



City of Snellville, Georgia

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012



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Prepared by Jan Burke, Controller, CPA

**CITY OF SNELLVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2012**

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December 14, 2012

To the Honorable Mayor, Distinguished Members of City Council
And the Citizens of Snellville, GA:

I am honored to hereby present the City of Snellville, GA's second Comprehensive Annual Financial Report. The report is as of and for the year ended June 30, 2012. Responsibility for both the accuracy and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of Snellville. To provide a reasonable basis for making these representations, the City of Snellville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the objective is to present reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Snellville. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Snellville's financial statements have been audited by James L. Whitaker, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Snellville for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Snellville's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Government Auditing Standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. This report is available under a separate cover.

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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Snellville was founded in 1874 and was incorporated in 1923. Snellville is located in the southern portion of Gwinnett County and is eighteen miles east of Atlanta. The City occupies 10.4 square miles and serves a population of 18,242. The City of Snellville is empowered to levy a property tax on both real and personal property located within its boundaries.

The City is a municipal corporation created under the laws of the state of Georgia and has its corporate name as "City of Snellville, Georgia." The affairs of the City are conducted by a mayor and a five-member City Council. The mayor and the City Council members are elected at large. The mayor and council members serve on a part-time basis and are elected to staggered terms of four years. The council is responsible for passing ordinances, adopting the budget, establishing tax rates, appointing committees and hiring the City Manager, City Clerk and attorney. The City Manager oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services.

The City provides a full range of services including law enforcement; the construction and maintenance of buildings, parks, streets, storm water drainage facilities, and other associated infrastructure; park and recreational activities; elections; court system; building inspections; planning and zoning; recycling; sanitation; and general administrative and support activities.

This report includes all funds of the City, as well as a component unit, the City of Snellville Downtown Development Authority, that has been determined to meet the criteria for inclusion in City's reporting entity. The Downtown Development Authority is reported in a separate column in the financial statements to emphasize that it is a legally separate and to differentiate its financial position from the City's.

The annual budget serves as the foundation for the City of Snellville's financial planning and control. All departments are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. This budget is then presented to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Snellville's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and the appropriation of additional funds, however, require the approval of the City Council. Budget-to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For other governmental funds, this comparison is presented in the governmental subsection of this report.

Factors Affecting Financial Condition

The information in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Snellville operates.

Local Economy

The City of Snellville, Georgia is intersected by US Highway 78 and State Highway 124. With a low cost of living, temperate climate and easy access to Atlanta, the City of Snellville provides all the conveniences of a large city, in a small town atmosphere. The City of Snellville has a rich variety of retail establishments from large national retailers to local, small business shops. Snellville is also home to two hotels. The City has a Hotel/Motel tax rate of 8%, which is used to help fund the Snellville Tourism and Trade Association. The group markets and promotes the city through a summer long Farmers Market and many other seasonal festivals and events. These events are beginning to generate revenue through sales and other taxes.

As there is very little industry within the city limits of Snellville, we are considered a bedroom community to the City of Atlanta. Our citizens' employment, as well as our economy, depends largely on what happen in and around Atlanta. The State of Georgia has been one of the hardest hit states with regard to unemployment and state revenue loss, but recent economic forecasts from the University of Georgia and other point to a continuing, modest recovery. What bodes well for us is that the sectors of the economy we are most impacted by (health care, the service industry and retail) are the ones with the most positive outlook. For all these reasons, we are cautiously optimistic that our local economy has reached its nadir and will move modestly upward in 2013.

Major Initiatives

Towne Center @ Snellville – In 2001, the City embarked on a visioning, master planning, and branding initiative designed to re-imagine Snellville's downtown. The result of this process was the adoption of a downtown / town center master plan known as "The Towne Center @ Snellville." This plan will serve as the master plan for the redevelopment of over 200 acres in the center of Snellville. It is an ambitious plan designed to revitalize and reenergize Snellville as a premier community to work, live, and play.

Several developers have expressed an interest in partnering with the city to plan and build a mixed use development on the ten acre site the City has acquired on Wisteria Drive in the heart of our Towne Center area. This presents a great opportunity for our reinvigorated Downtown Development Authority and Mayor and Council to reach out and develop the type of partnership necessary to move this development forward.

Briscoe Park Phase 2 – The City will continue using SPLOST revenues to renovate and improve Briscoe Park, the City's main outdoor park. These improvements are designed to maintain Briscoe's reputation as one of the premiere City parks in the region. Recently completed improvements include a new soccer field complex with added parking and lighting along with a newly renovated pavilion with kitchen facilities for rental and private use. We have also completed a new playground area with updated equipment which has attracted renewed interest from all our young families. We will continue the City's commitment to providing excellent facilities for our citizens.

LCI Project – Streetscape improvements to Oak Road, Clower Street, and Wisteria Road in the town center area continue the City’s investment in the Town Center area. Along with City Hall, the Senior Center, and the Police Headquarters facility, these public improvements are designed to stimulate further private development in the City’s core business area. This project is 80% funded by the Atlanta Regional Commission’s Livable Centers Initiative and will be an excellent example of remaking an older, aging central business area into a more pedestrian friendly, beautifully landscaped environment. Our intent is to provide an attractive destination, for both residents and visitors alike who are seeking recreation, shopping and entertainment in a single welcoming, visually appealing area. The project had hit a few organizational snags, but those have been cleared with the help of ARC and GDOT and construction is anticipated to begin in the spring of 2013.

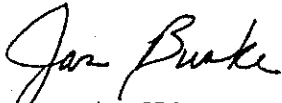
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Snellville for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The active involvement and professional support of James L. Whitaker, P.C. has been instrumental to the prompt completion of the associated audit of this report. The cooperation of various elected officials and appointed management has been invaluable. We express our appreciation to all those who contributed to its preparation. Finally, we would like to thank the City Council for their leadership and support in conducting the financial affairs of the City of Snellville in a responsible and progressive manner.

Respectfully submitted,



Jan Burke, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Snellville
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 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.

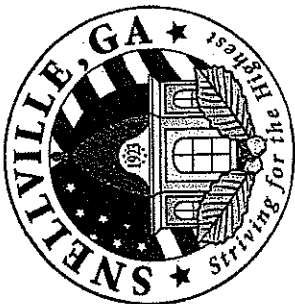


Linda C. Davidson

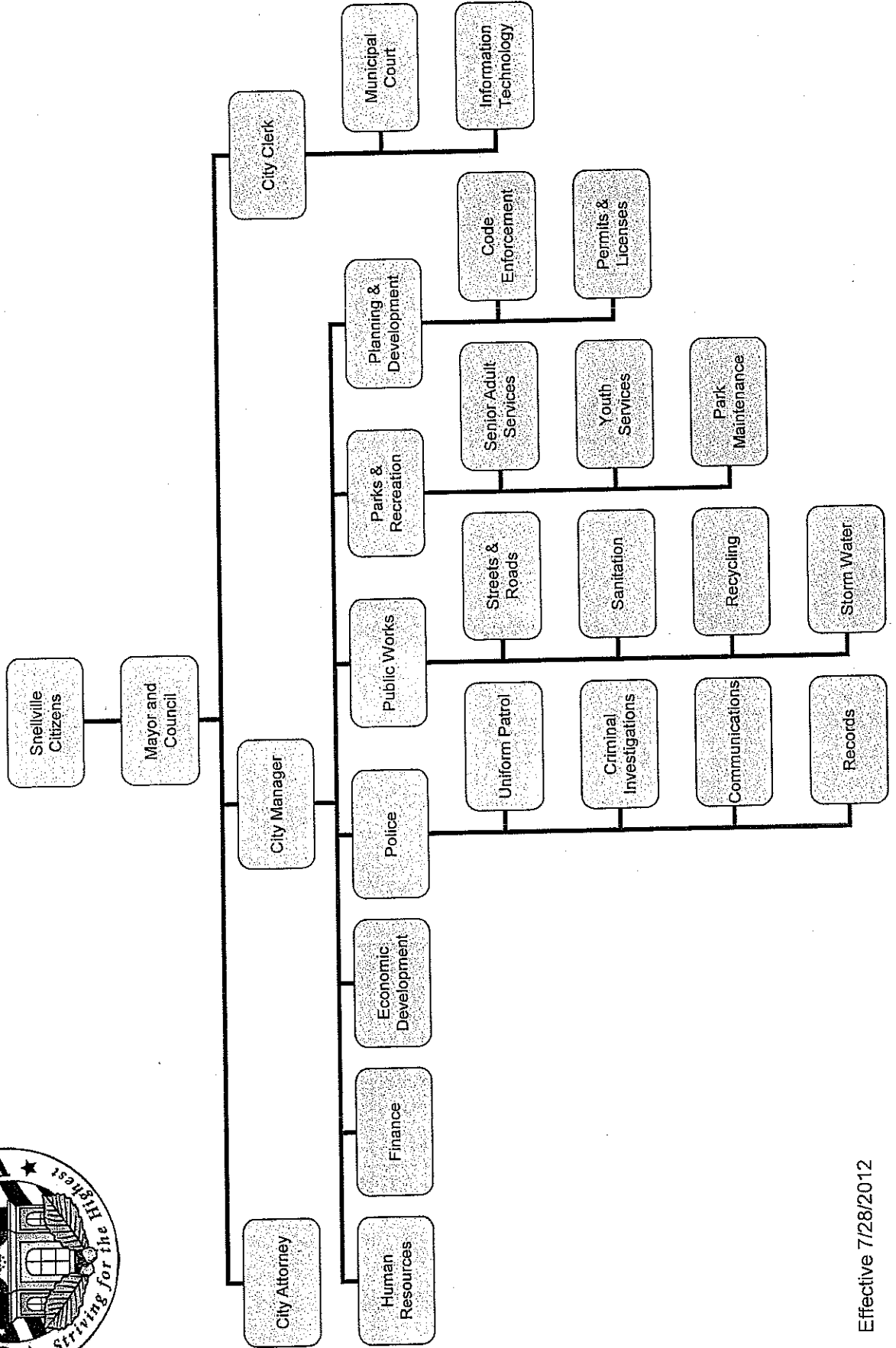
President

Jeffrey R. Emer

Executive Director



City of Snellville, GA
Organizational Chart



OFFICIALS OF THE CITY OF SNELLVILLE

LEGISLATIVE BRANCH CITY COUNCIL

Kelly Kautz	Mayor
Tom Witts	Mayor Pro Tem
Dave Emanuel	Council Member
Diane Krause	Council Member
Bobby Howard	Council Member
Mike Sabbagh	Council Member

OFFICERS OF THE COUNCIL

Melisa Arnold	City Clerk
Tony Powell	City Attorney

JUDICIAL BRANCH

Mark Layng	Municipal Court Judge
Jennifer L. White	City Solicitor
Gloria Savage	Court Clerk

EXECUTIVE BRANCH CITY MANAGER, DIRECTORS AND ADMINISTRATIVE PERSONNEL

Roy Whitehead	Interim City Manager
Lisa Platt	Parks and Recreation
Jon Davis	Planning and Development
Roy Whitehead	Public Safety
Gaye Johnson	Public Works
Jan Burke	Controller
Sherry Patton	Human Resources
Karen McKay	Executive Assistant

Financial Section

JAMES L. WHITAKER, P.C.

