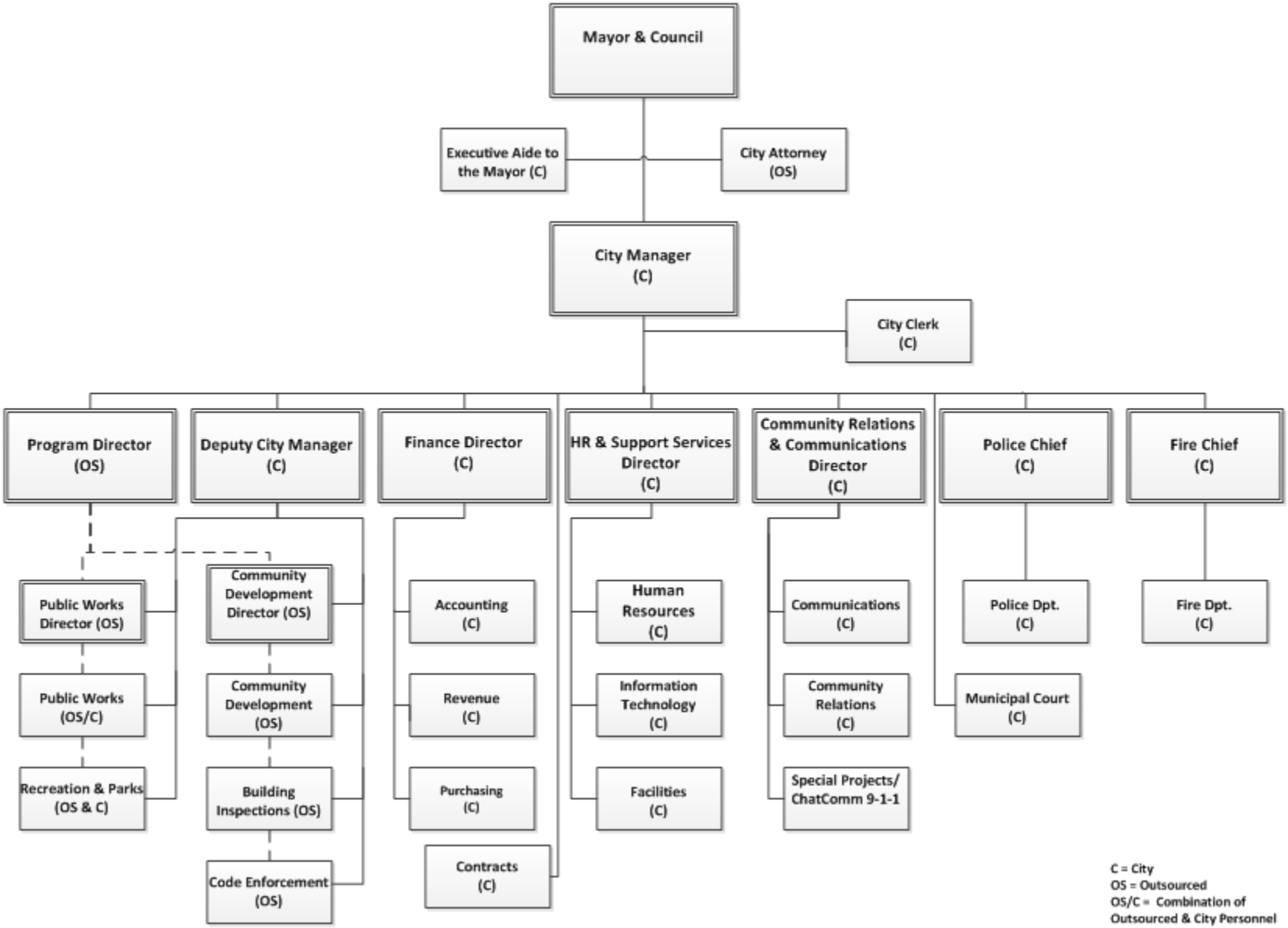
City Manager

Harold Boehm	Deputy City Manager
Ed Densmore	Police Chief
Mary Ann Haskins	Human Resource Director
Grant Hickey	Community Relations & Communications Director
Jeff Hogan	Fire Chief
Joan Jones	City Clerk
Bill Riley	City Attorney
Monte Vavra	Finance Director

CH2M Hill Officials

Wayne Wright	Program Director
Tom Black	Director of Public Works
Mike Williams	Director of Community Development

City of Johns Creek Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Johns Creek
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P Morrill
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Johns Creek, Georgia**, as of and for the year ended September 30, 2012, which collectively comprise the City of Johns Creek, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Johns Creek, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Johns Creek, Georgia as of September 30, 2012, 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 March 22, 2013, on our consideration of the City of Johns Creek, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 10 and 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Johns Creek, Georgia's financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Johns Creek, Georgia's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 22, 2013

CITY OF JOHNS CREEK, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Johns Creek (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal period by $167,294,406, total net assets. Of this amount $43,456,119, unrestricted net assets, is available to meet the ongoing obligations of the government.
- The City's increase in net assets was $19,998,563 during the fiscal period; primarily due to a donation of right of way from the Georgia Department of Transportation along State Bridge Road along with managing expenditures and spending less than budgeted.
- As of the close of the current fiscal period, the City's governmental funds reported combined ending fund balances of $40,211,220.
- As of September 30, 2012 the balance of capital leases outstanding is $2,418,335. In addition, when the City started the fire department it assumed a fire station from Fulton County along with the obligation to pay the outstanding certificates of participation debt, which is $1,271,142 at September 30, 2012. The City did not have the need to issue a tax anticipation note during the fiscal year.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements report functions of the City that are principally supported by taxes (governmental activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, community development, and interest on long-term debt.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

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

The City maintains a general fund, a capital projects fund, and six nonmajor governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and capital improvement funds, both of which are considered to be major funds. Data from the other six governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13 through 15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of cash appearance bond related activity for municipal court.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 33 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund, which can be found on pages 34 and 35 of this report.

The combining statements and schedules, referred to earlier, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 38 through 45 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $167,294,406.

The following table provides a summary of the City's governmental net assets for the fiscal year 2011 and 2012:

City of Johns Creek Net Assets

	Governmental Activities	
	2012	2011
Assets		
Current assets	$ 47,898,026	$ 39,358,235
Capital assets, net of accumulated depreciation	127,289,873	116,242,602
Total assets	175,187,899	155,600,837
Liabilities		
Current liabilities	3,193,861	2,907,069
Long-term liabilities	4,699,632	5,397,925
Total liabilities	7,893,493	8,304,994
Net assets		
Invested in capital assets, net of related debt	123,600,396	111,695,549
Restricted for capital projects	52,800	52,800
Restricted for law enforcement	160,916	123,772
Restricted for public safety facilities	24,175	-
Unrestricted	43,456,119	35,423,722
Total net assets	$ 167,294,406	$ 147,295,843

The largest portion of the City's net assets reflects its investment in capital assets (e.g., roadways, sidewalks, culverts, equipment and signals) and park land; less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets ($52,800) represents resources that are restricted for use on capital projects. An additional portion of the City's net assets ($160,916) represents resources that are restricted for use in law enforcement activities. An additional portion of the City's net assets ($24,175) represents resources that are restricted for use in public safety facilities. The remaining portion of the City's net assets represents positive unrestricted net assets of $43,456,119 that is available to meet the ongoing obligations of the government.

