

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**  
**FINANCIAL REPORT**  
**FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2008**

**Prepared by:**  
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**Submitted by:**  
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**City Manager**

## INTRODUCTORY SECTION

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# CITY OF CHATTAHOOCHEE HILLS, GEORGIA

## FINANCIAL REPORT FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2008

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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**The Honorable Mayor and Members  
of the City Council of the  
City of Chattahoochee Hills, Georgia**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Chattahoochee Hills, Georgia, as of and for the ten months ended September 30, 2008, which collectively comprise the City of Chattahoochee Hills, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Chattahoochee Hills, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Chattahoochee Hills, Georgia as of September 30, 2008, and the respective changes in financial position thereof for the ten months 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 27, 2009, on our consideration of the City of Chattahoochee Hills, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 9 and 30 and 31 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
March 27, 2009

# CITY OF CHATTAHOOCHEE HILLS, GEORGIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Within this section of the City of Chattahoochee Hills, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the ten months ended September 30, 2008. As you read this report, you should keep in mind that this is the City's first year of operations.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal period by \$2,515,450 (reported as net assets). Of this amount, a deficit in the amount of \$47,351 is reported as unrestricted net assets. The amount reported as unrestricted net assets represents the amount available to meet the City's ongoing obligations.
- As of September 30, 2008, the City's governmental funds reported combined ending fund balances of (\$142,770).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Chattahoochee Hills' basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

#### ***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the City of Chattahoochee Hills' finances. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds. These statements provide both long-term and short-term information about the City's overall financial status.

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. Evaluation of the overall health of the City would extend to other non-financial factors, such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report. Because this is the first year of operations, no historical information is available for comparison, therefore, there can be no indication of whether the City's financial condition is improving or deteriorating.

The *Statement of Activities* reports how the City's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. An important purpose of the design of this statement is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both of the government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The City of Chattahoochee Hills' government activities include general government, judicial, public safety, public works, culture and recreation, and community development. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### ***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 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 a government'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 government'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 two major and one nonmajor governmental funds. The City's major governmental funds are: General Fund and Capital Projects Fund. The City's nonmajor governmental fund is the Hotel/Motel Tax Fund.

The basic governmental fund financial statements are presented on pages 12 to 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.

The basic fiduciary fund financial statement can be found on page 15 of this report.

### Notes to the Basic 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 16 to 28 of this report.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The budgetary comparison schedule is intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 30 and 31 of this report.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's overall financial position and operations for this fiscal period is summarized as follows based on the information included in the government-wide financial statements (see pages 10 and 11):

CITY OF CHATTAHOOCHEE HILLS  
Net Assets  
September 30, 2008  
(in thousands)

Current and other assets	\$ 881
Capital assets	<u>2,753</u>
Total assets	3,634
Long-term liabilities outstanding	203
Other liabilities	<u>916</u>
Total liabilities	1,119
Net assets:	
Invested in capital assets, net of related debt	2,562
Unrestricted	<u>(47)</u>
Total net assets	<u>\$ 2,515</u>

As mentioned earlier, net assets may serve as a useful indicator of the City's financial position over time. Since this is the first period of City operations, comparative information is not available. At September 30, 2008, the City's assets exceeded liabilities by \$2,515,450.

The largest portion of the City's net assets (102%) reflects its investment in capital assets (e.g., land, roadways, sidewalks, culverts, equipment and signals), 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. It should be noted that the resources required to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of the City's net assets represents unrestricted net assets. The statement reveals a \$47,351 deficit at the end of the period. This means that the City did not have the resources available to satisfy all of its liabilities at the close of the fiscal year. City management recognized the inevitability of this situation in their first period of operations and has taken steps to rectify this in the next fiscal year and going forward.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following condensed financial information was derived from the government-wide *Statement of Activities* (page 11) and reflects how the City's net assets changed during the fiscal period.