Certified Public Accountant
2295 Henry Clower Blvd., Suite 205
Snellville, Georgia 30078
Telephone: 678-205-4438
Fax: 678-205-4449

Member of
The American Institute of
Certified Public Accountants

Member of
Georgia Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Snellville, Georgia

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Snellville, Georgia, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund 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 a report dated December 14, 2012 on our consideration of City of Snellville's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

The Management's Discussion and Analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

James A. Whitaker, P.C.

Snellville, Georgia
December 14, 2012

CITY OF SNELLVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2012

As management of the City of Snellville, we offer readers of the City of Snellville's financial statements this narrative overview and analysis of the financial activities of the City of Snellville for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented in this analysis with their review of the financial statements.

Financial Highlights

- The assets of the City of Snellville exceeded its liabilities at the close of the most recent fiscal year by \$37,638,407 (Net assets). Of this amount unrestricted net assets of \$5,266,608 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net assets increased by \$5,357,808. This increase is due to an increase in net assets of \$4,948,307 in governmental activities and an increase in business-type activities net assets of \$409,501.
- As of the close of the current fiscal year, the City of Snellville's governmental funds reported combined ending fund balances of \$9,033,152, an increase of \$937,288 in comparison with the prior year. Of this amount \$2,854,901 is unassigned and available for spending, \$4,393,641 is restricted for SPLOST Capital Projects, \$1,004,748 is reserved for other Capital Projects, \$82,136 is reserved for Police Activities, \$113,563 is reserved for Tree Bank Projects, \$31,316 is reserved for Economic Development, \$426,022 has been appropriated to help fund the FY2013 budget and \$126,825 is reserved for Prepaid Items.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,924,706 or 33.6% of total General Fund revenues.
- The City of Snellville's total debt obligations (including accrued compensated absences) decreased by the net of \$1,837,654. The decrease is due to repayment of City Hall Certificates of Participation, in the amount of \$310,000, \$59,922 in capital lease obligations, \$1,468,429 in Police Facilities Capital Lease, a net increase in accrued compensated absences of \$26,634, a net decrease in our Intergovernmental Agreement – DDA Capital Lease of \$36,498 and a net increase of \$4576 in termination benefits. The City also accrued \$5,985 for unamortized COPs Discount.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Snellville'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 most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of

the City of Snellville include general government, public safety and courts, highways and streets, parks and recreation, economic development, community development, and debt service. The business-type activities of the City are solid waste management and recycling and Stormwater Management.

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 of Snellville can be divided into two categories: governmental funds and proprietary 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 the two.

The City maintains four major governmental funds. The City's major governmental funds are the General Fund, the LCI Capital Project Fund, and the SPLOST I & II Capital Projects Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for all four major funds.

The City of Snellville adopts an annual budget for its General Fund. On page 18 of this report a budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the FY 12 budget. A project length budget is presented for the City Center Capital Project Fund, the Police and Public Works Facilities Fund, SPLOST I & II Capital Projects Funds and the LCI Fund in the supplementary information following the Basic Financial Statements.

Proprietary funds. The City of Snellville maintains two proprietary funds. Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in Statement of Net Assets of the Solid Waste Management Enterprise Fund and the Stormwater Management Enterprise Fund as well as the Statement of Revenues, Expenses and Changes in Fund Net Assets for each fund.

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.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information, which consists of budget comparisons for all Governmental Funds' revenues and expenditures.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2012, the City's assets exceeded liabilities by \$37,638,407.

The largest portion of the City's net assets (71.1%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in 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. Of the total net assets, \$5,625,404 (14.9%) is restricted for Capital Projects, Police Activities, Economic Development and Tree Bank Projects, \$426,022 is assigned for FY13 Appropriations and \$2,854,901 or (7.6%) is unassigned and may be used to meet the government's ongoing obligations to citizens and creditors.

City of Snellville's Net Assets

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 11,136,533	\$ 9,476,047	\$ 1,174,918	\$ 1,090,107	\$ 12,311,451	\$ 10,566,154
Capital assets	33,653,678	32,490,583	1,902,020	1,758,516	35,555,698	34,249,099
Total assets	44,790,211	41,966,630	3,076,938	2,848,623	47,867,149	44,815,253
Current liabilities	618,318	905,390	322,884	504,070	941,202	1,409,460
Long-term liabilities	9,287,540	11,125,194	-	-	9,287,540	11,125,194
Total liabilities	9,905,858	12,030,584	322,884	504,070	10,228,742	12,534,654
Net assets:	\$ 34,884,353	\$ 29,936,046	\$ 2,754,054	\$ 2,344,553	\$ 37,638,407	\$ 32,280,599
Invested in capital assets, net of related debt	24,844,375	21,806,430	1,902,020	1,758,516	26,746,395	23,564,946
Restricted	5,625,404	5,635,203	-	-	5,625,404	5,635,203
Unrestricted	4,414,574	2,494,413	852,034	586,037	5,266,608	3,080,450
Total net assets	\$ 34,884,353	\$ 29,936,046	\$ 2,754,054	\$ 2,344,553	\$ 37,638,407	\$ 32,280,599

As of June 30, 2012, the City is able to report positive balances in all three categories of net assets, both for the government as a whole and for each individual fund except for the LCI Capital Projects Fund which recorded a deficit fund balance of \$1,069,805. The deficit fund balance was due to the deferral of grant revenues of \$1,110,156 since the City did not receive the reimbursement within sixty days after year end.

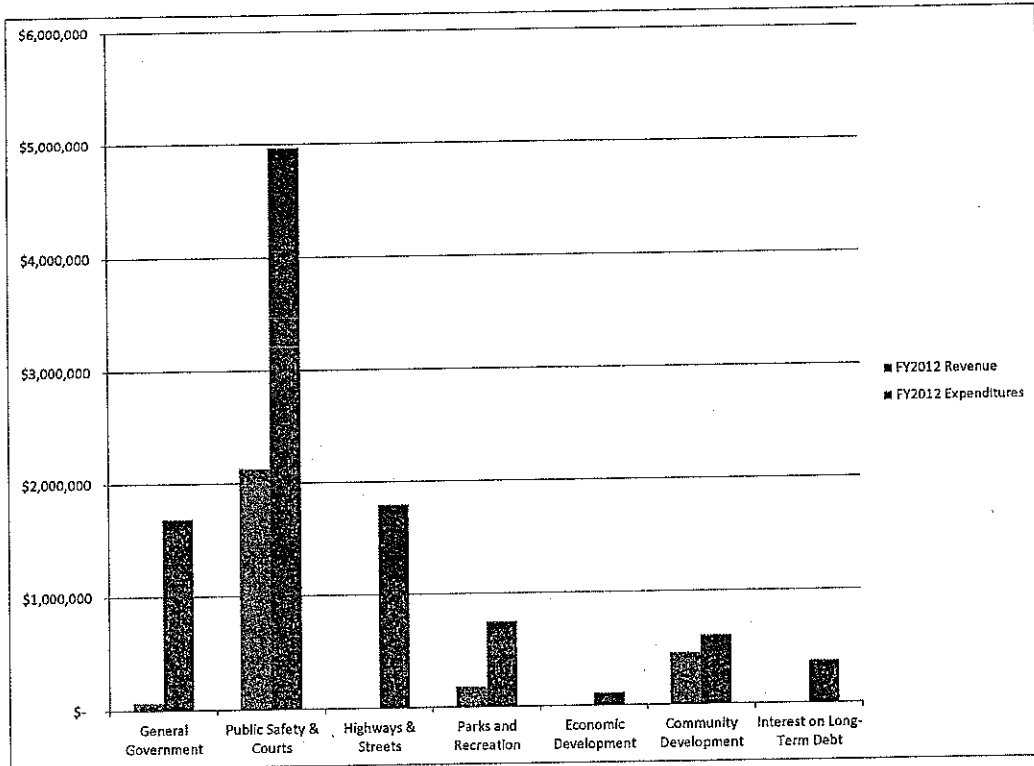
City of Snellville's Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program Revenues -						
Charges for Services	\$ 2,842,624	\$ 2,432,339	\$ 2,048,105	\$ 2,131,726	\$ 4,890,729	\$ 4,564,065
Operating Grants and Contributions	\$ 314,473	\$ 79,886	\$ -	\$ -	\$ 314,473	\$ 79,886
Capital Grants and Contributions	\$ 3,991,328	\$ 2,744,430	\$ -	\$ -	\$ 3,991,328	\$ 2,744,430
General Revenues -						
Property Taxes	\$ 3,853,386	\$ 4,388,127	\$ -	\$ -	\$ 3,853,386	\$ 4,388,127
Other Taxes	\$ 3,408,192	\$ 3,281,335	\$ -	\$ -	\$ 3,408,192	\$ 3,281,335
Intergovernmental	\$ 1,331,008	\$ -	\$ -	\$ -	\$ 1,331,008	\$ -
Interest	\$ 4,758	\$ 16,257	\$ 623	\$ 1,046	\$ 5,381	\$ 17,303
Other	\$ 19,905	\$ 5,098	\$ -	\$ -	\$ 19,905	\$ 5,098
Total Revenues	\$ 15,765,674	\$ 12,947,472	\$ 2,048,728	\$ 2,132,772	\$ 17,814,402	\$ 15,080,244
Expenses:						
General Government	\$ 1,690,722	\$ 1,669,534	\$ -	\$ -	\$ 1,690,722	\$ 1,669,534
Public Safety and Courts	\$ 4,966,217	\$ 4,648,019	\$ -	\$ -	\$ 4,966,217	\$ 4,648,019
Parks and Recreation	\$ 754,667	\$ 698,355	\$ -	\$ -	\$ 754,667	\$ 698,355
Highways and Streets	\$ 1,798,503	\$ 1,186,131	\$ -	\$ -	\$ 1,798,503	\$ 1,186,131
Economic Development	\$ 111,010	\$ 71,114	\$ -	\$ -	\$ 111,010	\$ 71,114
Community Development	\$ 612,699	\$ 627,116	\$ -	\$ -	\$ 612,699	\$ 627,116
Interest on Long-term Debt	\$ 373,687	\$ 403,352	\$ -	\$ -	\$ 373,687	\$ 403,352
Solid Waste	\$ -	\$ -	\$ 2,020,034	\$ 2,054,598	\$ 2,020,034	\$ 2,054,598
Stormwater	\$ -	\$ -	\$ 129,055	\$ 61,222	\$ 129,055	\$ 61,222
Total Expenses	\$ 10,307,505	\$ 9,303,621	\$ 2,149,089	\$ 2,115,820	\$ 12,456,594	\$ 11,419,441
Increase (Decrease) in net assets before transfers	\$ 5,458,169	\$ 3,643,851	\$ (100,361)	\$ 16,952	\$ 5,357,808	\$ 3,660,803
Transfers	\$ (509,862)	\$ (389,786)	\$ 509,862	\$ 389,786	\$ -	\$ -
Increase (Decrease) in Net Assets	\$ 4,948,307	\$ 3,254,065	\$ 409,501	\$ 408,738	\$ 5,357,808	\$ 3,660,803
Net Assets-Beginning of Year	\$ 29,936,046	\$ 26,681,981	\$ 2,344,553	\$ 1,937,815	\$ 32,280,599	\$ 28,619,796
Net Assets-End of Year	\$ 34,884,353	\$ 29,936,046	\$ 2,754,054	\$ 2,344,553	\$ 37,638,407	\$ 32,280,599