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

Changes in Net Assets. Governmental activities increased the City's net assets by $19,998,563 in fiscal year 2012. The following table indicates the changes in net assets for governmental activities in fiscal year 2011 and 2012:

	Governmental Activities	
	2012	2011
Revenues		
Program Revenues:		
Charges for services	$ 5,039,624	$ 4,441,181
Operating grants and contributions	15,750	5,250
Capital grants and contributions	13,179,713	1,727,249
General Revenues:		
Property taxes	16,743,082	16,708,870
Sales and use taxes	17,046,077	16,053,759
Hotel/Motel taxes	357,537	374,147
Franchise taxes	4,359,944	4,262,254
Business taxes	5,646,233	5,360,729
Unrestricted investment earnings	43,451	39,938
Miscellaneous revenues	138,697	209,644
Gain on sale of capital assets	5,600	-
Total revenues	62,575,708	49,183,021
Expenses		
General government	8,401,404	8,473,996
Judicial	616,764	549,615
Public safety	19,772,277	19,255,530
Public works	8,521,056	8,993,484
Culture and recreation	2,048,933	1,882,042
Community development	3,039,827	2,876,703
Interest on long-term debt	176,884	204,863
Total expenses	42,577,145	42,236,233
Change in net assets	19,998,563	6,946,788
Net assets, beginning of year	147,295,843	140,349,055
Net assets, end of year	$ 167,294,406	$ 147,295,843

Governmental activities. Governmental activities increased the City's net assets by $20 million in fiscal year 2012. Key elements of this increase are as follows:

Total revenues were $62.6 million, up 27% from the prior year. The major factor in the large increase was the recognition of $11.9 million of donated right of way from the Georgia Department of Transportation. Property taxes reflect a reassessment of property values by Fulton County in 2012. Property tax revenue increased by $34 thousand despite a decrease in the current valuations. Sales tax revenue increased by 6% from the previous year, considerable growth during the current economic situation. Business tax revenue increased by 5.3%. Franchise fees increased 2.3% over the previous year which is attributed to the weather, the economy and fuel surcharges paid by electric providers.

Expenses increased by $341 thousand over the previous fiscal year. Public safety, the City's largest departments, increased approximately $.5 million, public works decreased approximately $.5 million, and community development increased by approximately $163 thousand from the previous year. The other department's increases/decreases were minimal when compared to the previous years. The departments are conscious of the economic situation and have spent only where they felt it was essential to continue offering a high quality level of service.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of $40,211,220. The general fund's fund balance increased by $6.5 million from the previous fiscal year which is attributed to revenue growth. Sales tax receipts and business taxes had increased over the previous year. A large component of the City's governmental funds combined ending fund balance is approximately $4.9 million reported in the capital projects fund.

General Fund.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $33.7 million, while total fund balance was $35.3 million. As a measure of the liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 91.37% of total general fund expenditures while total fund balance represents 95.75% of total expenditures. Total general fund change in fund balance was $6,499,347. The major reason for the increase of fund balance was the departments spending wisely and purchasing only needed goods and services along with an increase in sales and business tax revenues.

***Capital Projects Fund*.**

The capital projects fund increased fund balance by $838,028 during fiscal year 2012. The fund recognizes a transfer from general fund for projects that are still in progress each year. During the current year some of the projects that were budgeted in previous years have been expended.

Key General Fund Budgetary Highlights

The City's budget utilized a conservative approach based on 5 years historical information and current economic conditions. Emphasis was given to ensuring financial stability and long-term stability while providing revenue enhancement; financial priorities and discipline.

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

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

- $481.9 thousand supplemental appropriation to various general fund departments for FY2011 encumbrance carryovers.
- $295 thousand supplemental appropriation to the community development department to offset additional revenue that is contractually obligated
- $185,598 mid-year budget reduction to various departments to realign general fund revenues and expenditures.

Total revenues in the General Fund exceeded final budgeted revenues by approximately $2.1 million. This positive budget variance is mostly attributable to better than anticipated sales tax revenue collections and an increased allocation of insurance premium tax (business taxes) as a result of the 2010 census which showed an increase in the City's population.

Total expenditures in the General Fund were less than final budgeted amounts by approximately $2.9 million. This positive budget variance is mostly attributable to unspent contingencies budgeted in the police, fire, and public works departments for various items (supplies, equipment, capital outlays, etc).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental activities as of September 30, 2012, amounts to $127,289,873 (net of accumulated depreciation). These assets primarily reflect the infrastructure assets for roadways, sidewalks, culverts and signals, and park land. During the year the City was granted a number of right of ways along State Bridge Road from the Georgia Department of Transportation, amounting to an $11.7 million increase in our assets. Other increases were attributed public works projects such as sidewalks/trails, improvements to the parks systems, and the purchase of public safety vehicles and equipment.

City of Johns Creek Capital Assets
(net of depreciation)

	Governmental Activities	
	2012	2011
Land	$ 18,941,230	$ 7,205,105
Construction in progress	1,764,283	1,033,712
Buildings	3,711,552	3,621,956
Improvements	1,948,064	1,000,429
Machinery and equipment	3,910,856	4,875,182
Infrastructure	97,013,888	98,506,218
Total	$ 127,289,873	$ 116,242,602

Additional information on the City's capital assets can be found in note 6 on page 28 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $2,418,335 for city hall and municipal court furniture and equipment, police and fire vehicles, and other public safety furniture and equipment. The City acquired the Shakerag Fire station from Fulton County upon the start-up of the fire department by assuming the building and the future lease payments. The outstanding balance at September 30, 2012 is $1,271,142. The City did not enter issue any new long-term debt during the fiscal year. Additional information on the City's long-term debt can be found in note 7 on page 29 and 30 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2013 fiscal year.

- Sustainability of existing services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- Current economic situation, the budget has anticipated that revenues will decrease slightly, and that sales tax revenues will remain flat. Cost of government – The government is legally mandated to levy a maximum of 4.731 millage rate through the legislation that created the City; however the City Council approved a millage rate in July of 4.614 mills. This millage rate is estimated to generate approximately $15. million in revenue.
- Stabilization of revenue, especially sales tax revenues
- Competitive wages and benefits for City employees
- Purchase of eight police patrol vehicles
- Continued improvements to infrastructure, especially focused on street and roads
- Improvements at various City Parks including playground equipment, bleachers, shade structures
- Continuation of the solid waste program

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

Requests for Information

This financial report is designed to provide a general overview of the City of Johns Creek finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Johns Creek, 12000 Findley Road, Suite 400, Johns Creek, Georgia, 30097, or by calling (678) 512-3348.

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Primary Government	Component Unit
	Governmental Activities	Convention Visitors Bureau
ASSETS		
Cash and cash equivalents	$ 24,244,303	$ 253,741
Accounts receivable	1,244,114	28
Taxes receivable, net of allowance	18,755,124	-
Due from other governments	1,032,634	-
Due from primary government	-	9,661
Inventories	96,709	-
Prepaids	15,447	-
Investment in joint venture	2,509,695	-
Capital assets:		
Nondepreciable	20,705,513	-
Depreciable, net of accumulated depreciation	106,584,360	-
Total assets	175,187,899	263,430
LIABILITIES		
Accounts payable	2,540,391	168
Accrued liabilities	643,809	-
Due to component unit	9,661	-
Compensated absences, due within one year	840,389	-
Compensated absences, due in more than one year	169,766	-
Notes payable, due within one year	479,861	-
Notes payable, due in more than one year	1,938,474	-
Contracts payable, due within one year	98,338	-
Contracts payable, due in more than one year	1,172,804	-
Total liabilities	7,893,493	168
NET ASSETS		
Invested in capital assets, net of related debt	123,600,396	-
Restricted for capital projects	52,800	-
Restricted for law enforcement	160,916	-
Restricted for public safety facilities	24,175	-
Restricted for trade and tourism	-	263,262
Unrestricted	43,456,119	-
Total net assets	$ 167,294,406	$ 263,262