CITY OF CHATTAHOOCHEE HILLS  
Changes in Net Assets  
For the ten months ended September 30, 2008  
(in thousands)

Revenues:		
Program Revenues:		
Charges for services	\$	38
Operating grants and contributions		5
General Revenues:		
Property taxes		686
Other taxes		502
Special item		2,740
Investment earnings		<u>4</u>
Total revenues		3,975
Expenses:		
General government		317
Judicial		18
Public safety		705
Public works		287
Culture and recreation		29
Community development		72
Interest on long-term debt		<u>32</u>
Total expenses		<u>1,460</u>
Increase in net assets		<u>\$2,515</u>

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

#### ***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental funds reported a deficit balance at the end of the fiscal period in the amount of \$142,770. Of this deficit, \$169,085 is unreserved and undesignated in the General Fund, indicating a lack of immediate funding for continuing City service requirements. City management recognized the inevitability of this situation in their first period of operations and has taken steps to rectify this in the next fiscal year and going forward. A surplus amount of \$24,987 is unreserved and undesignated in the Capital Projects fund, indicating availability for continuing City service requirements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City has adopted a fund balance reserve policy to retain in reserve an amount which represents no less than two months of operating and debt expenditures, approximately 16% of the current year's estimated operating and debt expenditures. The policy took into consideration that upon incorporation, no reserves existed and allowed for a period of three to five years to establish the required amount. Due to current economic conditions and current year revenue shortfalls, it was not possible to contribute to the reserve in the current fiscal year.

*General Fund.* The General Fund is the primary operating fund and the largest source of day-to-day service delivery. It accounts for many of the City's core services, such as law enforcement, fire protection, planning, roads and streets, and administration. The fund balance was (\$167,757) as of September 30, 2008.

*Capital Projects Fund.* This fund is use to record major capital acquisitions and construction. It is reported separately from the General Fund to enhance the understanding of the government's capital activities. It also helps to avoid the distortions in financial resources trend information that can arise when capital and operating activities are mixed. During the year, the fund received contributions of \$4,562, and \$96,400 was transferred in from the General Fund. The City entered into a notes payable agreement in the amount of \$190,400 to purchase a vehicles and equipment for the newly formed public safety department. After expenditures of \$266,580, the remaining fund balance was \$24,987.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Chattahoochee Hills' budget utilized a conservative approach based on lack of available historical information. Emphasis was given to ensuring financial stability for the first ten months of operations, as well as long-term stability, while providing revenue enhancement, financial priorities and discipline.

The City employs a formal budget adjustment process as needed in order to re-align original appropriations made during the annual budget process with significant changes in revenue and/or expenditures, ensuring appropriations are in alignment with expected resources. Differences between the original budget and final amended budget are then resolved via official City Council action.

In an effort to meet the challenges of significantly decreasing revenue, three budget adjustments were approved by the City Council during the fiscal year 2008. Through these three amendments, the General Fund expenditure budget was decreased by \$90,828. The following are highlights of the differences between the original and the final budgets:

- An increase of \$54,696 in general government activities. To help offset this increase, there was a voluntary salary forfeiture of the Mayor, City Manager and a majority of the City Council.
- Public safety reduced their budget by \$220,537 by delaying full deployment of police personnel and being resourceful with supplies and equipment;
- The public works budget increased by about 50%, to 95,991 due to final contract pricing and service delivery concessions regarding the CH2M HILL services contract. The contractual obligations for the majority of public works operations became the City's responsibility; therefore the expenditure appropriation increased to fund personnel, equipment and supplies.
- The budget for culture and recreation was eliminated to make money available for more essential services such as public safety;
- The community development budget increased by \$17,308 to accommodate the final pricing of the CH2M HILL contract.
- And, the budget for debt service was increased to allow for the accrual of the interest due on the City's tax anticipation note that was due in the first quarter of the next fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The General Fund expenditures for fiscal year 2008 were \$1,163,822, 99.4% of the final amended budget. Total actual expenditures in the General Fund were lower than the final amended budget by \$6,744.