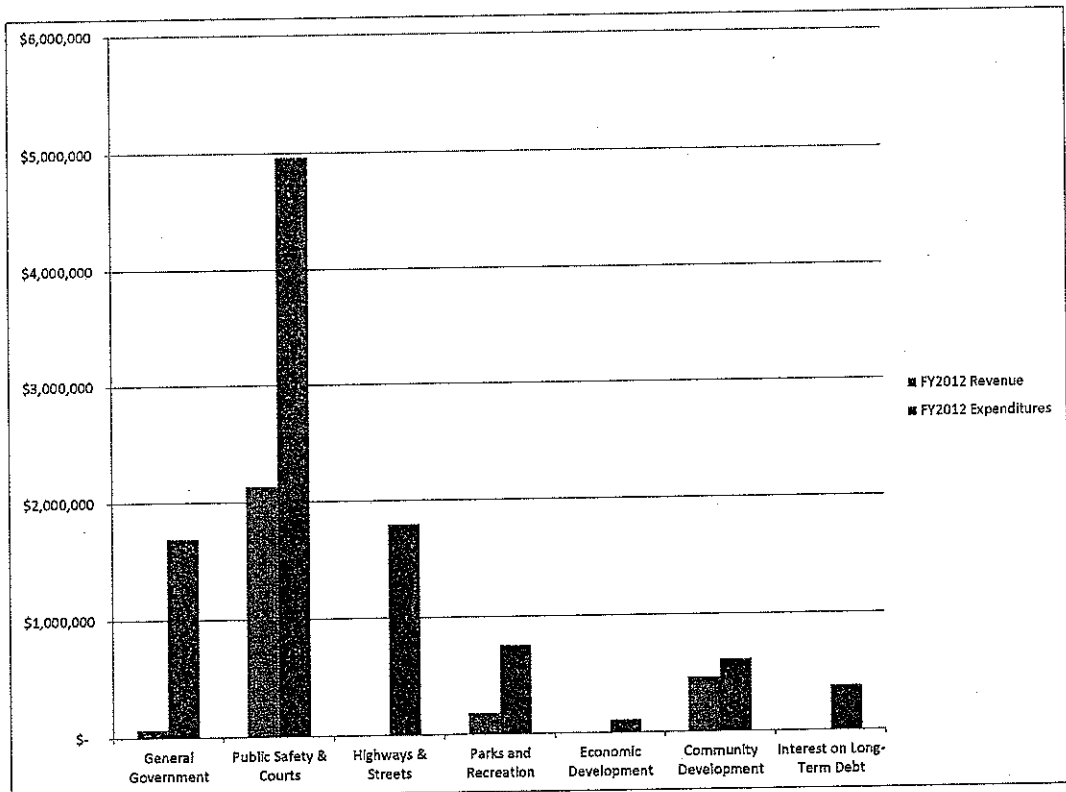
Governmental activities. Governmental activities increased the City's net assets by \$4,948,307 accounting for 92.4% of the total growth in the net assets. Key elements of this increase are as follows:

- Occupational taxes showed a smaller increase than last year (2.8% vs. 4.3%), but we believe this is a trending (two consecutive years) positive sign that our business sector is continuing to experience modest growth.
- Our largest revenue source, the Property Tax, decreased by \$534,741 or 12.2% for the year. The fact that our net assets from Governmental Activities increased by almost \$5,000,000 with a 12.2% DECLINE in our largest revenue source points to two important facts: 1. The City and all our departments did a great job controlling and reducing general fund operating expenditures and 2. We benefitted from efficient and effective procedures securing grants and other intergovernmental revenues.
- Excellent departmental expenditure control is exhibited by the fact that General Fund operating expenses declined by \$125,706 or 1.4% in FY12.
- The large, positive change in Intergovernmental Revenue for FY12 was the result of concluding a successful Service Delivery Strategy negotiation with Gwinnett County which resulted in a County payment to the City of \$1,331,008 for unrestricted use and \$211,761 for 911/Dispatch expenses.
- It is also important to note that in the STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENT FUNDS our Police Facility is now complete and operational so no longer a Capital Project. It has been replaced by the LCI Grant Capital Project whose \$1,119,692 expenditure was primarily for property acquisition along the project's corridor and will be offset by the 80% Grant (shown in FY12 as a \$1,110,156 receivable on the Balance Sheet).
- The City was a party to the issuance of Certificates of Participation (COPS) in the amount of \$6,795,000 issued under the name of Georgia Municipal Association, Inc. Leasing Program during fiscal year ending June 30, 2004. The proceeds have been used to finance the acquisition, construction and equipping of a new city hall. The land and building are pledged as security against the certificates. Repayment of the certificates is to be made under an annual renewable lease agreement. Interest rates associated with the certificates range from 2 % to 4.59 %. The City is also researching the possibility of refinancing these COPS to take advantage of an excellent credit market and reduce our long term cost of this debt.
- The City was a party to the issuance of Certificates of Participation (COPS) in the amount of \$7,505,000 issued under the name of Georgia Municipal Association, Inc. Leasing Program during fiscal year ending June 30, 2011. The proceeds have been used to finance the acquisition, construction and equipping of a new police facility. The land and building are pledged as security against the certificates. Repayment of the certificates is to be made under an annual renewable lease agreement. Interest rates associated with the certificates range are 2.842% for five years.
- Fines and forfeitures increased by \$316,626 (18.7%) for the year. This reflects the impact of the City reacquiring the ability to enforce speeding by radar enforcement as a result of the Service Delivery Strategy settlement with Gwinnett County as well as the Police Department being fully staffed for most of the year.
- The City received proceeds from a special purpose local option sales tax which the voters of Gwinnett County approved in November, 2008. Proceeds from the tax recognized by the City as revenue for the year amounted to \$2,857,568. This tax will be collected through March of 2014 and an election to extend the tax for another four or five year term is expected in November of 2013.

Program Revenue and Expenditures Governmental Activities

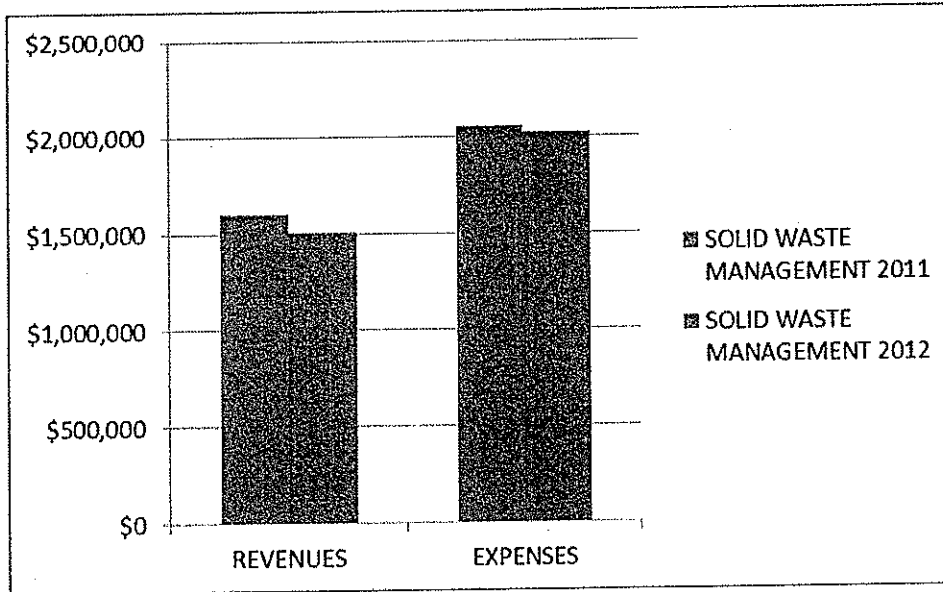


Revenues by Source Governmental Activities



Business-type Activities: The Solid Waste Management Fund decreased the City's net assets by \$883. This was due to an operating loss for the year of \$510,832. However, the General Fund transferred \$509,862 to the Solid Waste Management Fund to supplement operations.

Revenues & Expenses Solid Waste Management Fund



Financial Analysis of the Government's Funds

As noted earlier, the City of Snellville used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At the end of the current fiscal year, the City of Snellville's governmental funds reported combined ending fund balances of \$9,033,152 an increase of \$937,288 in comparison to the prior year. Of this amount, \$2,854,901 (24.4%) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for police activities (\$82,136), 2) 2005 SPLOST (\$1,490,418), 3) 2009 SPLOST (\$2,903,223), 4) Tree Bank (\$113,563), 5) Economic Development (31,316) and 6) Prepaid Items (\$126,825).

The general fund is the City's chief operating fund. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$4,350,728 while the total fund balance totaled \$4,477,553. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund revenues. Unrestricted fund balance represents 37.2 % of the total general fund revenues, while total fund balance represents 38.3 % of that same amount.

During the current fiscal year, the fund balance of the City's general fund increased by \$2,016,892. Revenues increased by 16.1%, and there was an decrease of 1.4% in expenditures resulting in an excess of revenues over expenditures of \$3,023,534. The General Fund transferred \$496,780 to the City Center Capital Projects Fund to finance capital expenditures and debt service requirements related to construction of the City Administration Facilities. The General Fund also transferred \$509,862 to the Solid Waste Management Fund to finance the City's recycle facilities and to supplement operations.

The LCI Grant Capital Project Fund has a total fund balance of \$1,069,865 which is the deferral of grant revenue of \$1,110,156. The grant revenue will be received during FY2013.

Since being passed by referendum in November 2004, the proceeds from the 2005 SPLOST have generated \$11,688,581 for the City of Snellville's share. The proceeds are to be used exclusively for the following purposes: 1) roads, including stormwater, 2) cultural/historic/recreation and 3) public safety. The 2009 SPLOST has recognized \$8,733,043 in revenues since collection began in April 2009. These proceeds have been used for public safety improvements and improvement to roads, streets and bridges.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Solid Waste fund at the end of the year were \$1,400,576, of which \$1,381,939 was invested in capital assets. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities. The fund has unrestricted assets of \$18,637.

Net assets of the Stormwater Management Fund at the end of the year were \$1,353,748, of which \$520,081 was invested in capital assets. The fund has unrestricted assets of \$833,397, which is expected to be used for stormwater management related capital expenditures.

General Fund Budgetary Highlights

The only significant variance between the final budget and the actual was a \$420,294 surplus in Public Works Capital due to delays in anticipated LCI progress and planned equipment purchases.

Capital Asset and Debt Administration

Capital assets. The City of Snellville's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$35,555,698 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles and equipment, sidewalks, bridges and roads.

Major capital asset events during the current fiscal year included the following:

- \$1,300,000 on transportation projects, including the LCI Streetscape Project.
- \$140,000 on recreation projects.
- \$103,263 on General Government (Mobile Stage).
- \$103,263 on police vehicles.

Additional information on the City's Capital Assets can be found in Note 8.

Long-term debt. At the end of the current fiscal year, the City had \$9,287,540 in outstanding debt consisting of Certificates of Participation net of unamortized discount, capital lease obligations, accrued compensated absences and termination benefits, and land and buildings secured the Certificates of Participation.

The City's total debt has decreased by \$1,837,654. This is attributed to a payment on the Certificates of Participation in the amount of \$310,000, a payment of \$59,922 in capital lease obligations and a payment of \$1,468,429 in capital lease on the new Police facility. New debt in the amount of \$4576 was added in Termination Benefits and \$26,634 was added for Accrued Compensated Absences. Additional information on the City's long-term debt can be found in Note 10.