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

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets: Component Unit: Convention Visitors Bureau
Primary government:						
Governmental activities:						
General government	$ 8,401,404	$ 1,200,977	$ 15,750	$ -	$ (7,184,677)	$ -
Judicial	616,764	1,126,259	-	-	509,495	-
Public safety	19,772,277	1,605,609	-	38,425	(18,128,243)	-
Public works	8,521,056	791	-	13,125,695	4,605,430	-
Culture and recreation	2,048,933	132,249	-	15,593	(1,901,091)	-
Community development	3,039,827	973,739	-	-	(2,066,088)	-
Interest on long-term debt	176,884	-	-	-	(176,884)	-
Total governmental activities	42,577,145	5,039,624	15,750	13,179,713	(24,342,058)	-
Total primary government	$ 42,577,145	$ 5,039,624	$ 15,750	$ 13,179,713	(24,342,058)	-
Component Unit						
Convention Visitors Bureau	$ 116,033	$ -	$ 114,912	$ -	$ -	$ (1,121)
	$ 116,033	$ -	$ 114,912	$ -	$ -	$ (1,121)
General revenues:						
Property taxes					$ 16,743,082	$ -
Sales taxes					17,046,077	-
Hotel/Motel taxes					357,537	-
Franchise taxes					4,359,944	-
Business taxes					5,646,233	-
Unrestricted investment earnings					43,451	-
Miscellaneous revenues					138,697	-
Gain on sale of capital assets					5,600	
Total general revenues					44,340,621	-
Change in net assets					19,998,563	(1,121)
Net assets, beginning of year					147,295,843	264,383
Net assets, end of year					$ 167,294,406	$ 263,262

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

CITY OF JOHNS CREEK, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 23,965,194	$ -	$ 279,109	$ 24,244,303
Accounts receivable	976,972	-	267,142	1,244,114
Taxes receivable, net of allowance	18,725,066	-	30,058	18,755,124
Intergovernmental receivable	380	821,203	211,051	1,032,634
Inventories	96,709	-	-	96,709
Due from other funds	8,584	5,337,405	2,038	5,348,027
Prepaids	15,447	-	-	15,447
Advances to other funds	211,051	-	-	211,051
Total assets	$ 43,999,403	$ 6,158,608	$ 789,398	$ 50,947,409
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,666,481	$ 499,228	$ 374,682	$ 2,540,391
Accrued liabilities	638,306	-	-	638,306
Due to other funds	5,339,443	-	8,584	5,348,027
Due to component unit	-	-	9,661	9,661
Deferred revenue	1,026,789	749,277	212,687	1,988,753
Advances from other funds	-	-	211,051	211,051
Total liabilities	8,671,019	1,248,505	816,665	10,736,189
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepaids	15,447	-	-	15,447
Inventories	96,709	-	-	96,709
Advances	211,051	-	-	211,051
Restricted:				
Capital projects	52,800	-	-	52,800
Law enforcement	-	-	160,916	160,916
Public safety facilities	-	-	24,175	24,175
Assigned:				
Vehicle replacement	1,240,000	-	-	1,240,000
Capital projects	-	4,910,103	-	4,910,103
Unassigned	33,712,377	-	(212,358)	33,500,019
Total fund balances (deficit)	35,328,384	4,910,103	(27,267)	40,211,220
Total liabilities and fund balances	$ 43,999,403	$ 6,158,608	$ 789,398	

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.	127,289,873
Other assets which do not provide current financial resources and, therefore, are not reported in the funds.	2,509,695
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,705,135)
Some revenues are not available to pay current period expenditures and, therefore, are deferred in the funds.	1,988,753
Net assets of governmental activities	$ 167,294,406

The accompanying notes are an integral part of these statements.

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 16,767,324	$ -	$ -	$ 16,767,324
Sales taxes	17,021,902	-	24,175	17,046,077
Hotel/Motel taxes	-	-	357,537	357,537
Franchise taxes	4,359,944	-	-	4,359,944
Business taxes	5,646,233	-	-	5,646,233
Licenses and permits	1,934,988	-	-	1,934,988
Charges for services	397,175	-	1,552,625	1,949,800
Fines and forfeitures	1,104,399	-	48,798	1,153,197
Intergovernmental	64,815	1,079,500	155,455	1,299,770
Contributions	15,750	29,000	-	44,750
Interest earned	42,684	-	770	43,454
Miscellaneous	131,022	7,675	-	138,697
Total revenues	47,486,236	1,116,175	2,139,360	50,741,771
Expenditures:				
Current:				
General government	8,262,785	-	-	8,262,785
Judicial	615,633	-	-	615,633
Public safety	17,217,926	-	2,148,795	19,366,721
Public works	6,077,418	876,504	560	6,954,482
Culture and recreation	1,520,511	-	270,256	1,790,767
Community development	3,039,827	-	-	3,039,827
Capital outlay	-	2,145,261	-	2,145,261
Debt service:				
Principal	95,369	-	762,207	857,576
Interest	66,758	-	110,368	177,126
Total expenditures	36,896,227	3,021,765	3,292,186	43,210,178
Excess (deficiency) of revenues over (under) expenditures	10,590,009	(1,905,590)	(1,152,826)	7,531,593
Other financing sources (uses):				
Proceeds from the sale of capital assets	5,600	-	-	5,600
Transfers in	102,483	2,743,618	1,455,127	4,301,228
Transfers out	(4,198,745)	-	(102,483)	(4,301,228)
Total other financing sources (uses)	(4,090,662)	2,743,618	1,352,644	5,600
Net change in fund balances	6,499,347	838,028	199,818	7,537,193
Fund balances (deficit), beginning of year	28,829,037	4,072,075	(227,085)	32,674,027
Fund balances (deficit), end of year	$ 35,328,384	$ 4,910,103	$ (27,267)	$ 40,211,220

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

CITY OF JOHNS CREEK, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	7,537,193
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		(688,854)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		11,736,125
Some long term assets, such as investment in joint ventures, are reported as expenditures in governmental funds and recognized as a long term asset on the statement of net assets.		623,352
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		92,212
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents the net effect of these differences in the treatment of long-term debt.		857,818
Some expenses (i.e., compensated absences) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(159,283)
	$	19,998,563

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

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
SEPTEMBER 30, 2012

	Municipal Court Fund
ASSETS	
Cash	$ 95,317
Total assets	$ 95,317
LIABILITIES	
Due to others	$ 95,317
Total liabilities	$ 95,317

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Johns Creek, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrances

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances would then be a commitment or an assignment of fund balance since the obligations would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2012, and none were recorded.

E. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue funds, and capital projects funds of the City. The governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund, special revenue funds, and debt service fund. Project-length budgets are adopted for the capital projects funds. During the fiscal year ended September 30, 2012, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

F. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2012, are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets

Capital assets, which include buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructures that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	40 years
Improvements	10-40 years
Machinery and equipment	7 years
Infrastructure	50-75 years

Fully depreciated assets still in service are carried in the capital asset accounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

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

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Fund Equity and Net Assets

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

Fund balances are classified as follows:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Balance and Net Assets (Continued)

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

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

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

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

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic measurement focus. 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 (i.e., the amount that the City has spent) for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $4,705,135 difference are as follows:

Notes payable	$ (2,418,335)
Contracts payable	(1,271,142)
Accrued interest payable	(5,503)
Compensated absences	(1,010,155)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (4,705,135)

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $688,854 difference are as follows:

Capital outlay	$ 3,211,900
Depreciation expense	(3,900,754)
Net adjustment to decrease *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ (688,854)

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $857,818 difference are as follows:

Principal repayments of long-term debt	$ 857,576
Change in accrued interest payable	242
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net assets - governmental activities*	$ 857,818

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

For the fiscal year ended September 30, 2012 expenditures exceeded the budget in the E-911 Fund by $67,844.

NOTE 4. DEPOSITS

Total deposits as of September 30, 2012 are summarized as follows:

Statement of Net Assets:		
Cash and cash equivalents - primary government	$	24,244,303
Cash and cash equivalents - component unit		253,741
Statement of Fiduciary Assets and Liabilities:		
Cash - agency fund		95,317
	$	24,593,361
Cash deposited with financial institutions	$	3,516,002
Local government investment pool - Georgia Fund 1		21,077,359
	$	24,593,361

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2012, the City had $1,319,337 of deposits at a financial institution that were uninsured and uncollateralized. On October 5, 2012, the financial institution pledged an additional security in the amount of $1,828,324 to secure the City's deposits.