The General Fund revenue budget was reduced by \$144,728 through the three budget amendments:

- The collective budgets for sales taxes, franchise taxes and business taxes were increased by \$25,518 because of higher than anticipated collections.
- The budget for licenses and permits was reduced dramatically from \$157,849 to \$26,514 to reflect the decreased activity related to the decrease in housing and commercial construction activity.
- Due to delayed deployment of full police operations, fines and forfeitures were decreased by \$24,490.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### *Capital Assets*

As of September 30, 2008, the City's investment in capital assets for its governmental activities totaled \$2,753,201 (net of accumulated depreciation). These assets primarily reflect the donation of infrastructure assets at incorporation for roadways, sidewalks, culverts and signals. Other assets include police and fire vehicles and the discounted purchase of a community building for City Hall, a fire station and a small ball field from Fulton County.

CITY OF CHATTAHOOCHEE HILLS  
Capital Assets (net of depreciation)  
September 30, 2008  
(in thousands)

Land	\$ 39
Buildings and improvements	130
Machinery and equipment	44
Vehicles	156
Infrastructure	<u>2,384</u>
	<u>\$2,753</u>

Additional information on the City's capital assets can be found in note 6, beginning on page 25 of this report.

#### *Long-term debt*

At the end of the fiscal period ending September 30, 2008, the City had total long-term debt outstanding of \$190,400 for police and fire vehicles and other start-up equipment. Additionally, the City had short-term borrowings of \$539,250 in the form of a tax anticipation note used to provide operating cash flow for the first fiscal period.

Additional information on the City's long-term debt can be found in note 8 on page 27 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors are expected to have a significant effect on the City's financial position or results of operations and were taken into account in developing the fiscal year 2009 budget:

- 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 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 that data for decision making for continued financial success.
- Cost of government. Property taxes are the most significant revenue source for the city. In fiscal year 2008, the City levied a property tax millage rate of 5.659 mills, the same millage rate as the unincorporated area of Fulton County prior to city hood. The millage rate to be levied in fiscal year 2009 is 10.9614, a 94% increase. This will provide approximately \$1,472,403 million in operating revenue. The increase in millage rate will allow the city to meet its current year obligations and begin to build an operating reserve.
- Revenue sources. Upon incorporation, the City's franchise agreements were not approved until the second/third quarter of the fiscal year 2008. A full year of franchise fee revenue will be realized in 2009. The City's police department was fully deployed in October 2009 and citation, fines, forfeitures and court cost revenue are expected to be sources of funds in 2009 that were not available to the city in fiscal year 2008.
- Economic conditions. The downturn in the economy was given significant consideration in the expectation of revenue in 2009. Revenue projections for building permits, intangible tax and real estate transfer tax revenue were all significantly reduced in the revenue projections for 2009.

The city restricts the use of one-time revenues to fund recurring operating expenses. Growth in expenditures is limited based on the City Council approval of service levels, the level of effort needed to provide the service levels and the measurement of the outcomes of providing service.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, you may contact the City at (770)463-8881 or 6505 Rico Road, Suite A, Palmetto GA 30268. You may also visit the website at [www.chatthillsga.us](http://www.chatthillsga.us).

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

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	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 118,975
Accounts receivable	30,898
Taxes receivable, net of allowance	626,015
Due from other governments	104,278
Prepays	1,328
Capital assets:	
Nondepreciable	38,615
Depreciable, net of accumulated depreciation	<u>2,714,586</u>
Total assets	<u>3,634,695</u>
<b>LIABILITIES</b>	
Accounts payable	307,244
Accrued liabilities	69,887
Tax anticipation note	539,250
Compensated absences due within one year	10,594
Compensated absences due in more than one year	1,870
Note payable due within one year	46,149
Note payable due in more than one year	<u>144,251</u>
Total liabilities	<u>1,119,245</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,562,801
Unrestricted	<u>(47,351)</u>
Total net assets	<u>\$ 2,515,450</u>