Status of the City of Snellville Economy

Economic activity in Snellville during the year reflects most national and regional trends. The City has a thriving retail sector consisting of approximately 2.7 million square feet of commercial retail with, fortunately, moderately continued commercial growth.

The City also has a strong medical sector, with HCA Eastside Medical Center being its largest employer. HCA Eastside employs over 1,200 total employees with a medical staff of over 500 physicians. They serve 11,000 annual inpatients, tally 60,000 annual E.D. visits, have over 75,000 annual outpatient visits, and perform more than 6100 surgeries annually. They opened a new 80,000 square foot medical office building in 2011 with new patient care facilities to follow next year. Eastside plans a 48-bed expansion and will invest \$60,000,000 in this new Snellville facility doubling the square footage of the existing campus.

A total of approximately 1450 businesses contribute to the economic stability of the City. The value of our total taxable property decreased slightly in 2012, but that was good news considering the precipitous drops in 2010 and 2011. All figures are compiled by Gwinnett County's Appraisal Office.

The Evermore Community Improvement District, an association of property owners along U.S. Highway 78 that voluntarily taxes itself for corridor improvements, stretches from Snellville to Stone Mountain. About 16% of the CID is within Snellville. The CID is currently completing significant transportation improvements along the Highway 78 corridor, much of it in Snellville and will help to revitalize the west end of the community and dress-up the Highway 78 approach into the City.

The Downtown Development Authority (DDA) has initiated a planning process to be a catalyst for the redevelopment of the Snellville Oaks/Eastgate Place/Wisteria Village area near the center of town. Redevelopment of these first generation strip centers into a modern neo-urban center will greatly enhance our Central Business District and help create a sense of place that Snellville currently lacks. The City's ten acre purchase of property will be a focal point of this redevelopment effort.

The City completed an extensive redevelopment plan for the city's commercial core. Called "The Towne Center @ Snellville," the plan will serve as the blueprint for a major redevelopment of the city that will create a dynamic live, work and play environment for future generations.

As a City, we continue to cope with the difficult economic climate by taking advantage of this lull in economic activity to put future plans and guidelines in place that will position us to be ready when the economic upturn does arrive. We have a conservative confidence in the future even in these uncertain economic times and we will continue to look for ways to encourage and facilitate economic growth while exercising responsible stewardship over the city's resources. We have improved our overall financial condition in FY12 and we look forward to continued progress.

Requests for Information

This financial report is designed to provide a general overview of the City of Snellville's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 985-3500 or at the following address:

City of Snellville
Finance Department
2342 Oak Road
Snellville, GA 30078

BASIC FINANCIAL STATEMENTS

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
Assets				
Cash and Cash Equivalents	\$ 3,917,249	\$ 928,248	\$ 4,845,497	\$ 35,802
Investments	215,407	-	215,407	59,166
Receivables (net of allowance for uncollectibles)				
Taxes	291,558	-	291,558	-
Fines	182,644	-	182,644	-
Intergovernmental	1,648,907	-	1,648,907	-
Accounts	36,736	246,387	283,123	-
Prepaid Items	126,825	-	126,825	-
Due from other funds	(283)	283	-	-
Restricted Assets -				
Cash	3,990,517	-	3,990,517	-
Investments	561,586	-	561,586	-
Non-Depreciable Capital Assets	9,328,512	-	9,328,512	-
Depreciable Capital Assets, Net	24,325,166	1,902,020	26,227,186	-
Deferred Cost, Net	165,387	-	165,387	-
Due from primary government	-	-	-	679,621
Total Assets	<u>44,790,211</u>	<u>3,076,938</u>	<u>47,867,149</u>	<u>774,589</u>
Liabilities				
Accounts Payable	283,835	308,556	592,391	-
Accrued Liabilities -				
Wages	98,380	8,520	106,900	-
Customer Deposits	143,775	5,808	149,583	-
Police bonds and court fees	54,215	-	54,215	-
Interest	27,413	-	27,413	-
Other	-	-	-	-
Unearned Revenues	10,700	-	10,700	-
Long-Term Liabilities -				
Due Within One Year	1,933,489	-	1,933,489	37,122
Due In More Than One Year	7,354,051	-	7,354,051	642,499
Total Liabilities	<u>9,905,858</u>	<u>322,884</u>	<u>10,228,742</u>	<u>679,621</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	24,844,375	1,902,020	26,746,395	-
Restricted for -				
Capital Projects	5,398,389	-	5,398,389	-
Police Activities	82,136	-	82,136	-
Tree Bank	113,563	-	113,563	-
Economic Development	31,316	-	31,316	-
Unrestricted	4,414,574	852,034	5,266,608	94,968
Total Net Assets	<u>\$ 34,884,353</u>	<u>\$ 2,754,054</u>	<u>\$ 37,638,407</u>	<u>\$ 94,968</u>

See accompanying notes to the basic financial statements.

**CITY OF SNELLVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,690,722	\$ 68,198	\$ -	\$ 286,058
Public Safety and Courts	4,966,217	2,132,202	314,163	1,163,185
Public Works	1,798,503	-	-	1,483,671
Parks and Recreation	754,667	181,452	310	1,058,414
Economic Development	111,010	-	-	-
Community Development	612,699	460,772	-	-
Interest on Long-Term Debt	373,687	-	-	-
Total Governmental Activities	<u>10,307,505</u>	<u>2,842,624</u>	<u>314,473</u>	<u>3,991,328</u>
Business-Type Activities				
Solid Waste Management	1,781,518	1,373,616	-	-
Recycling	238,516	135,586	-	-
Stormwater	129,055	538,903	-	-
Total Business-Type Activities	<u>2,149,089</u>	<u>2,048,105</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,456,594</u>	<u>\$ 4,890,729</u>	<u>\$ 314,473</u>	<u>\$ 3,991,328</u>
Component Units:				
Downtown Development Authority	\$ 24,794	\$ -	\$ -	\$ -

General Revenues:

Taxes:

Property

Franchise

Occupational

Insurance premium

Alcohol beverage

Hotel / Motel

Other

Intergovernmental

Interest Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

See accompanying notes to the basic financial statements.

Changes in Net Assets

Governmental Activities	Business- Type Activities	Total	Downtown Development Authority
\$ (1,336,466)	\$ -	\$ (1,336,466)	\$ -
(1,356,667)	-	(1,356,667)	-
(314,832)	-	(314,832)	-
485,509	-	485,509	-
(111,010)	-	(111,010)	-
(151,927)	-	(151,927)	-
<u>(373,687)</u>	<u>-</u>	<u>(373,687)</u>	<u>-</u>
<u>(3,159,080)</u>	<u>-</u>	<u>(3,159,080)</u>	<u>-</u>
-	(407,902)	(407,902)	-
-	(102,930)	(102,930)	-
-	409,848	409,848	-
<u>-</u>	<u>(100,984)</u>	<u>(100,984)</u>	<u>-</u>
<u>(3,159,080)</u>	<u>(100,984)</u>	<u>(3,260,064)</u>	<u>-</u>
-	-	-	(24,794)
3,853,386	-	3,853,386	-
1,238,386	-	1,238,386	-
817,841	-	817,841	-
855,626	-	855,626	-
339,794	-	339,794	-
90,622	-	90,622	-
65,923	-	65,923	-
1,331,008	-	1,331,008	-
4,758	623	5,381	13,029
<u>19,905</u>	<u>-</u>	<u>19,905</u>	<u>-</u>
8,617,249	623	8,617,872	13,029
<u>(509,862)</u>	<u>509,862</u>	<u>-</u>	<u>-</u>
<u>8,107,387</u>	<u>510,485</u>	<u>8,617,872</u>	<u>13,029</u>
4,948,307	409,501	5,357,808	(11,765)
<u>29,936,046</u>	<u>2,344,553</u>	<u>32,280,599</u>	<u>106,733</u>
<u>\$ 34,884,353</u>	<u>\$ 2,754,054</u>	<u>\$ 37,638,407</u>	<u>\$ 94,968</u>

**CITY OF SNELLVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>GENERAL</u>	<u>LCI GRANT CAPITAL PROJECTS</u>	<u>SPLOST I CAPITAL PROJECTS</u>	<u>SPLOST II CAPITAL PROJECTS</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,917,249	\$ 6,505	\$ 982,322	\$ 2,317,914
Investments	215,407	-	-	-
Receivables (net of allowance for uncollectibles)				
Taxes	281,556	-	-	-
Fines	182,644	-	-	-
Intergovernmental	21,448	1,110,156	-	497,309
Accounts	32,836	3,900	-	-
Due from other fnds	425,573	-	566,637	88,000
Prepaid Items	<u>126,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 5,203,538</u>	<u>\$ 1,120,561</u>	<u>\$ 1,548,959</u>	<u>\$ 2,903,223</u>
LIABILITIES				
Accounts Payable	\$ 211,741	\$ -	\$ 58,541	\$ -
Accrued Liabilities:				
Salaries and wages	98,380	-	-	-
Deposits	143,775	-	-	-
Police bonds and court fees	54,215	-	-	-
Other	-	-	-	-
Due to other funds	283	1,080,210	-	-
Deferred Revenues	<u>217,591</u>	<u>1,110,156</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>725,985</u>	<u>2,190,366</u>	<u>58,541</u>	<u>-</u>
FUND BALANCES				
Nonspendable -				
Prepaid items	126,825	-	-	-
Restricted -				
Capital Projects	-	-	1,490,418	2,903,223
Police Services	-	-	-	-
Tree Bank	-	-	-	-
Economic Development	-	-	-	-
Assigned -				
Appropriation for 2013 budget	426,022	-	-	-
Unassigned	<u>3,924,706</u>	<u>(1,069,805)</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,477,553</u>	<u>(1,069,805)</u>	<u>1,490,418</u>	<u>2,903,223</u>
Total Liabilities and Fund Balances	<u>\$ 5,203,538</u>	<u>\$ 1,120,561</u>	<u>\$ 1,548,959</u>	<u>\$ 2,903,223</u>

See accompanying notes to the basic financial statements.

NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
------------------------------------	--------------------------------

\$ 683,776	\$ 7,907,766
561,586	776,993
10,002	291,558
-	182,644
19,994	1,648,907
-	36,736
-	1,080,210
-	126,825
<u>\$ 1,275,358</u>	<u>\$ 12,051,639</u>

\$ 13,553	\$ 283,835
-	98,380
-	143,775
-	54,215
-	-
-	1,080,493
30,042	1,357,789
<u>43,595</u>	<u>3,018,487</u>

-	126,825
1,004,748	5,398,389
82,136	82,136
113,563	113,563
31,316	31,316
-	426,022
-	2,854,901
<u>1,231,763</u>	<u>9,033,152</u>
<u>\$ 1,275,358</u>	<u>\$ 12,051,639</u>

CITY OF SNELLVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

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

Total fund balances -- total governmental funds	\$ 9,033,152
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,653,678
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds: Deferred revenues	1,347,089
Debt issuance cost and discounts are considered other financing uses in governmental funds in the year incurred but are deferred costs and are amortized over the life of the related debt in the statement of net assets: Deferred issue cost	165,387
Debt discount	66,332
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: Accrued interest	(27,413)
Certificates of participation	(4,290,000)
Capital lease obligation	(3,858,351)
Capital lease obligation - DDA	(660,952)
Long-term portion of termination benefits	(174,338)
Long-term portion of compensated absences	<u>(370,231)</u>
Net assets of governmental activities.	<u>\$ 34,884,353</u>

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

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL</u>	<u>LCI GRANT CAPITAL PROJECTS</u>	<u>SPLOST I CAPITAL PROJECTS</u>	<u>SPLOST II CAPITAL PROJECTS</u>
REVENUES				
Taxes	\$ 7,186,027	\$ -	\$ -	\$ -
Licenses and permits	420,650	-	-	-
Intergovernmental	1,644,130	37,195	-	2,857,568
Charges for services	253,440	-	-	-
Fines and forfeitures	2,008,435	-	-	-
Tree Bank Bonds	-	-	-	-
Investment income	4,216	11	1,300	1,711
Rental income	76,195	-	-	-
Miscellaneous	86,724	-	-	-
Total Revenues	<u>11,679,817</u>	<u>37,206</u>	<u>1,300</u>	<u>2,859,279</u>
EXPENDITURES				
Current:				
General Government	1,393,854	-	-	-
Municipal Court	720,122	-	-	-
Public Safety	3,736,264	-	-	-
Public Works	942,177	-	-	-
Parks and Recreation	645,426	-	-	-
Tree Bank	-	-	-	-
Economic Development	-	-	-	-
Community Development	610,995	-	-	-
Capital:				
General Government	58,694	-	-	-
Public Safety	13,714	-	2,500	184,361
Public Works	368,004	1,119,692	141,660	639,359
Parks and Recreation	44,984	-	266,963	1,027
Community Development	-	-	-	-
Debt Service:				
Principal	96,905	-	-	1,468,429
Interest	25,144	-	-	141,018
Issue costs on debt	-	-	-	-
Total Expenditures	<u>8,656,283</u>	<u>1,119,692</u>	<u>411,123</u>	<u>2,434,194</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,023,534</u>	<u>(1,082,486)</u>	<u>(409,823)</u>	<u>425,085</u>
Other Financing Sources (Uses):				
Debt issue	-	-	-	-
Transfers	(1,006,642)	-	-	(10,000)
Sale of capital assets	-	-	-	-
Total	<u>(1,006,642)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balances	2,016,892	(1,082,486)	(409,823)	415,085
Fund Balance - Beginning of the year	2,460,661	12,681	1,900,241	2,488,138
Fund Balance - End of year	<u>\$ 4,477,553</u>	<u>\$ (1,069,805)</u>	<u>\$ 1,490,418</u>	<u>\$ 2,903,223</u>

See accompanying notes to the basic financial statements.

NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 90,622	\$ 7,276,649
-	420,650
18,953	4,557,846
-	253,440
55,915	2,064,350
-	-
532	7,770
-	76,195
-	86,724
<u>166,022</u>	<u>14,743,624</u>
-	1,393,854
-	720,122
7,281	3,743,545
-	942,177
-	645,426
-	-
20,389	20,389
90,622	701,617
-	58,694
60,110	260,685
-	2,268,715
-	312,974
-	-
310,000	1,875,334
186,780	352,942
-	-
<u>675,182</u>	<u>13,296,474</u>
<u>(509,160)</u>	<u>1,447,150</u>
-	-
506,780	(509,862)
-	-
<u>506,780</u>	<u>(509,862)</u>
(2,380)	937,288
1,234,143	8,095,864
<u>\$ 1,231,763</u>	<u>\$ 9,033,152</u>

**CITY OF SNELLVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net change in fund balances -- total governmental funds	937,288
<p>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:</p>	
Capital outlay	2,192,832
Depreciation	(1,022,374)
<p>The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. This is the amount of net book value of assets disposed of during the current period.</p>	
	(7,363)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending deferred revenue balances in the current period.</p>	
	1,024,543
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:</p>	
Repayments	1,874,850
Proceeds	-
<p>Bond issue cost and discounts are considered deferred cost in the statement of net assets and are amortized over the life of the related debt while they are considered other financing uses in governmental funds in the year they are incurred:</p>	
Bond issue costs	-
Amortization	(30,903)
<p>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:</p>	
Change in the long term portion of accrued compensated absences	(26,633)
Change in the long term portion of termination benefits	(4,576)
Change in accrued interest	10,643
Change in net assets of governmental activities.	\$ 4,948,307

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

CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes	\$ 7,026,000	\$ 7,213,626	\$ 7,186,027	\$ (27,599)
Licenses and permits	248,000	427,500	420,650	(6,850)
Intergovernmental	95,000	1,647,769	1,644,130	(3,639)
Charges for services	199,500	237,900	253,440	15,540
Fines and forfeitures	1,700,000	1,945,000	2,008,435	63,435
Investment income	5,000	2,800	4,216	1,416
Rental income	81,800	80,050	76,195	(3,855)
Miscellaneous	21,700	71,510	86,724	15,214
Total Revenues	<u>9,377,000</u>	<u>11,626,155</u>	<u>11,679,817</u>	<u>53,662</u>
EXPENDITURES				
Current:				
General Government	1,441,942	1,437,070	1,393,854	43,216
Municipal Court	695,937	710,271	720,122	(9,851)
Public Safety	3,661,372	3,755,225	3,736,264	18,961
Public Works	962,487	966,309	942,177	24,132
Parks and Recreation	655,782	679,622	645,426	34,196
Community Development	672,261	660,928	610,995	49,933
Capital:				
General Government	46,750	62,835	58,694	4,141
Public Safety	10,500	24,214	13,714	10,500
Public Works	104,695	788,298	368,004	420,294
Parks and Recreation	26,500	64,639	44,984	19,655
Community Development	30,000	30,000	-	30,000
Debt Service:				
Principal	126,565	96,841	96,905	(64)
Interest	1,400	25,334	25,144	190
Total Expenditures	<u>8,436,191</u>	<u>9,301,586</u>	<u>8,656,283</u>	<u>645,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>940,809</u>	<u>2,324,569</u>	<u>3,023,534</u>	<u>698,965</u>
Other Financing Sources (Uses):				
Transfers	(940,809)	(1,006,809)	(1,006,642)	167
Proceeds from sale of capital assets	-	-	-	-
Debt issue	-	-	-	-
Total Other Financing Sources (Uses)	<u>(940,809)</u>	<u>(1,006,809)</u>	<u>(1,006,642)</u>	<u>167</u>
Net Change in Fund Balances	-	1,317,760	2,016,892	699,132
Fund Balance - Beginning of year	2,460,661	2,460,661	2,460,661	-
End of year	<u>\$ 2,460,661</u>	<u>\$ 3,778,421</u>	<u>\$ 4,477,553</u>	<u>\$ 699,132</u>

See accompanying notes to the basic financial statements.

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>TOTAL</u>
ASSETS			
Current assets:			
Cash	\$ 109,943	\$ 818,305	\$ 928,248
Receivables			
Trade accounts	108,748	23,829	132,577
Unbilled sales	113,810	-	113,810
Due from other funds	-	283	283
Prepaid items	-	-	-
Total Current Assets	<u>332,501</u>	<u>842,417</u>	<u>1,174,918</u>
Property, plant and equipment:			
Buildings	577,673	-	577,673
Machinery and equipment	227,846	-	227,846
Vehicles	21,118	-	21,118
Infrastructure	-	532,464	532,464
Land improvements	1,188,251	-	1,188,251
	<u>2,014,888</u>	<u>532,464</u>	<u>2,547,352</u>
Less accumulated depreciation	<u>(632,949)</u>	<u>(12,383)</u>	<u>(645,332)</u>
	<u>1,381,939</u>	<u>520,081</u>	<u>1,902,020</u>
Total Assets	<u>1,714,440</u>	<u>1,362,498</u>	<u>3,076,938</u>
LIABILITIES			
Current liabilities:			
Accounts payable	299,536	9,020	308,556
Customer deposits	5,808	-	5,808
Accrued liabilities -			
Payroll	8,520	-	8,520
Due to other funds	-	-	-
Total current liabilities (payable from current	<u>313,864</u>	<u>9,020</u>	<u>322,884</u>
Long-term obligations	-	-	-
Total Liabilities	<u>313,864</u>	<u>9,020</u>	<u>322,884</u>
NET ASSETS			
Invested in capital assets	1,381,939	520,081	1,902,020
Unrestricted	<u>18,637</u>	<u>833,397</u>	<u>852,034</u>
Total Net Assets	<u>\$ 1,400,576</u>	<u>\$ 1,353,478</u>	<u>\$ 2,754,054</u>

See accompanying notes to the basic financial statements.

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>TOTAL</u>
OPERATING REVENUES			
Charges for services:			
Solid waste	\$ 1,349,220	\$ -	\$ 1,349,220
Recycling	135,586	-	135,586
Stormwater utility	-	533,491	533,491
Penalties	19,306	5,412	24,718
Miscellaneous	5,090	-	5,090
Total Operating Revenues	<u>1,509,202</u>	<u>538,903</u>	<u>2,048,105</u>
OPERATING EXPENSES:			
Purchases of product/service	1,723,503	-	1,723,503
Salaries and benefits	136,844	-	136,844
Contracted / purchased services	71,210	120,097	191,307
Supplies	15,098	-	15,098
Bad debt expense	15,000	-	15,000
Depreciation	58,379	8,958	67,337
Total Operating Expenses	<u>2,020,034</u>	<u>129,055</u>	<u>2,149,089</u>
Operating Income (Loss)	(510,832)	409,848	(100,984)
NON-OPERATING INCOME (EXPENSES):			
Interest revenue	<u>87</u>	<u>536</u>	<u>623</u>
Net income (loss) before transfers and capital contributions	(510,745)	410,384	(100,361)
Transfers in	509,862	-	509,862
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	(883)	410,384	409,501
NET ASSETS - BEGINNING	<u>1,401,459</u>	<u>943,094</u>	<u>2,344,553</u>
NET ASSETS - ENDING	<u>\$ 1,400,576</u>	<u>\$ 1,353,478</u>	<u>\$ 2,754,054</u>

See accompanying notes to the basic financial statements.

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,485,223	\$ 540,553	\$ 2,025,776
Cash paid to suppliers	(2,030,433)	(121,356)	(2,151,789)
Cash paid to employees	(107,315)	-	(107,315)
Net Cash Provided by Operating Activities	<u>(652,525)</u>	<u>419,197</u>	<u>(233,328)</u>
Cash flows from investing activities:			
Interest received	<u>87</u>	<u>536</u>	<u>623</u>
Net Cash Used in Investing Activities	<u>87</u>	<u>536</u>	<u>623</u>
Cash flows from non-capital financing activities:			
Increase (decrease) in due to other funds	-	(48)	(48)
Transfers	<u>509,862</u>	<u>-</u>	<u>509,862</u>
Net Cash Provided by Non-capital Financing Activities	<u>509,862</u>	<u>(48)</u>	<u>509,814</u>
Cash flows from capital financing activities:			
Purchase and construction of capital assets	<u>-</u>	<u>(210,841)</u>	<u>(210,841)</u>
Net Cash Provided by (Used in) Capital Financing Activities	<u>-</u>	<u>(210,841)</u>	<u>(210,841)</u>
Net increase in cash and cash equivalents	(142,576)	208,844	66,268
Cash and cash equivalents - Beginning of Year	<u>252,519</u>	<u>609,461</u>	<u>861,980</u>
Cash and cash equivalents - End of Year	<u>\$ 109,943</u>	<u>\$ 818,305</u>	<u>\$ 928,248</u>

See accompanying notes to the basic financial statements.