NOTE 4. DEPOSITS (CONTINUED)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Office of the State Treasurer of the State of Georgia. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. As of September 30, 2012, the weighted-average maturity of the pool was 58 days. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. As of September 30, 2012, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The City contracts with Fulton County to bill and collect City of Johns Creek property taxes. The taxes were levied on July 25 based on the assessed value of property as listed on the previous January 1 and were due on October 15. Property taxes are recorded as receivables and deferred revenues when levied. Revenues are recognized when available.

Receivables at September 30, 2012, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Capital Projects	Nonmajor Governmental	Total
Receivables:				
Taxes	$ 18,779,088	$ -	$ 30,058	$ 18,809,146
Accounts	976,972	-	267,142	1,244,114
Intergovernmental	380	821,203	211,051	1,032,634
Total receivables	19,756,440	821,203	508,251	21,085,894
Less allowance for uncollectible	54,022	-	-	54,022
Net total receivable	$ 19,702,418	$ 821,203	$ 508,251	$ 21,031,872

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2012 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets					
Land	$ 7,205,105	$ 11,736,125	$ -	$ -	$ 18,941,230
Construction in progress	1,033,712	859,092	-	(128,521)	1,764,283
Total	8,238,817	12,595,217	-	(128,521)	20,705,513
Depreciable capital assets					
Buildings	3,936,487	211,452	-	-	4,147,939
Improvements	1,592,061	1,037,945	-	128,521	2,758,527
Machinery and equipment	9,692,158	481,170	(9,436)	-	10,163,892
Infrastructure	108,935,787	622,241	(173)	-	109,557,855
Total	124,156,493	2,352,808	(9,609)	128,521	126,628,213
Less accumulated depreciation:					
Buildings	(314,531)	(121,856)	-	-	(436,387)
Improvements	(591,632)	(218,831)	-	-	(810,463)
Machinery and equipment	(4,816,976)	(1,445,496)	9,436	-	(6,253,036)
Infrastructure	(10,429,569)	(2,114,571)	173	-	(12,543,967)
Total	(16,152,708)	(3,900,754)	9,609	-	(20,043,853)
Total capital assets being depreciated, net	108,003,785	(1,547,946)	-	128,521	106,584,360
Governmental activities capital assets, net	$ 116,242,602	$ 11,047,271	$ -	$ -	$ 127,289,873

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

Governmental activities:	
General government	$ 128,377
Public safety	1,278,779
Public works	2,229,277
Culture and recreation	264,321
Total depreciation expense - governmental activities	$ 3,900,754

NOTE 7. LONG-TERM DEBT

Notes Payable

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

Original Amount	Interest Rate	Maturity	Quarterly Payment
$ 120,500	2.285 %	September 2013	$ 10,378
103,531	1.950	September 2014	8,904
453,224	3.075	December 2014	24,711
6,160,990	4.070	September 2018	97,790

At September 30, 2012, the outstanding balance on these notes is $2,418,335.

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

Fiscal year ending September 30,	Principal	Interest	Total
2013	$ 479,861	$ 87,268	$ 567,129
2014	455,629	69,987	525,616
2015	362,345	53,527	415,872
2016	351,780	39,377	391,157
2017	366,300	24,858	391,158
2018	402,420	9,739	412,159
	$ 2,418,335	$ 284,756	$ 2,703,091

Contracts Payable

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2013	$ 98,338	$ 62,475	$ 160,813
2014	102,880	57,555	160,435
2015	107,810	52,415	160,225
2016	190,398	47,095	237,493
2017	225,293	37,950	263,243
2018-2020	546,423	45,845	592,268
	$ 1,271,142	$ 303,335	$ 1,574,477

NOTE 7. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity for the City for its fiscal year ended September 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Notes Payable	$ 3,180,542	$ -	$ (762,207)	$ 2,418,335	$ 479,861
Contracts Payable	1,366,511	-	(95,369)	1,271,142	98,338
Compensated Absences	850,872	867,158	(707,875)	1,010,155	840,389
Governmental activities Long-term liabilities	$ 5,397,925	$ 867,158	$ (1,565,451)	$ 4,699,632	$ 1,418,588

For governmental activities, compensated absences are liquidated by the general fund.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from other funds:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 8,584
Capital Projects Fund	General Fund	5,337,405
Nonmajor governmental funds	General Fund	2,038
		$ 5,348,027

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to/from other funds:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 211,051

The amounts payable to the general fund relate to reimbursable grant expenditures for the City's CDBG grant project that will be repaid as amounts are collected from HUD during the next several fiscal years in accordance with the project timeline.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 102,483
Capital Projects Fund	General Fund	2,743,618
Nonmajor governmental funds	General Fund	1,455,127
		$ 4,301,228

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

NOTE 9. OPERATING LEASES

The lease for the City's second police precinct in the southern part of the City is under a non-cancelable operating lease. The total payments made under the lease were $28,040 for the fiscal year ended September 30, 2012. The future minimum payments under the lease are as follows:

Fiscal year ending September 30,	
2013	$ 28,040
2014	30,844
2015	30,844
2016	30,844
Total	$ 120,572

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services is provided via outsourcing. This contract is an operating contract for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, this contract is approximately $4.57 million, subject to annual negotiation and appropriation.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN

The City of Johns Creek's Profit Sharing Plan is a single employer defined contribution plan established and administered by the City for all full time employees. At September 30, 2012, there were 186 plan members. The City contributes 12% of eligible employees' base salary and matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible and fully vested after six months of employment. For the fiscal year ending September 30, 2012, the City's contributions to the Plan were $2,057,319. The Plan was established by resolution of the City Council. The Plan, including contribution requirements, may also be amended by resolution of the same.

NOTE 12. FUND DEFICITS

For the fiscal year ended September 30, 2012, the City's CDBG Fund had a deficit of $210,722. This deficit was caused by the timing of the collection of revenues and will be alleviated as the grant revenues are collected and considered available under the modified accrual basis of accounting.

For the fiscal year ended September 30, 2012, the City's E-911 Fund had a deficit of $1,636. This deficit was caused by the timing of the collection of revenues and will be alleviated as the charges for services are collected and considered available under the modified accrual basis of accounting.

NOTE 13. JOINT VENTURES

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

NOTE 13. JOINT VENTURES (CONTINUED)

In October 2008 the cities of Sandy Springs and Johns Creek created the Chattahoochee River 911 Authority (ChatComm), which was created pursuant to the provisions of the Official Code of Georgia Annotated (OCGA) Section 36-75-1, which provides for the organization of a joint public safety and judicial facility authority. ChatComm Board membership includes the City Manager from each participating city, or their designee. ChatComm was created by the two cities contributing a pre-determined capital amount necessary to equip the facility. This has been reported as an investment in joint venture and is $2,509,695 as of September 30, 2012. The cities have also pledged their future E911 revenues to ChatComm to pay for the operation of the emergency 911 answering facility. Future net operating revenues from ChatComm will be used to repay the cities capital investments. Additionally, the two cities will be responsible for funding any operating deficits as well as any future capital purchases of ChatComm. For the year ended September 30, 2012, the City of Johns Creek has collected and remitted $1,552,625 of E911 revenues. As of June 30, 2012, ChatComm's fiscal year end, the entity had net assets of $2,252,333. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by ChatComm to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

NOTE 14. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended September 30, 2012, the City received $357,537 in hotel/motel taxes. Of this amount, $255,425, or 71.4%, was used for the promotion of tourism, conventions, or trade shows.