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

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

**STATEMENT OF ACTIVITIES  
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 317,185	\$ 12,409	\$ -	\$ -	\$ (304,776)
Judicial	18,071	10,607	-	-	(7,464)
Public safety	705,089	195	4,912	-	(699,982)
Public works	286,623	-	-	-	(286,623)
Culture and recreation	29,173	-	-	-	(29,173)
Community development	71,250	15,027	-	-	(56,223)
Interest on long-term debt	32,173	-	-	-	(32,173)
Total governmental activities	<u>1,459,564</u>	<u>38,238</u>	<u>4,912</u>	<u>-</u>	<u>(1,416,414)</u>
Total primary government	<u>\$ 1,459,564</u>	<u>\$ 38,238</u>	<u>\$ 4,912</u>	<u>\$ -</u>	<u>(1,416,414)</u>
General revenues:					
Property taxes					685,322
Sales taxes					423,528
Hotel/Motel taxes					43,579
Franchise taxes					26,942
Business taxes					8,233
Unrestricted investment earnings					4,179
Special item - donation of infrastructure at incorporation					<u>2,740,081</u>
Total general revenues and special item					<u>3,931,864</u>
Change in net assets					2,515,450
Net assets, beginning of period					-
Net assets, end of period					<u>\$ 2,515,450</u>

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

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

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

<b>ASSETS</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Hotel/Motel Tax Fund</b>	<b>Total Governmental Funds</b>
Cash and cash equivalents	\$ 71,299	\$ 26,981	\$ 20,695	\$ 118,975
Accounts receivable	30,898	-	-	30,898
Taxes receivable, net of allowance	617,842	-	8,173	626,015
Intergovernmental receivable	104,278	-	-	104,278
Due from other funds	2,334	-	-	2,334
Prepays	1,328	-	-	1,328
<b>Total assets</b>	<b>\$ 827,979</b>	<b>\$ 26,981</b>	<b>\$ 28,868</b>	<b>\$ 883,828</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 278,716	\$ 1,994	\$ 26,534	\$ 307,244
Accrued liabilities	66,603	-	-	66,603
Due to other funds	-	-	2,334	2,334
Tax anticipation note	539,250	-	-	539,250
Deferred revenue	111,167	-	-	111,167
<b>Total liabilities</b>	<b>995,736</b>	<b>1,994</b>	<b>28,868</b>	<b>1,026,598</b>
<b>FUND BALANCES</b>				
Fund balances:				
Reserved for:				
Prepays	1,328	-	-	1,328
Unreserved, reported in:				
General fund	(169,085)	-	-	(169,085)
Capital projects fund	-	24,987	-	24,987
<b>Total fund balances</b>	<b>(167,757)</b>	<b>24,987</b>	<b>-</b>	<b>(142,770)</b>
<b>Total liabilities and fund balance:</b>	<b>\$ 827,979</b>	<b>\$ 26,981</b>	<b>\$ 28,868</b>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				2,753,201
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				(206,148)
Some revenues are not available in the current period and, therefore, are not reported in the funds.				111,167
<b>Net assets of governmental activities</b>				<b>\$ 2,515,450</b>

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



**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2008**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Hotel/Motel Tax Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 574,155	\$ -	\$ -	\$ 574,155
Sales taxes	423,528	-	-	423,528
Hotel/Motel taxes	-	-	43,579	43,579
Franchise taxes	26,942	-	-	26,942
Business taxes	8,233	-	-	8,233
Licenses and permits	26,515	-	-	26,515
Fines and forfeitures	10,607	-	-	10,607
Contributions	350	4,562	-	4,912
Interest earned	3,974	205	-	4,179
Miscellaneous	1,116	-	-	1,116
Total revenues	<u>1,075,420</u>	<u>4,767</u>	<u>43,579</u>	<u>1,123,766</u>
<b>Expenditures:</b>				
Current:				
General government	313,873	7,087	-	320,960
Judicial	18,071	-	-	18,071
Public safety	635,749	257,493	-	893,242
Public works	95,990	-	-	95,990
Culture and recreation	-	2,000	26,534	28,534
Community development	71,250	-	-	71,250
Debt service:				
Interest	28,889	-	-	28,889
Total expenditures	<u>1,163,822</u>	<u>266,580</u>	<u>26,534</u>	<u>1,456,936</u>
Excess (deficiency) of revenues over expenditures	<u>(88,402)</u>	<u>(261,813)</u>	<u>17,045</u>	<u>(333,170)</u>
<b>Other financing sources (uses):</b>				
Issuance of long term debt	-	190,400	-	190,400
Transfers in	17,045	96,400	-	113,445
Transfers out	<u>(96,400)</u>	<u>-</u>	<u>(17,045)</u>	<u>(113,445)</u>
Total other financing sources (uses)	<u>(79,355)</u>	<u>286,800</u>	<u>(17,045)</u>	<u>190,400</u>
Net change in fund balances	<u>(167,757)</u>	<u>24,987</u>	<u>-</u>	<u>(142,770)</u>
<b>Fund balances, beginning of period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of period</b>	<u>\$ (167,757)</u>	<u>\$ 24,987</u>	<u>\$ -</u>	<u>\$ (142,770)</u>