CITY OF SNELLVILLE, GEORGIA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

Reconciliation of Net Income to Net Cash Provided
By Operating Activities

	<u>SOLID WASTE</u>	<u>STORMWATER</u>	<u>TOTAL</u>
Operating income (loss)	\$ (510,832)	\$ 409,848	\$ (100,984)
Adjustments to reconcile net income to net cash provided			
by operating activities:			
Depreciation and amortization	58,379	8,958	67,337
(Increase) decrease in receivables	(20,145)	1,650	(18,495)
(Increase) decrease in prepaid items	-	-	-
Increase (decrease) in accounts payable	(173,351)	(1,259)	(174,610)
Increase (decrease) in customer deposits	(3,834)	-	(3,834)
Increase (decrease) in accrued liabilities	(2,742)	-	(2,742)
Total Adjustments	<u>(141,693)</u>	<u>9,349</u>	<u>(132,344)</u>
Net Cash Provided by Operating Activities	<u>\$ (652,525)</u>	<u>\$ 419,197</u>	<u>\$ (233,328)</u>

See accompanying notes to the basic financial statements.

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

B. The Reporting Entity

The City of Snellville, Georgia (the "City") was incorporated in 1923 under the provisions of the State of Georgia. A Mayor and City Council, composed of five members, govern and direct the legislative affairs of the City. In a manner consistent with the principles and practices of a Council-Manager form of government, the legislative policies and daily operations of the City are executed and/or administered by an appointed City Manager. The City Manager is vested with the authority and responsibility to provide for effective and efficient delivery of municipal services and to attend to the management of municipal affairs within legislative and legal parameters established by federal, state and local laws and regulations. The City provides the following services: police, highways and streets, sanitation, recycling, stormwater, parks and recreation, planning and zoning, and general and administrative services. The City's annual financial report includes the accounts of all City operations and its component unit. Water, sewer, and fire protection services are provided by Gwinnett County.

Governmental Accounting Standards Board Statement No. 14 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on financial accountability or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. The City reports the City of Snellville's Downtown Development Authority as a component unit. The Snellville Urban Redevelopment Agency is considered a component unit of the City but was created during 2010 and incurred no financial activity for the year ended June 30, 2012 and is therefore not included in this report.

Discretely Presented Component Unit –

The component unit column in the Government – Wide Financial Statements includes the financial data of City of Snellville, Georgia Downtown Development Authority. This component unit is reported in a separate column to emphasize that it is legally separate from the City. The City of Snellville, Georgia Downtown Development Authority was organized to develop and promote commerce, industry, and general welfare within the City. The City appoints the Authority's board members and reviews the annual budget. Funding of the Authority is provided by the City's General Fund and contributions from individuals and private companies. Separate financial statements for the Authority are not issued. The Authority's fiscal year is from January 1 to December 31.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

C. Basic Financial Statements—Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenue (property, sales or use taxes, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

D. Basic Financial Statements—Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The City considers the General Fund and the LCI Grant Fund, SPLOST I, and SPLOST II Capital Projects Funds to be major funds. The Hotel/Motel Fund, Confiscated Assets Fund, Tree Bank Fund, City Center Fund, and the Police Facilities Fund are considered non-major funds. The various funds are grouped, in the financial statements in this report, into the following fund types:

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basic Financial Statements-Fund Financial Statements – (Continued):

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

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

LCI Grant Capital Projects Fund – The LCI Grant Capital Projects Fund accounts for the proceeds from a grant from the U. S. Department of Transportation. The proceeds from the grant are to be used to finance improvements to the City's Town Center streetscapes.

The SPLOST I and II Capital Projects Funds – The SPLOST I and II Capital Projects Funds are used by the City to account for acquisition and construction of major capital facilities that were approved by the voters of Gwinnett County, Georgia through the special purpose local option sales tax referendums.

Proprietary Fund Type – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major proprietary funds:

Solid Waste Management Enterprise Fund - The Solid Waste Management Enterprise Fund is used to account for the revenues generated from the charges for sanitation and recycling services provided to the residential and commercial users of the City.

Stormwater Management Enterprise Fund - The Stormwater Management Enterprise Fund is used to account for the charges generated from stormwater services provided to citizens of the City of Snellville, Georgia.

E. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Measurement Focus – (Continued)

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Changes in Revenues, Expenses, and Changes in Fund Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

F. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Those revenues susceptible to accrual are taxes, state and federal grants, fines, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, penalties and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as deferred revenues.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

G. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

H. Investments

Investments are stated at cost or amortized cost with accrued interest shown under a separate caption on the balance sheet. All investments of the City as of June 30, 2012 consisted of non-participating interest-earning investment contracts, certificates of deposit, and money market mutual funds.

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

J. Prepaid Expenses

Payments made to vendors for service that will benefit periods beyond June 30, 2012 are recorded as prepaid items and are expensed during the period benefited.

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

Capital assets purchased or acquired with an original cost of \$3,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during fiscal year ended June 30, 2012. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30-40 years
Land improvements	30-40 years
Furniture and equipment	7-10 years
Vehicles	5-10 years
Infrastructure	40-50 years
Improvements other than buildings	40-50 years

The City only reports infrastructure assets purchased subsequent to June 30, 2003.

(See Independent Auditor’s Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

N. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

O. Compensated Absences

The City accrues accumulated unpaid vacation leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

P. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Q. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City. At June 30, 2012 there were no encumbrances outstanding.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

R. Fund Balance – Governmental Funds

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City of Snellville’s Council. Snellville’s Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2012, fund balances are composed of the following:

	General	LCI Grant	SPLOST Funds	Nonmajor Funds	Total
Nonspendable:					
Prepays	\$ 126,825			\$ -	\$ 126,825
Restricted:					
Capital Projects	-	-	4,393,641	1,004,748	5,398,389
Police Services	-	-	-	82,136	82,136
Tree Bank	-	-	-	113,563	113,563
Economic Development	-	-	-	31,316	31,316
Committed					
Assigned	426,022	-	-	-	426,022
Unassigned	3,924,706	(1,069,805)	-	-	2,854,901
Total Fund Balances	\$ 4,477,553	\$ (1,069,805)	\$ 4,393,641	\$ 1,231,763	\$ 9,033,152

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditures is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

(See Independent Auditor’s Report).

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

S. Net Assets

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

The City's government-wide statement of net assets reports \$5,625,404 of restricted net assets, of which \$4,589,340 is restricted by enabling legislation.

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

T. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

U. Estimates

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

V. Budgets and Budgetary Accounting

Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. During June, the mayor and council legally enact the budget through passage of an ordinance. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except that proprietary funds expense capital outlay instead of depreciation. The legal level of control (the level at which the City Council must approve expenditures in excess of appropriations) for each legally adopted annual operating budget is at the department level. Budget amounts are as originally adopted and as last amended in August, 2012. Unexpended budget appropriations lapse at year-end.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City follows the State investment policies which require all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of June 30, 2012, all of the City's deposits were insured by the FDIC.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

2. CASH AND INVESTMENTS. (Continued)

In accordance with state law, the City of Snellville can invest in: 1) Obligations issued by the U.S. Government, any state, any political subdivision of the State of Georgia, or Local Government Investment Pool established by state law; 2) Prime bankers' acceptances; and 3) Repurchase agreements.

A portion of the City's investments as of June 30, 2012 consisted of certificates of deposit in the amount of \$215,407. Other investments as of June 30, 2012 consist of the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity</u>
Columbia Treasury Shares	\$ <u>561,586</u>	1 day(s)

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 1 year.

Credit Risk. State law limits investments in debt issues to the top two ratings issued by nationally recognized statistical ratings organizations. The City's investment in Columbia Treasury Reserves is rated Aaa by Moody's Investors Services and AAAM by Standard and Poor's.

3. PROPERTY TAX

The City's property taxes are billed and collected by Gwinnett County through an intergovernmental agreement. The taxes were levied July 11, 2011 and are due and payable October 15th and November 15th. All taxes unpaid after the October 15th and November 15th due dates are considered delinquent. Property taxes attach as an enforceable lien on the property the following January 1st. Delinquent taxes are considered fully collectable.

4. RECEIVABLES

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross</u>	<u>Allowance for Bad Debts</u>	<u>Net</u>
Governmental Funds			
Taxes	\$ 291,558	\$ -	\$ 291,558
Fines	589,175	406,531	182,644
Intergovernmental	1,648,907	-	1,648,907
Accounts	36,736	-	36,736
Solid Waste Management Fund			
Accounts	322,558	100,000	222,558
Stormwater Management Fund			
Accounts	23,829	-	23,829
Total	<u>\$ 2,912,763</u>	<u>\$ 506,531</u>	<u>\$ 2,406,232</u>

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues for the year ended June 30, 2012 consist of the following:

Governmental Funds -	
Gwinnett County - SPLOST Projects, See Note 10	\$ 2,857,568
Gwinnett County - E-911 Assistance	211,761
U. S. Dept. of Justice - COPS Grant	101,361
U. S. Dept of Justice - Edward Byrne Grant	18,953
Gwinnett County - SDS Settlement	1,331,008
State of Georgia - Department of Transportation LCI Grant	<u>37,195</u>
 Total Intergovernmental Revenues	 <u>\$ 4,557,846</u>

Intergovernmental receivables as of June 30, 2012 consist of the following:

US Department of Justice Grant	\$ 21,448
Gwinnett County - SPLOST	497,309
State of Georgia - Dept. of Transportation	1,110,156
Georgia Bureau of Investigation - Rapid ID Grant	<u>19,994</u>
 Total Intergovernmental Receivables	 <u>\$ 1,648,907</u>

6. INTER-FUND TRANSACTIONS

Inter-fund payables and receivables as of June 30, 2012 were as follows.

	Due From	Due To				Total
		General	SPLOST I	SPLOST II	Stormwater	
General	\$ -	\$ -	\$ -	\$ 283	\$ 283	
LCI Grant	425,573	566,637	88,000	-	1,080,210	
Total	<u>\$ 425,573</u>	<u>\$ 566,637</u>	<u>\$ 88,000</u>	<u>\$ 283</u>	<u>\$ 1,080,493</u>	

The General Fund owed the Stormwater Fund \$283 for items deposited into the General Fund's operating bank account that were related to Stormwater and had not been reimbursed as of June 30, 2012. During the fiscal year ended June 30, 2012 the General Fund and the SPLOST Funds financed the purchase of a significant amount of land that is to be used for the Town Center streetscape project which is being financed with an LCI grant from the U.S. Department of Transportation. The LCI Grant Fund will reimburse these Funds when the grant proceeds are received which is expected to be in early 2013.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS -- (Continued)

6. INTER-FUND TRANSACTIONS -- (Continued)

Individual inter-fund transfers for the year ended June 30, 2012 were as follows:

Transfer From	Transfer to		
	Nonmajor	Sanitation	Total
General	\$ 496,780	\$ 509,862	\$ 1,006,642
SPLOST II	10,000	-	10,000
Total	\$ 506,780	\$ 509,862	\$ 1,016,642

During the fiscal year ended June 30, 2012, the General Fund transferred \$1,006,642 to the various governmental and proprietary funds, including \$509,862 to the Solid Waste Management Fund to help fund utility operations and \$496,780 to the City Center Capital Projects Fund to help finance debt service requirements of the Certificates of Participation. SPLOST II transferred \$10,000 to the Police Facilities Fund to finance the final capital expenditures associated with the new police facilities.