NOTE 15. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 16,137,000	$ 16,340,224	$ 16,767,324	$ 427,100
Sales taxes	16,620,000	16,493,917	17,021,902	527,985
Franchise taxes	4,160,700	4,255,670	4,359,944	104,274
Business taxes	4,902,147	4,999,554	5,646,233	646,679
Licenses and permits	1,268,850	1,655,032	1,934,988	279,956
Charges for services	459,755	374,516	397,175	22,659
Fines and forfeitures	1,150,000	1,111,797	1,104,399	(7,398)
Intergovernmental	-	21,351	64,815	43,464
Contributions	-	14,250	15,750	1,500
Interest earned	50,000	41,497	42,684	1,187
Miscellaneous	1,000	32,596	131,022	98,426
Total revenues	44,749,452	45,340,404	47,486,236	2,145,832
Expenditures:				
Current:				
General government:				
City Council	237,273	266,294	189,690	76,604
City Manager	1,432,135	1,441,697	1,142,399	299,298
City Clerk	555,443	397,265	362,893	34,372
General operations	331,125	279,043	212,818	66,225
Finance	1,534,180	1,423,425	1,124,611	298,814
Legal services	650,000	650,000	475,584	174,416
Facilities and buildings	1,561,132	1,544,374	1,454,289	90,085
Human resources	2,406,303	2,586,338	2,244,769	341,569
Public information	1,236,322	1,191,506	1,055,732	135,774
Total general government	9,943,913	9,779,942	8,262,785	1,517,157
Judicial:				
Municipal court	679,550	659,154	615,633	43,521
Total judicial	679,550	659,154	615,633	43,521
Public safety:				
Police	8,842,191	8,796,326	8,516,358	279,968
Fire	9,411,499	9,238,888	8,701,568	537,320
Total public safety	18,253,690	18,035,214	17,217,926	817,288
Public works	6,441,835	6,461,560	6,077,418	384,142
Culture and recreation	1,514,798	1,549,408	1,520,511	28,897
Community development	2,612,400	3,039,908	3,039,827	81
Debt service:				
Principal	145,370	95,369	95,369	-
Interest	291,762	166,762	66,758	100,004
Total debt service	437,132	262,131	162,127	100,004
Total expenditures	39,883,318	39,787,317	36,896,227	2,891,090
Excess of revenues over expenditures	4,866,134	5,553,087	10,590,009	5,036,922

Continued

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources (uses):				
Transfers in	105,000	104,311	102,483	(1,828)
Transfers out	(3,871,134)	(4,227,134)	(4,198,745)	28,389
Proceeds from the sale of capital assets	-	-	5,600	5,600
Total other financing sources (uses)	(3,766,134)	(4,122,823)	(4,090,662)	32,161
Net change in fund balance	1,100,000	1,430,264	6,499,347	5,069,083
Fund balance, beginning of year	28,829,037	28,829,037	28,829,037	-
Fund balance, end of year	$ 29,929,037	$ 30,259,301	$ 35,328,384	$ 5,069,083

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Capital Project Fund

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

Debt Service Fund

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

CITY OF JOHNS CREEK, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

ASSETS	Special Revenue Funds				Capital Project Fund		
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Rental Motor Vehicle Excise Tax Fund	CDBG Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Cash	$ 158,878	$ 82,189	$ 13,538	$ 24,175	$ 329	$ -	$ 279,109
Taxes receivable	-	-	30,058	-	-	-	30,058
Intergovernmental receivables	-	-	-	-	211,051	-	211,051
Other receivables	-	267,142	-	-	-	-	267,142
Due from other funds	2,038	-	-	-	-	-	2,038
Total assets	$ 160,916	$ 349,331	$ 43,596	$ 24,175	$ 211,380	$ -	$ 789,398
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 349,331	$ 25,351	$ -	$ -	$ -	$ 374,682
Due to other funds	-	-	8,584	-	-	-	8,584
Due to component unit	-	-	9,661	-	-	-	9,661
Deferred revenue	-	1,636	-	-	211,051	-	212,687
Advances from other funds	-	-	-	-	211,051	-	211,051
Total liabilities	-	350,967	43,596	-	422,102	-	816,665
FUND BALANCES (DEFICIT)							
Restricted:							
Law enforcement	160,916	-	-	-	-	-	160,916
Public safety facilities	-	-	-	24,175	-	-	24,175
Unassigned	-	(1,636)	-	-	(210,722)	-	(212,358)
Total fund balances (deficit)	160,916	(1,636)	-	24,175	(210,722)	-	(27,267)
Total liabilities and fund balances	$ 160,916	$ 349,331	$ 43,596	$ 24,175	$ 211,380	$ -	$ 789,398

CITY OF JOHNS CREEK, GEORGIA

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds				Capital Project Fund		
	Confiscated Assets Fund	E-911 Fund	Hotel/Motel Tax Fund	Rental Motor Vehicle Excise Tax Fund	CDBG Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ 357,537	$ 24,175	$ -	$ -	$ 381,712
Charges for services	-	1,552,625	-	-	-	-	1,552,625
Fines and forfeitures	48,798	-	-	-	-	-	48,798
Intergovernmental revenues	-	-	-	-	155,455	-	155,455
Interest	328	277	73	21	71	-	770
Total revenues	49,126	1,552,902	357,610	24,196	155,526	-	2,139,360
EXPENDITURES							
Current:							
Public safety	11,316	2,137,479	-	-	-	-	2,148,795
Public works	-	-	-	-	560	-	560
Culture and recreation	-	-	255,425	-	14,831	-	270,256
Debt service:							
Principal	-	-	-	-	-	762,207	762,207
Interest	-	-	-	-	-	110,368	110,368
Total expenditures	11,316	2,137,479	255,425	-	15,391	872,575	3,292,186
Excess (deficiency) of revenues over (under) expenditures	37,810	(584,577)	102,185	24,196	140,135	(872,575)	(1,152,826)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	582,552	-	-	-	872,575	1,455,127
Transfers out	-	(277)	(102,185)	(21)	-	-	(102,483)
Total other financing sources (uses)	-	582,275	(102,185)	(21)	-	872,575	1,352,644
Net change in fund balances	37,810	(2,302)	-	24,175	140,135	-	199,818
FUND BALANCES (DEFICIT), beginning of year	123,106	666	-	-	(350,857)	-	(227,085)
FUND BALANCES (DEFICIT), end of year	$ 160,916	$ (1,636)	$ -	$ 24,175	$ (210,722)	$ -	$ (27,267)

CITY OF JOHNS CREEK, GEORGIA

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Cash confiscations	$ 40,000	$ 51,551	$ 48,798	$ (2,753)
Interest	500	442	328	(114)
Total revenues	40,500	51,993	49,126	(2,867)
Expenditures:				
Public safety	140,500	140,500	11,316	129,184
Excess (deficiency) of revenues over (under) expenditures	(100,000)	(88,507)	37,810	126,317
Other financing sources:				
Transfers in	100,000	88,507	-	(88,507)
Net change in fund balances	-	-	37,810	37,810
Fund balances, beginning of year	123,106	123,106	123,106	-
Fund balances, end of year	$ 123,106	$ 123,106	$ 160,916	$ -

CITY OF JOHNS CREEK, GEORGIA

E-911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 1,487,083	$ 1,487,083	$ 1,552,625	$ 65,542
Interest	-	-	277	277
Total revenues	1,487,083	1,487,083	1,552,902	65,819
Expenditures:				
Public safety	2,069,635	2,069,635	2,137,479	(67,844)
Total expenditures	2,069,635	2,069,635	2,137,479	(67,844)
Deficiency of revenues over expenditures	(582,552)	(582,552)	(584,577)	(2,025)
Other financing sources (uses):				
Transfers in	582,552	582,552	582,552	-
Transfers out	-	-	(277)	(277)
Total other financing sources	582,552	582,552	582,275	(277)
Net change in fund balances	-	-	(2,302)	(2,302)
Fund deficit, beginning of year	666	666	666	-
Fund balance (deficit), end of year	$ 666	$ 666	$ (1,636)	$ (2,302)