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

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE TEN MONTHS ENDED SEPTEMBER 30, 2008**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(142,770)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		13,120
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net assets.		2,740,081
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		111,167
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 issuance of long-term debt.		(190,400)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(15,748)</u>
	\$	<u>2,515,450</u>

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

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**SEPTEMBER 30, 2008**

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<b>ASSETS</b>	<b>Municipal Court Fund</b>
Cash	\$ 2,492
Accounts receivable	1,497
	<hr/>
Total assets	\$ 3,989
	<hr/> <hr/>
<b>LIABILITIES</b>	
Due to others	\$ 3,989
	<hr/>
Total liabilities	\$ 3,989
	<hr/> <hr/>

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

# CITY OF CHATTAHOOCHEE HILLS, GEORGIA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Chattahoochee Hills, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions, issued on or before November 30, 1989, for its government-wide financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City's government-wide financial statements do not apply subsequent private-sector guidance. The more significant of the City's accounting policies are described below.

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

The City, which was incorporated in 2007, operates under a charter adopted December 1, 2007, as a municipal corporation governed by an elected mayor and a five-member council. The government provides such services as police protection, fire and rescue services, cultural and recreational activities, housing and development and public works.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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

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

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 acquisition and construction of capital assets by the City.

Additionally, the City reports the following fund types:

The **special revenue fund** is used to account for the collection and disbursement of hotel/motel taxes levied by the City.

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.

#### D. Encumbrances

The City employed encumbrance accounting during the year. Encumbrances, if existing at the end of the fiscal year, are recorded and appropriations lapse at year end. Open encumbrances would then be a reservation of fund balance since the commitments would be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances outstanding at September 30, 2008, and none were recorded.

## NOTES TO FINANCIAL STATEMENTS

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

#### E. Budgets

Formal budgetary accounting is employed as a management control device for the general fund, special revenue fund, and capital projects fund of the City. The governmental funds 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 and special revenue fund. Project-length budgets are adopted for the capital projects fund. During the fiscal year ended September 30, 2008, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

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

#### F. Cash and Cash Equivalents

Cash and cash equivalents include 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.

#### H. Prepaid Items

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

## NOTES TO FINANCIAL STATEMENTS

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

#### I. Capital Assets

Capital assets, which include buildings and 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 infrastructure 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 and improvements	20-50 years
Machinery and equipment	5-40 years
Vehicles	8 years
Infrastructure	10-50 years

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

#### J. 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.

#### 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.



## NOTES TO FINANCIAL STATEMENTS

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

#### L. Fund Equity

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

#### M. Use of Estimates

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

### 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 \$206,148 difference are as follows:

Note payable	\$ 190,400
Compensated absences	12,464
Accrued interest	<u>3,284</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 206,148</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$13,120 difference are as follows:

Capital outlay	\$ 242,661
Depreciation expense	<u>(229,541)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities</i>	<u>\$ 13,120</u>

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.” The details of this \$15,748 difference are as follows:

Compensated absences	\$ 12,464
Accrued interest	<u>3,284</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds to arrive at change in net assets - governmental activities</i>	<u>\$ 15,748</u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. LEGAL COMPLIANCE - BUDGETS

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

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

### NOTE 4. DEPOSITS

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

Statement of Net Assets:	
Cash and cash equivalents	\$ 118,975
Statement of Fiduciary Assets and Liabilities:	
Cash - Agency fund	2,492
	<u>\$ 121,467</u>
	<u>                    </u>
Cash deposited with financial institutions	\$ 121,467
	<u>\$ 121,467</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. RECEIVABLES

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

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

	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
Receivables:			
Taxes	\$ 687,521	\$ 8,173	\$ 695,694
Accounts	30,898	-	30,898
Intergovernmental	104,278	-	104,278
Total receivables	822,697	8,173	830,870
Less allowance for uncollectible	69,679	-	69,679
Net total receivable	\$ 753,018	\$ 8,173	\$ 761,191

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets				
Land	\$ -	\$ 38,615	\$ -	\$ 38,615
Total	<u>-</u>	<u>38,615</u>	<u>-</u>	<u>38,615</u>
Capital assets, being depreciated:				
Buildings and improvements	-	138,696	-	138,696
Machinery and equipment	-	49,072	-	49,072
Vehicles	-	181,589	-	181,589
Infrastructure	-	2,574,770	-	2,574,770
Total	<u>-</u>	<u>2,944,127</u>	<u>-</u>	<u>2,944,127</u>
Less accumulated depreciation for:				
Buildings and improvements	-	(8,948)	-	(8,948)
Machinery and equipment	-	(4,919)	-	(4,919)
Vehicles	-	(25,316)	-	(25,316)
Infrastructure	-	(190,358)	-	(190,358)
Total	<u>-</u>	<u>(229,541)</u>	<u>-</u>	<u>(229,541)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>2,714,586</u>	<u>-</u>	<u>2,714,586</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 2,753,201</u>	<u>\$ -</u>	<u>\$ 2,753,201</u>

Infrastructure additions noted above represent the City's initial reporting of infrastructure previously maintained by Fulton County. Upon incorporation, the City became responsible for maintaining and improving these capital assets. Due to the relationship of Fulton County to the City, these assets were added to the City's Statement of Net Assets at estimated historical cost, less accumulated depreciation. The one time addition of these assets has been reported as a special item in the Statement of Activities.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 2,225
Public safety	35,319
Public works	190,358
Culture and recreation	1,639
Total depreciation expense - governmental activities	\$ 229,541

### NOTE 7. SHORT-TERM BORROWINGS

The City has a tax anticipation note for operating purposes of \$539,250 at a local financial institution. The borrowing, with an interest rate of 3.29%, matures on December 31, 2008. As of September 30, 2008, \$539,250 of principal was outstanding.

Total short-term borrowings interest incurred and expensed for the period ended September 30, 2008, was \$13,650.

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Tax anticipation note	\$ -	\$ 539,250	\$ -	\$ 539,250

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT

#### Notes Payable

In March 2008, the City entered into an agreement through a financial institution to borrow \$190,400 for the purchase of various equipment for the police department. Annual payments of \$51,311, including interest at a rate of 3.32% will begin in January 2009 and will continue through January 2012. The debt service requirements to maturity are as follows:

Fiscal year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 46,149	\$ 5,162	\$ 51,311
2010	46,522	4,789	51,311
2011	48,067	3,244	51,311
2012	49,662	1,649	51,311
	<u>\$ 190,400</u>	<u>\$ 14,844</u>	<u>\$ 205,244</u>

#### Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Note payable	\$ -	\$ 190,400	\$ -	\$ 190,400	\$ 46,149
Compensated absences	-	14,944	(2,480)	12,464	10,594
Governmental activity					
Long-term liabilities	<u>\$ -</u>	<u>\$ 205,344</u>	<u>\$ (2,480)</u>	<u>\$ 202,864</u>	<u>\$ 56,743</u>

## NOTES TO FINANCIAL STATEMENTS

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

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

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	<u>\$ 2,334</u>

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental fund	\$ 17,045
Capital Projects Fund	General Fund	<u>96,400</u>
		<u>\$ 113,445</u>

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

### NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

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

The City has entered a public/private contractual partnership for outsourced services and operations. Through this contract with a private company, an array of operational services are 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 \$293,000, subject to annual negotiation and appropriation.