7. LITIGATION:

The City is a defendant in several lawsuits as of June 30, 2012. The outcome of these lawsuits and other possible claims are not yet determinable but are not expected to materially effect the financial situation of the City. However, the City did resolve a drainage issue that required the City to expend approximately \$150,000 to settle the matter and purchase the property.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

8. PROPERTY, PLANT AND EQUIPMENT – (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 7,578,429	\$ 1,567,871	\$ -	\$ 9,146,300
Construction in progress	275,030	140,356	(233,174)	182,212
Total	<u>7,853,459</u>	<u>1,708,227</u>	<u>(233,174)</u>	<u>9,328,512</u>
Capital assets being depreciated:				
Buildings	19,040,400	-	-	19,040,400
Improvements other than buildings	1,112,843	-	-	1,112,843
Infrastructure	4,555,023	230,118	-	4,785,141
Vehicles, including related equipment	2,482,939	253,752	-	2,736,691
Furniture and other equipment	3,493,086	233,909	(14,484)	3,712,511
Total capital assets being depreciated	<u>30,684,291</u>	<u>717,779</u>	<u>(14,484)</u>	<u>31,387,586</u>
Less accumulated depreciation for:				
Buildings	2,000,811	476,739	-	2,477,550
Improvements other than buildings	315,983	31,598	-	347,581
Infrastructure	304,150	114,573	-	418,723
Vehicles, including related equipment	1,678,878	173,180	-	1,852,058
Furniture and other equipment	1,747,345	226,284	(7,121)	1,966,508
Total accumulated depreciation	<u>6,047,167</u>	<u>1,022,374</u>	<u>(7,121)</u>	<u>7,062,420</u>
Total capital assets being depreciated, net	<u>24,637,124</u>	<u>(304,595)</u>	<u>(7,363)</u>	<u>24,325,166</u>
Governmental capital assets, net	<u>\$ 32,490,583</u>	<u>\$ 1,403,632</u>	<u>\$ (240,537)</u>	<u>\$33,653,678</u>

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

Administrative	\$ 309,089
Police and Court	451,982
Public Works	156,308
Parks	104,525
Community Development	<u>470</u>
Total depreciation expense	<u>\$ 1,022,374</u>

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

8. PROPERTY, PLANT AND EQUIPMENT, (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets being depreciated:				
Buildings	577,673	-	-	577,673
Improvements other than buildings	1,188,251	210,841	-	1,399,092
Infrastructure	321,623	-	-	321,623
Vehicles, including related equipment	21,118	-	-	21,118
Furniture and other equipment	227,846	-	-	227,846
Total capital assets being depreciated	<u>2,336,511</u>	<u>210,841</u>	<u>-</u>	<u>2,547,352</u>
Less accumulated depreciation for:				
Buildings	92,471	14,446	-	106,917
Improvements other than buildings	247,552	39,608	-	287,160
Infrastructure	3,425	8,958	-	12,383
Vehicles, including related equipment	26,938	-	(5,820)	21,118
Furniture and other equipment	207,609	10,145	-	217,754
Total accumulated depreciation	<u>577,995</u>	<u>73,157</u>	<u>(5,820)</u>	<u>645,332</u>
Total capital assets being depreciated, net	<u>1,758,516</u>	<u>137,684</u>	<u>5,820</u>	<u>1,902,020</u>
Business-Type Activities capital assets, net	<u>\$ 1,758,516</u>	<u>\$ 137,684</u>	<u>\$ 5,820</u>	<u>\$ 1,902,020</u>

Depreciation expense of \$58,379 was recorded in the Solid Waste Management Fund and \$8,958 was recorded in the Stormwater Management Fund.

9. DEFERRED COST

Deferred cost as of June 30, 2012 consists of the following:

Debt issuance cost, net of accumulated amortization of \$141,778	<u>\$ 165,387</u>
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Debt issuance cost are considered other financing uses in governmental funds in the year incurred but are deferred costs and are amortized over the life of the related debt in the Statement of Net Assets. Debt issuance costs are being amortized using the straight line method over the life of the related debt issue.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

10. LONG-TERM DEBT

Changes in General Long-Term Debt

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities					
Certificates of Participation	\$ 4,600,000	\$ -	\$ (310,000)	\$ 4,290,000	\$ 320,000
Unamortized COP's Discount	(72,318)	-	5,985	(66,333)	-
Capital Lease Obligation	60,665	-	(59,922)	743	743
Police Facilities Capital Lease	5,326,038	-	(1,468,429)	3,857,609	1,510,462
Intergovernmental Agreement - DDA Capital Lease	697,450	-	(36,498)	660,952	37,757
Termination Benefits	169,762	17,635	(13,059)	174,338	14,527
Accrued Compensated Absences	343,597	338,654	(312,020)	370,231	50,000
Total	\$ 11,125,194	\$ 356,289	\$ (2,193,943)	\$ 9,287,540	\$ 1,933,489

The General Fund typically has been used to liquidate long-term liabilities. However, SPLOST I and II will be used to liquidate the police facilities capital lease.

CERTIFICATES OF PARTICIPATION

In July 2003, the City was a party to the issuance of Certificates of Participation in the amount of \$6,795,000. The certificates were issued under the name of Georgia Municipal Association, Inc. Leasing Program. Proceeds from the certificates are to be used to (1) finance the acquisition, construction and equipping of the new city hall and related facilities and improvements and (2) to pay cost and fund reserves related to the execution and delivery of the certificates.

Funding for the repayment of the certificates are to be made under an annual renewable lease agreement between Georgia Municipal Association and the City of Snellville. The lease is for an initial term commencing July 1, 2003 through December 31, 2023 and shall, subject to the City's right to terminate the lease each year, be extended annually thereafter for additional one year renewable terms with a final renewable term commencing January 1, 2023. The land and building are pledged as security against the certificates. Interest rates associated with the certificates range between 2.0% and 4.59%.

The certificates were issued at a discount of \$119,733. Debt discounts are considered other financing uses in governmental funds in the year incurred but are deferred costs and are amortized over the life of the related debt in the Statement of Net Assets. The discount is being amortized over the life of the certificates using the effective interest method and is reported as a contra account to the certificates, net of accumulated amortization of \$53,400.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

10. LONG-TERM DEBT (Continued)

CAPITAL LEASE OBLIGATIONS

Vehicle and Equipment –

In prior years, the City entered into various lease-purchase and security agreements with private corporations for several vehicles with an original cost of \$92,567 and computer equipment with an original cost of \$201,439. Accumulated depreciation as of June 30, 2012 amounted to \$50,911 and \$62,203 respectively. The interest rates under the terms of the lease agreements range between 4.04% and 4.59%. Since the City intends to continue to abide by the terms of these lease agreements and eventually own the vehicles and computer equipment, the assets and the related liabilities were recorded at the present value of the future payments due under the lease.

Police and Public Works Facilities –

In December 2010 the City entered into an installment sale agreement with the Georgia Municipal Association to construct new police and public works facilities. The fixed interest rate is 2.842% for five years. Since the City intends to continue to abide by the terms of these lease agreements and eventually own the new facilities, the assets and the related liabilities were recorded at the present value of the future payments due under the lease. Under the terms of the installment sale agreement, the City pledged future SPLOST revenues to pay the principal and interest outstanding. SPLOST revenues were projected to produce \$16.027 million of which \$6.4 million has been budgeted for public safety facilities related expenditures. Total principal and interest remaining on the installment sale agreement is \$4,023,618. For the year ended June 30, 2012, principal and interest payments were \$1,468,429 and \$141,018, respectively.

Land Purchase –

In June 2012 the Snellville Downtown Development Authority (DDA) obtained financing from a bank for the purchase of approximately 10 acres of land in the City's Town Center Area. The City and the DDA did enter into an intergovernmental agreement whereby the City has guaranteed funding of the debt service of the note through a capital lease obligation. At the end of the capital lease the City will own the land. As a result the DDA recorded a liability for the note payable and an amount due from the City in the amount of \$697,450 and reduces the balance as the City pays the debt service on the lease. The City has also recorded a liability in the governmental-wide financial statements for the amount due under the intergovernmental agreement.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

10. LONG-TERM DEBT (Continued)

Annual repayment requirements under the certificate of participation and capital lease agreements are as follows:

F/Y/E JUNE 30,	CERTIFICATES OF PARTICIPATION		CAPITAL LEASE OBLIGATIONS				TOTAL
	PRINCIPAL	INTEREST	VEHICLES & EQUIP		LAND AND BUILDINGS		
			PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2013	\$ 320,000	\$ 175,930	\$ 743	\$ 2	\$ 1,548,218	\$ 121,269	\$ 2,166,162
2014	330,000	164,090	-	-	1,592,757	76,731	2,163,578
2015	345,000	151,880	-	-	833,855	30,911	1,361,646
2016	355,000	138,770	-	-	543,731	18,241	1,055,742
2017	370,000	124,925	-	-	-	-	494,925
2018	385,000	110,125	-	-	-	-	495,125
2019	400,000	94,340	-	-	-	-	494,340
2020	420,000	77,740	-	-	-	-	497,740
2021	435,000	60,100	-	-	-	-	495,100
2022	455,000	41,395	-	-	-	-	496,395
2023	475,000	21,375	-	-	-	-	496,375
TOTALS	\$ 4,290,000	\$ 1,160,670	\$ 743	\$ 2	\$ 4,518,561	\$ 247,152	\$ 10,217,128

11. DEFERRED REVENUES

Deferred revenues as of June 30, 2012, reported in the Governmental Fund's balance sheet, consisted of the following unearned items and revenue items which had been earned and were measurable but were not received within 60 days after year end and therefore were not considered available:

General Fund	\$ 123,746
Property taxes	93,192
Fines and forfeitures	653
Grants	
LCI Grant Fund	1,110,156
LCI Grant	
Non-Major Funds	19,994
Grants	10,048
Confiscated assets	
Total	\$ 1,357,789

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

12. RISK MANAGEMENT

The City of Snellville is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risks pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agent and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The City pays an annual premium to GIRMA for its general insurance and has coverage of \$1,000,000 for the risks discussed above, except for buildings, which are covered at 100% of the value of the City's holdings. The City's coverage for worker's compensation claims is statutory.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City continues to carry commercial insurance for all other risks of loss, employee health and accident insurance. Settled claims in the past three years have not exceeded the commercial insurance coverage.

13. HOTEL / MOTEL TAX

The City levies a 5% hotel/motel tax in accordance with the provisions of OCGA 48-13-51. In order to comply with the expenditures provisions of this code section, the City expends 40% of monies collected under this provision for tourism and promotional purposes by contracting with the Snellville Tourism and Trade Association. During the year ended June 30, 2012, the City's collections and related remittances were as follows:

	<u>Amount</u>	<u>Percent</u>
Total Collections	\$ 90,622	100%
Total Remittances	\$ 90,622	100%

During 2010 the City did enter into a contract with the Snellville Tourism and Trade Association that provides for all the collections of Hotel / Motel Tax Revenues to be remitted to the Association.