CITY OF JOHNS CREEK, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 400,000	$ 400,000	$ 357,537	$ (42,463)
Interest	-	-	73	73
Total revenues	400,000	400,000	357,610	(42,390)
Expenditures:				
Culture and recreation	285,760	285,760	255,425	30,335
Total expenditures	285,760	285,760	255,425	30,335
Excess of revenues over expenditures	114,240	114,240	102,185	(12,055)
Other financing uses:				
Transfers out	(114,240)	(114,240)	(102,185)	12,055
Total other financing uses	(114,240)	(114,240)	(102,185)	12,055
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

CITY OF JOHNS CREEK, GEORGIA

RENTAL MOTOR VEHICLE EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 25,000	$ 25,000	$ 24,175	$ (825)
Interest	-	-	21	21
Total revenues	25,000	25,000	24,196	(804)
Expenditures:				
Culture and recreation	25,000	25,000	-	25,000
Total expenditures	25,000	25,000	-	25,000
Excess of revenues over expenditures	-	-	24,196	24,196
Other financing uses:				
Transfers out	-	-	(21)	(21)
Total other financing uses	-	-	(21)	(21)
Net change in fund balances	-	-	24,175	(825)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 24,175	$ (825)

CITY OF JOHNS CREEK, GEORGIA

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures:				
Debt service				
Principal	$ 786,369	$ 786,369	$ 762,207	$ 24,162
Interest	114,598	114,598	110,368	4,230
Total expenditures	900,967	900,967	872,575	28,392
Other financing sources:				
Transfers in	900,967	900,967	872,575	(28,392)
Total other financing sources	900,967	900,967	872,575	(28,392)
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals.

Municipal Court Fund – To account for the collection of cash appearance bonds by the Municipal Court.

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Balance October 1, 2011	Additions	Deductions	Balance September 30, 2012
MUNICIPAL COURT FUND				
Assets:				
Cash	$ 68,780	$ 1,538,906	$ 1,512,369	$ 95,317
Liabilities:				
Due to others	$ 68,780	$ 1,538,906	$ 1,512,369	$ 95,317

COMPONENT UNIT

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

CITY OF JOHNS CREEK, GEORGIA

BALANCE SHEET
COMPONENT UNIT - JOHNS CREEK CONVENTION VISITORS BUREAU
SEPTEMBER 30, 2012

ASSETS		
Cash	$	253,741
Accounts receivable		28
Due from primary government		9,661
Total assets	$	263,430
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	168
Total liabilities		168
FUND BALANCE		
Restricted for trade and tourism		263,262
Total liabilities and fund balance	$	263,430

CITY OF JOHNS CREEK, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - JOHNS CREEK CONVENTION VISITORS BUREAU
FOR THE YEAR ENDED SEPTEMBER 30, 2012

REVENUES	
Intergovernmental	$ 114,912
Total revenues	114,912
EXPENDITURES	
Current:	
Culture and recreation	116,033
Total expenditures	116,033
Net change in fund balance	(1,121)
FUND BALANCE, beginning of year	264,383
FUND BALANCE, end of year	$ 263,262

STATISTICAL SECTION

STATISTICAL SECTION

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

Page

Financial Trends **46**

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

Revenue Capacity **48**

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

Debt Capacity **56**

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

Demographic and Economic Information **58**

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

Operating Information **59**

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

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

CITY OF JOHNS CREEK, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Primary government:						
Invested in capital assets, net of related debt	$ 123,600,396	$ 111,695,549	$ 111,518,588	$ 112,742,594	$ 110,650,922	$ 112,146,791
Restricted	237,891	176,572	52,800	52,800	52,800	52,800
Unrestricted	43,456,119	35,423,722	28,777,667	23,566,497	22,144,572	10,044,078
Total primary government net assets	$ 167,294,406	$ 147,295,843	$ 140,349,055	$ 136,361,891	$ 132,848,294	$ 122,243,669

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

CITY OF JOHNS CREEK, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Expenses						
General government	$ 8,401,404	$ 8,473,996	$ 10,006,958	$ 10,113,200	$ 10,431,889	$ 7,784,141
Judicial	616,764	549,615	421,763	419,015	373,841	189,802
Public safety	19,772,277	19,255,530	19,744,699	16,741,131	15,055,910	8,470,837
Public works	8,521,056	8,993,484	10,806,418	11,257,900	10,464,085	8,377,110
Culture and recreation	2,048,933	1,882,042	1,195,390	1,175,499	1,388,914	1,093,499
Community development	3,039,827	2,876,703	4,886,840	5,287,755	5,817,895	5,314,229
Interest on long-term debt	176,884	204,863	313,466	403,244	361,212	143,467
Total expenses	$ 42,577,145	$ 42,236,233	$ 47,375,534	$ 45,397,744	$ 43,893,746	$ 31,373,085
Program revenues						
Charges for services:						
General government	$ 1,200,977	$ 1,008,918	$ 783,095	$ 870,650	$ 1,093,164	$ 912,693
Judicial	1,126,259	1,059,290	1,176,913	1,254,994	760,372	163,612
Public safety	1,605,609	1,583,430	1,633,424 (3)	166,613	5,092	-
Public works	791	750	150	335	910	1,175
Culture and recreation	132,249	49,740	41,091	42,698	38,774	19,245
Community development	973,739	739,053	613,682	548,965	1,173,960	1,163,329
Operating grants and contributions	15,750	5,250	22,075	4,000	87,500	15,000
Capital grants and contributions	13,179,713 (4)	1,727,249	2,050,856	1,574,382	1,706,595	289,890
Total program revenues	$ 18,235,087	$ 6,173,680	$ 6,321,286	$ 4,462,637	$ 4,866,367	$ 2,564,944
Net (expense) revenue	$ (24,342,058)	$ (36,062,553)	$ (41,054,248)	$ (40,935,107)	$ (39,027,379)	$ (28,808,141)
General Revenues and Other Changes in Net Assets						
Taxes						
Property taxes	$ 16,743,082	$ 16,708,870	$ 19,009,118	$ 19,215,657	$ 18,910,045	$ 16,806,870
Sales taxes	17,046,077	16,053,759	15,643,135	14,762,126 (1)	17,372,673	14,824,210
Hotel/Motel taxes	357,537	374,147	331,707	340,018	413,030	295,001
Franchise taxes	4,359,944	4,262,254	4,271,267	4,340,199	4,003,465	2,474,242
Business taxes	5,646,233	5,360,729	5,142,452	5,104,952	5,513,389	1,613,495
Unrestricted intergovernmental revenue	-	-	59,219	12,515	2,850,436 (2)	-
Unrestricted investment earnings	43,451	39,938	73,409	301,236	519,624	375,048
Miscellaneous revenues	138,697	209,644	511,105	372,001	49,342	15,020
Gain on sale of capital assets	5,600					
Special item - donation of infrastructure at incorporation	-	-	-	-	-	114,647,924
Total	$ 44,340,621	$ 43,009,341	$ 45,041,412	$ 44,448,704	$ 49,632,004	$ 151,051,810
Change in Net Assets	$ 19,998,563	$ 6,946,788	$ 3,987,164	$ 3,513,597	$ 10,604,625	$ 122,243,669

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

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

CITY OF JOHNS CREEK, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2007	$ 16,806,870	$ 14,824,210	$ 295,001	$ 2,474,242	$ 1,613,495	$ 36,013,818
2008	18,910,045	17,372,673	413,030	4,003,465	5,513,389	46,212,602
2009	19,215,657	14,762,126 (1)	340,018	4,340,199	5,104,952	43,762,951
2010	19,009,118	15,643,135	331,707	4,271,267	5,142,452	44,397,679
2011	16,708,870	16,053,759	374,147	4,262,254	5,360,729	42,759,759
2012	16,743,082	17,046,077	357,537	4,359,944	5,646,233	44,152,873