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN**

The City of Chattahoochee Hills's Profit Sharing Plan is a single employer defined contribution plan established and administered by Chattahoochee for all full time employees. At September 30, 2008, there were 53 plan members. The City contributes 3.75% of eligible employees' base salary and matches 100% for each dollar of employee contributions up to 3% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible and fully vested immediately upon entering the Plan. For the fiscal year ending September 30, 2008, the City's contributions to the Plan were \$18,581.

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

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

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

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended September 30, 2008, the City received \$43,579 in hotel/motel taxes. Of this amount, \$26,534, or 60.9%, was used for the promotion of tourism, conventions, or trade shows.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 751,126	\$ 750,529	\$ 574,155	\$ (176,374)
Sales taxes	412,949	422,260	423,528	1,268
Franchise taxes	17,467	26,941	26,942	1
Business taxes	1,500	8,233	8,233	-
Licenses and permits	157,849	26,514	26,515	1
Fines and forfeitures	34,589	10,099	10,607	508
Contributions	-	-	350	350
Interest earned	5,000	3,974	3,974	-
Miscellaneous	13,914	1,116	1,116	-
Total revenues	<u>1,394,394</u>	<u>1,249,666</u>	<u>1,075,420</u>	<u>(174,246)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City council	112,804	56,849	57,016	(167)
City manager	10,000	29,998	29,998	-
General operations	106,999	228,808	226,859	1,949
Contingencies	31,156	-	-	-
Total general government	<u>260,959</u>	<u>315,655</u>	<u>313,873</u>	<u>1,782</u>
<b>Judicial:</b>				
Municipal court	<u>23,879</u>	<u>18,553</u>	<u>18,071</u>	<u>482</u>
Total municipal court	<u>23,879</u>	<u>18,553</u>	<u>18,071</u>	<u>482</u>
<b>Public safety:</b>				
Police	259,095	122,994	122,410	584
Fire	<u>597,775</u>	<u>513,339</u>	<u>513,339</u>	<u>-</u>
Total public safety	<u>856,870</u>	<u>636,333</u>	<u>635,749</u>	<u>584</u>
<b>Public works</b>	<u>47,779</u>	<u>95,991</u>	<u>95,990</u>	<u>1</u>
<b>Culture and recreation</b>	<u>4,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Community development</b>	<u>53,942</u>	<u>71,250</u>	<u>71,250</u>	<u>-</u>
<b>Debt service:</b>				
Interest	<u>13,650</u>	<u>32,784</u>	<u>28,889</u>	<u>3,895</u>
Total debt service	<u>13,650</u>	<u>32,784</u>	<u>28,889</u>	<u>3,895</u>
Total expenditures	<u>1,261,394</u>	<u>1,170,566</u>	<u>1,163,822</u>	<u>6,744</u>
Excess (deficiency) of revenue over expenditures	<u>133,000</u>	<u>79,100</u>	<u>(88,402)</u>	<u>(167,502)</u>

Continued

**CITY OF CHATTAHOOCHEE HILLS, GEORGIA**

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>Other financing sources (uses):</b>				
Transfers in	\$ -	\$ 17,300	\$ 17,045	\$ (255)
Transfers out	(133,000)	(96,400)	(96,400)	-
Total other financing sources (uses)	(133,000)	(79,100)	(79,355)	(255)
Net change in fund balance	-	-	(167,757)	(167,757)
<b>Fund balance, beginning of period</b>	-	-	-	-
<b>Fund balance, end of period</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (167,757)</u>	<u>\$ (167,757)</u>

Note: See footnotes 1 and 3 of the basic financial statements for budgetary policies.