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

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

CITY OF JOHNS CREEK, GEORGIA

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

	2012	2011	2010	2009	2008	2007
General Fund						
Reserved	$ -	$ -	$ 106,557	$ 1,353,107	$ 107,532	$ 215,718
Unreserved, designated	-	-	6,947,880	6,781,675	7,276,239	-
Unreserved	-	-	17,072,485	391,498	11,087,107	6,591,987
Nonspendable - prepaids	15,447	198,932	-	-	-	-
Nonspendable - inventory	96,709	77,480	-	-	-	-
Nonspendable - advances	211,051	-	-	-	-	-
Restricted - capital projects	52,800	52,800	-	-	-	-
Assigned - vehicle replacement	1,240,000	740,000	-	-	-	-
Unassigned	33,712,377	27,759,825	-	-	-	-
Total general fund	$ 35,328,384	$ 28,829,037	$ 24,126,922	$ 8,526,280	$ 18,470,878	$ 6,807,705
All Other Governmental Funds						
Reserved	$ -	$ -	$ -	$ -	$ -	$ 94,813
Unreserved, reported in:						
Special revenue funds	-	-	92,397	(952,258)	2,547	1,087
Capital projects funds	-	-	2,776,387	3,118,230	2,461,883	2,260,152
Restricted - law enforcement	160,916	123,772	-	-	-	-
Restricted - public safety facilities	24,175	-	-	-	-	-
Assigned - capital projects	4,910,103	4,072,075	-	-	-	-
Unassigned	(212,358)	(350,857)	-	-	-	-
Total all other governmental funds	$ 4,882,836	$ 3,844,990	$ 2,868,784	$ 2,165,972	$ 2,464,430	$ 2,356,052

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

CITY OF JOHNS CREEK, GEORGIA

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

	2012	2011	2010	2009	2008	2007
Revenues						
Property taxes	$ 16,767,324	$ 16,774,303	$ 31,719,433 (1)	$ 6,606,730 (1)	$ 18,294,082	$ 15,873,749
Sales taxes	17,046,077	15,759,593	16,046,051	14,653,376 (2)	17,372,673	14,824,210
Hotel/Motel taxes	357,537	374,147	331,707	340,018	413,030	295,001
Franchise taxes	4,359,944	4,262,254	4,271,267	4,340,199	4,003,465	2,474,242
Business taxes	5,646,233	5,360,729	5,142,452	5,104,952	5,513,390	1,613,495
Licenses and permits	1,934,988	1,543,769	1,374,399	1,401,509	2,217,222	1,997,800
Charges for services	1,949,800	1,833,433	1,619,378 (4)	201,613	100,829	98,642
Fines and forfeitures	1,153,197	1,079,281	1,239,276	1,281,133	754,221	163,612
Intergovernmental	1,299,770	1,222,002	434,069	421,879	2,967,686 (3)	237,090
Contributions	44,750	5,250	22,075	4,000	104,500	67,800
Interest earned	43,454	39,938	73,409	301,236	519,624	375,048
Miscellaneous	138,697	209,644	511,105	372,001	49,342	15,020
Total revenues	50,741,771	48,464,343	62,784,621	35,028,646	52,310,064	38,035,709
Expenditures						
Current:						
General government	8,262,785	8,376,712	10,065,108	10,013,463	10,530,632	8,212,727
Judicial	615,633	543,696	445,991	419,015	373,841	189,802
Public safety	19,366,721	18,651,425	19,574,394	18,878,280	20,545,115	8,470,837
Public works	6,954,482	7,868,085	8,702,246	9,171,814	8,390,494	6,314,112
Culture and recreation	1,790,767	1,729,215	1,000,855	1,002,519	1,215,934	920,615
Community development	3,039,827	2,876,703	4,886,840	5,287,755	5,817,895	5,314,229
Capital outlay	2,145,261	956,583	598,013	-	-	-
Debt service:						
Principal	857,576	1,785,837	1,871,940	1,563,358	257,119	-
Interest	177,126	227,840	313,466	374,522	361,212	143,467
Total expenditures	43,210,178	43,016,096	47,458,853	46,710,726	47,492,242	29,565,789
Excess (deficiency) of revenues over expenditures	7,531,593	5,448,247	15,325,768	(11,682,080)	4,817,822	8,469,920
Other Financing Sources (Uses)						
Issuance of long term debt	-	224,031	977,686	1,439,024	6,953,729	430,837
Sale of assets	5,600	6,043	-	-	-	263,000
Transfers in	4,301,228	5,330,174	5,595,094	4,391,491	2,131,172	2,507,695
Transfers out	(4,301,228)	(5,330,174)	(5,595,094)	(4,391,491)	(2,131,172)	(2,507,695)
Total other financing sources (uses)	5,600	230,074	977,686	1,439,024	6,953,729	693,837
Net change in fund balances	$ 7,537,193	$ 5,678,321	$ 16,303,454	$ (10,243,056)	$ 11,771,551	$ 9,163,757
Debt service as a percentage of noncapital expenditures	2.5%	4.9%	4.9%	4.5%	1.5%	0.5%

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

(1) The decrease in property tax revenues in 2009 and increase in 2010 is due to the 2009 taxes being billed after year-end and recognized as revenues for 2010. 2010 taxes were billed prior to year-end and also recognized as revenues in 2010.
(2) Sales taxes are down due to the recent economic downturn.
(3) In 2008, the City received a one-time payment from Fulton County.
(4) FY2010 was the City's first full year of collecting revenues for E911 services.

CITY OF JOHNS CREEK, GEORGIA

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

Fiscal Year	Property Taxes	Sales Taxes	Hotel/Motel Taxes	Franchise Taxes	Business Taxes	Total
2007	$ 996,312	$ 9,627,122	$ 2,349,053	$ 583,129	$ 7,779,925	$ 21,335,541
2008	18,294,082	17,372,673	413,030	4,003,465	5,513,390	45,596,640
2009	6,606,730 (1)	14,653,376 (2)	340,018	4,340,199	5,104,952	31,045,272
2010	31,719,433 (1)	16,046,051	331,707	4,271,267	5,142,452	57,510,909
2011	16,774,303	15,759,593	374,147	4,262,254	5,360,729	42,531,026
2012	16,767,324	17,046,077	357,537	4,359,944	5,646,233	44,177,115

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

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

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

CITY OF JOHNS CREEK, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST SIX CALENDAR YEARS

Calendar Year	Real Property				Personal Property
	Residential Property	Commercial Property	Industrial Property	Other (1)	Motor Vehicles
2007	$ 3,215,735,140	$ 691,897,960	$ 30,436,270	$ 6,102,040	$ 211,448,560
2008	3,319,338,140	922,281,870	29,536,370	6,372,840	257,655,650
2009	3,288,413,670	864,697,050	22,784,200	6,412,960	267,843,670
2010	3,160,092,600	862,966,660	21,279,610	6,457,520	234,501,440
2011	3,022,831,760	794,933,420	21,056,810	3,157,840	233,172,030
2012	2,972,383,620	754,130,450	19,578,650	3,279,840	246,471,400

Source: Fulton County Tax Commissioner

(1) Reflects agricultural and conservation use.

Public Utility	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ -	$ 365,168,373	$ 3,790,451,597	4.614	$ 9,476,128,993	40%
18,865,548	369,540,788	4,184,509,630	4.614	10,461,274,075	40%
23,276,481	386,329,458	4,087,098,573	4.614	10,217,746,433	40%
22,896,714	401,674,528	3,906,520,016	4.614	9,766,300,040	40%
22,796,561	394,616,032	3,703,332,389	4.614	9,258,330,973	40%
24,219,447	389,803,646	3,630,259,761	4.614	9,075,649,403	40%

CITY OF JOHNS CREEK, GEORGIA

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

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

Source: Fulton County Tax Commissioner

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

Note: As set forth in the City's charter, the millage rate cannot exceed 4.614 mills unless a higher limit is approved through a referendum by a majority of qualified voters of the City.

CITY OF JOHNS CREEK, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND FIVE YEARS PRIOR

	2012			2007 (1)		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Development Authority of Fulton County	$ 25,496,760	1	0.70 %	$ -	-	- %
State Farm Mutual Auto Ins. Co.	20,296,118	2	0.56	17,284,726	4	0.46
CIBA Vision Corporation	19,245,559	3	0.53	62,235,005	1	1.64
PREFCO Twenty Limited Partnership	16,029,441	4	0.44	-	-	-
Addison Place Apartment manager	15,774,981	5	0.43	-	-	-
Aylesbury Farms LLC	14,441,209	6	0.40	14,933,999	6	0.39
CSP Community Owner, LLC	12,717,391	7	0.35	-	-	-
Atlanta Athletic Club	12,506,038	8	0.34	11,403,877	10	0.30
Federated Systems Group, Inc.	12,019,621	9	0.33	12,797,698	9	0.34
EHCA Johns Creek, LLC	11,782,651	10	0.32	-	-	-
EHCA Dunwoody, LLC	-	-	-	31,252,490	2	0.82
Robert Properties	-	-	-	19,711,920	3	0.52
National Distributing Co. Inc.	-	-	-	16,348,370	5	0.43
Bristol Park Apartments LLC	-	-	-	14,755,520	7	0.39
Herndon JDN Creek Village LLC	-	-	-	13,243,990	8	0.35
Totals	$ 160,309,769		4.42 %	$ 213,967,595		5.64 %

Source: Fulton County Tax Commissioner

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

CITY OF JOHNS CREEK, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS

Fiscal Period Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 15,749,770	$ 383,563	2.4 %	$ 15,345,434	$ 15,728,997	99.9 %
2008	16,150,109	466,654	2.9	15,662,890	16,129,544	99.9
2009	17,117,676	-	-	17,082,667	17,082,667	99.8
2010	16,366,326	2,753,052	16.8	13,528,742	16,281,794	99.5
2011	15,359,053	3,228,341	21.0	12,052,068	15,280,409	99.5
2012	15,042,473	3,048,566	20.3	-	3,048,566	20.3

Source: Fulton County Tax Commissioner

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

CITY OF JOHNS CREEK, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS

Fiscal Period Ended September 30,	Governmental Activities			Percentage of Personal Income (1)	Per Capita (1)
	Notes Payable	Contracts Payable	Total		
2007	$ 430,837	$ -	$ 430,837	0.01 %	$ 6.15
2008	7,127,447	-	7,127,447	0.15	101.75
2009	5,564,089	1,439,024	7,003,113	0.15	99.97
2010	4,669,835	1,439,024	6,108,859	0.13	87.21
2011	3,180,542	1,366,511	4,547,053	0.14	59.26
2012	2,418,335	1,271,142	3,689,477	0.10	46.59

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

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

CITY OF JOHNS CREEK, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

	Net General Obligation Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to Johns Creek
Overlapping General Obligation Debt:			
Fulton County, Georgia	$ 163,265,000	8.19 %	$ 13,371,404
Fulton County Board of Education	118,700,000	13.16	15,620,920
Total Overlapping Debt	281,965,000		28,992,324
City Direct Debt:			
Notes Payable	2,418,335	100.00	2,418,335
Contracts Payable	1,271,142	100.00	1,271,142
Total Direct Debt	3,689,477		3,689,477
Total Direct and Overlapping Debt	$ 285,654,477		$ 32,681,801

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

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

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

CITY OF JOHNS CREEK, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SIX FISCAL YEARS

Fiscal Period	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment (5)	Unemployment Rate (4)
2007	70,050 (3)	$ 4,622,880	$ 65,994 (3)	35 (3)	15,705	4.4 %
2008	70,050 (3)	4,622,880	65,994 (3)	35 (3)	17,331	6.4
2009	70,050 (3)	4,622,880	65,994 (3)	35 (3)	16,310	10.1
2010	70,050 (3)	4,622,880	65,994 (3)	35 (3)	20,192	10.2
2011	76,728 (2)	3,226,796	42,055 (2)	36 (2)	18,244	10.6
2012	79,192 (1)	3,712,125	46,875 (1)	37 (1)	19,804	8.1

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

CITY OF JOHNS CREEK, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

	2012			2007		
Employer	**Employees (1)**	**Rank**	**Percentage of Total City Employment (1)**	**Employees (1)**	**Rank**	**Percentage of Total City Employment (1)**
State Farm Insurance Company	1,280	1	8.80 %	1,500	1	9.57 %
Macy's Systems & Technology	1,074	2	7.38	808	3	5.16
Alcon, Inc. (2)	1,067	3	7.34	1,147	2	7.32
Emory Johns Creek Hospital	615	4	4.23	500	4	3.19
Kroger Company	565	5	3.89	390	5	2.49
SAIA, Inc.	260	6	1.79	278	8	1.77
Publix	258	7	1.77	290	7	1.85
Lifetime Fitness	222	9	1.53	-	-	-
Whole Foods Market Group, Inc.	209	8	1.44	316	6	2.02
World Financial Group Insurance	207	10	1.42	237	10	1.51
IP Unity-Glenayre, Ince	-		-	237	9	1.51
Totals	5,757		39.59 %	5,703		36.39 %

(1) Source: City of Johns Creek Business Licenses

(2) Formerly known as CIBA Vision Company

CITY OF JOHNS CREEK, GEORGIA

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

Function	2012	2011	2010	2009	2008	2007
General Government (City Manager)	6	6	6	5	3	4
City Clerk	3	3	1	1	1	1
Finance Department	10	10	1	1	1	1
Human Resources/Support Services	6	7	1	1	-	-
Facilities	3	2	1	1	1	-
Communications/Public Relations	6	6	-	-	-	-
Municipal Court	4	4	1	1	1	1
Public safety						
Police						
Officers	61	62	60	60	58	1
Civilians	10	8	7	8	8	-
Fire						
Firefighters	75	78	77	75		
Civilians	2	2	2	1	6	-
Public Works	2	2	-	-	-	-
Recreation/Parks	1	1	-	-	-	-
Total	189	188	157	154	79	8

Source: City of Johns Creeks Human Resources Department

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

CITY OF JOHNS CREEK, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST FIVE FISCAL YEARS

Function	2012	2011	2010	2009	2008
Police					
Homicide	-	-	-	-	-
Robbery	16	14	12	21	5
Assault	240	205	208	194	83
Burglary	106	133	163	204	83
Larceny	283	252	288	303	329
Motor vehicle theft	16	17	20	27	91
Total calls for service	73,532	76,010	64,656	41,725	24,816
Fire					
Fire calls	912 (1)	115	125	106	-
EMS calls	5,223 (1)	2,133	1,389	1,494	-
False alarms	739 (1)	408	401	408	-
Service calls	333 (1)	385	352	310	-
Hazardous conditions	88 (1)	83	81	74	-
Good intent calls	137 (1)	1,337	1,218	516	-
Water rescue calls	- (1)	13	N/A	N/A	N/A
Fire investigations	7 (1)	15	8	7	-
Public Works					
Highways & Streets					
Streets resurfaced (miles)	1	4	6	3	3
Sidewalk installed/replaced (sq. ft.)	36,700	7,798	7,890	43,105	14,240
Curb & Gutter install/replaced (linear ft.)	900	637	675	N/A	N/A

Sources: Various City departments.

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

Information prior to 2008 is not available.
(1) Change in method of counting Fire Department responses from an incident count to total apparatus response count.

CITY OF JOHNS CREEK, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FIVE FISCAL YEARS

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

Source: Various City departments.

(1) Fire Department began operations in October 2008.

Information prior to 2008 is not available.