The City was in compliance with the state laws regulating hotel/motel taxes and the related expenditures as of June 30, 2012.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

14. JOINT VENTURE

Under Georgia law, the city, in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in this organization is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The ARC Board membership includes the chief elected official of each county, one representative for all the cities in a member county and 15 citizen representatives. 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:

Atlanta Regional Commission
 3715 Northside Parkway
 Building 200, Suite 300
 Atlanta, Georgia 30327

15. EMPLOYEE BENEFIT PLANS

Money Purchase Pension Plan -

On March 1, 2002 the City converted its defined benefit pension plan and adopted the City of Snellville, Georgia Employee Pension Plan (a defined contribution plan). The City now uses the money purchase pension plan to provide pension benefits to most of its full-time employees. The plan is being administered by Pension Financial Services, a private corporation. The pension plan is authorized by city council through the passage of an ordinance. The city council is responsible for establishing and amending the plan's provision and for establishing and amending contribution requirements.

Under the terms of the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after completing one year of service. The City's contribution to the plan depends upon each participant's base salary. The City will contribute 6% of each eligible employee's base monthly salary to the plan. Employees are not required to make any contributions to the plan. The amount of payroll covered under the plan for the year ended June 30, 2012, amounted to approximately \$3,617,200. Gross payroll for the year was \$4,153,074.

The City's contribution for each employee vests in accordance with the following schedule:

<u>Completed years of Services</u>	<u>Vested Percentage</u>
3	50%
5	100%

Contributions made by the City to the money purchase pension plan for the year ended June 30, 2012, amounted to \$217,032 which is 6% of covered payroll.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

15. EMPLOYEE BENEFIT PLANS, (Continued)

Deferred Compensation Plan –

Under the terms of the deferred compensation plan, any employee can voluntarily defer receipt of up to 25% of gross compensation, not to exceed \$15,000 per year. Each participant selects one of various options to administer the investment of the deferred funds. All administration costs of the plan are deducted from the participants' accounts. The deferred amounts may be distributed to the employee upon retirement or other termination of employment, disability, death, or financial hardship (as defined).

Defined Benefit Plan –

In prior years the City contributed to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Snellville Retirement Plan was a defined benefit plan that provided retirement and disability benefits and death benefits to plan members and beneficiaries (superceded plan). The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigns the authority to establish and amend the plan to the City of Snellville. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

As mentioned under the caption "Money Purchase Pension Plan" the defined benefit plan was converted to a defined contribution plan (successor defined contribution plan) on March 1, 2002. GMEBS was authorized to continue making monthly retirement and death benefit payments after March 1, 2002 to retirees and beneficiaries who were in pay status under the superceded plan on or before such date and to provide future benefits for any vested terminated participant as of February 28, 2002. In order to ensure adequate funding for benefits to be provided to retirees, beneficiaries and vested terminated participants, the City Council approved an ordinance that provides for the following:

1. Retention of assets in the City's GMEBS administered trust fund in an amount equal to 110% of the combined present value of accrued benefits payable to retirees and beneficiaries.
2. The assets in the trust fund shall share in any investment gains or losses of the GMEBS Retirement Trust Fund.
3. Subsequent valuations of the trust fund's liabilities shall be made annually and any gains or losses will be amortized over five years.
4. The City shall make an annual contribution to the trust fund equal to 110% of the recommended contribution amount reflected in each annual valuation plus administration fees.

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

15. EMPLOYEE BENEFIT PLANS, (Continued)

Defined Benefit Plan, Continued

For 2012, the City's annual pension cost was \$ -0- for SRP as calculated under the above mentioned City ordinance. However, the City did pay administrative fees of \$8,056. The required contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included 8.0% investment rate of return (net of administrative expenses) which includes an inflation rate of 5%. There were no active employees and therefore no projected salary increases were used. The value of SRP assets was determined using market values. The actuarial accrued liability as of January 1, 2012 was \$892,450. The annual pension contribution for 2012 was calculated as follows:

Total actuarial accrued liability (as of 1/1/12)	\$ 846,748
10% of actuarial accrued liability (margin)	<u>84,675</u>
Target asset value	931,423
Actual market value of assets	<u>1,321,417</u>
Difference or contribution to fund plan	<u>\$ (389,994)</u>

The City was not required to make any contribution to the plan during the year except for administrative fees as mentioned above. The Plan amortizes actuarial gains and losses using the level dollar cost method.

Three-Year Trend Information for SRP

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ -	N/A	\$ -
6/30/2011	\$ -	N/A	\$ -
6/30/2010	\$ -	N/A	\$ -

Supplementary Information - The schedule of funding progress for the Plan is presented below:

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	\$ 1,321,417	\$ 846,748	\$ (474,669)	156.1%	n/a	n/a
2011	\$ 1,381,112	\$ 892,450	\$ (488,662)	154.8%	n/a	n/a
2010	\$ 1,467,511	\$ 869,934	\$ (597,577)	168.7%	n/a	n/a
2009	\$ 1,150,137	\$ 938,524	\$ (211,613)	122.5%	n/a	n/a
2008	\$ 1,745,345	\$ 905,730	\$ (839,615)	192.7%	n/a	n/a
2007	\$ 1,569,157	\$ 1,044,393	\$ (524,764)	150.2%	n/a	n/a
2006	\$ 1,440,198	\$ 1,053,431	\$ (386,767)	136.7%	n/a	n/a
2005	\$ 1,358,153	\$ 1,026,138	\$ (332,015)	132.4%	n/a	n/a
2004	\$ 1,337,348	\$ 1,123,518	\$ (213,830)	119.0%	n/a	n/a
2003	\$ 1,236,266	\$ 1,227,825	\$ (8,441)	100.7%	n/a	n/a
2002	\$ 1,461,963	\$ 1,329,057	\$ (132,906)	110.0%	n/a	n/a

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

16. EARLY RETIREMENT PLAN

2010 Early Retirement Incentive –

In 2010 the City put together offers for employees as an early retirement incentive. To be eligible for the early retirement incentives, employees must (1) have attained the age of 55; (2) have worked for the City at least ten years; (3) have worked a minimum of 100 days during the year; and (4) have not received an official notice of layoff or termination. Employees could choose between 5 different plans, some of which offered pension contributions as a percentage of salary per year until age 65, health insurance premiums covered by the City until age 65, 6 months payout of salary, and payouts of vacation and sick leave benefits. The total liability to the City at the start of the program was \$399,327. Of this total liability for termination benefits, \$84,327 was paid with expendable available financial resources and was therefore recognized in the fund financial statements in fiscal year ended June 30, 2010. The remainder was reported in the government-wide financial statements as a long term obligation. Termination benefits are expected to be paid through 2025. Benefits have been calculated using a 6% discount rate of future benefit payments and a 6% inflation rate, if applicable.

	<u>6/30/11</u>	<u>6/30/12</u>
Salary, vacation and sick leave payouts	\$ -	\$ -
Pension contributions	-	-
Medical insurance benefits	<u>169,762</u>	<u>174,338</u>
	169,762	174,338
Amounts already accrued for selected employees in compensated absences, etc	<u>-</u>	<u>-</u>
Net termination benefits to accrue	169,762	174,338
Amounts payable with expendable available resources - fund level	<u>-</u>	<u>-</u>
Long-term obligation	<u>\$ 169,762</u>	<u>\$ 174,338</u>

(See Independent Auditor's Report)

CITY OF SNELLVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS – (Continued)

17. DOWNTOWN DEVELOPMENT AUTHORITY NOTE PAYABLE

In June 2011 the Snellville Downtown Development Authority (DDA) obtained financing from a bank for the purchase of approximately 10 acres of land in the City’s Town Center Area. The City and the DDA did enter into an intergovernmental agreement whereby the City has guaranteed funding of the debt service of the note through a capital lease obligation. At the end of the capital lease the City will own the land. As a result the DDA has recorded a liability for the note payable and an amount due from the City in the amount of \$697,450. The City has also recorded a liability in the governmental-wide financial statements for the amount due under the intergovernmental agreement. The remaining annual debt service requirements to maturity for the note payable as of December 31, 2011(the DDA’s fiscal year end) are as follows:

F/Y/E DECEMBER 31,	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 37,122	\$ 22,919	\$ 60,041
2013	38,402	21,639	60,041
2014	39,727	20,315	60,042
2015	41,097	18,944	60,041
2016	<u>523,273</u>	<u>8,943</u>	<u>532,216</u>
TOTALS	<u>\$ 679,621</u>	<u>\$ 92,760</u>	<u>\$ 772,381</u>

18. SETTLEMENT OF SERVICE DELIVERY STRATEGY LAWSUIT

On February 7, 2012 the City, along with 14 other Gwinnett municipalities, signed a Final Consent Order settling legal action against Gwinnett County in the Service Delivery Strategy (SDS) matter. With the signing of the Order, the County recognized the value of the City provision of certain services (Police, Planning, 911 Dispatch) within the City’s boundaries and agreed to a monetary settlement for such provision. The financial impact for F/Y – 12 amounted to a one-time payment in the amount of \$1,331,000 which can be used for General Fund purposes. The agreement also requires a semi-annual payment of \$211,761 designated to offset 911 Dispatch expenses. Annual payment for Police / 911 services in the amount of approximately \$433,000 will be received for the next six years according to the final agreement.

19. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures, as a part of the combined statements - overview, of certain information concerning individual funds including-

- A. Deficit fund balances or retained earnings balances of individual funds –The LCI Grant Fund at June 30, 2012 had a deficit fund balance of \$1,069,805. This is due to the City making significant land purchases under the grant program and was not reimbursed from the grantor within 60 days from the fiscal year end of the City.
- B. Excess of expenditures over appropriations in individual funds are as follows:

None of the City’s General or Special Revenue Funds expenditures materially exceeded their corresponding appropriations for the fiscal year ended June 30, 2012.

(See Independent Auditor’s Report)

NONMAJOR FUNDS

CITY OF SNELLVILLE, GEORGIA
JUNE 30, 2012
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Confiscated Assets Fund - to account for the assets confiscated from investigations into illegal drug activities. These assets are legally restricted to expenditures for law enforcement purposes.

Tree Bank Fund - to account for proceeds of fees charged under the City's tree bank ordinance.

Hotel / Motel Tax Fund - this fund is used by the City to account for proceeds from the City's Hotel / Motel Tax and the required 40% payment to a non-profit organization for promotional services.

Capital Project Funds

City Center Fund - This fund accounts for the proceeds from the issuance of Certificates of Participation. The proceeds from the debt issue are to be used for financing the construction of the new City Administration Offices and the related debt service.

Police Facilities Fund - This fund accounts for the proceeds from the issuance of a long-term capital lease. The proceeds from the debt issue are to be used for financing the construction of a new Public Safety Facility.

CITY OF SNELLVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	CONFISCATED ASSETS FUND	TREE BANK FUND	HOTEL/MOTEL FUND
ASSETS			
Cash	\$ 95,735	\$ 113,563	\$ 31,316
Investments	-	-	-
Receivables-			
Taxes	-	-	10,002
Accounts	-	-	-
Grants	19,994	-	-
Due from other funds	-	-	-
	-	-	-
Total Assets	\$ 115,729	\$ 113,563	\$ 41,318
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 3,551	\$ -	\$ 10,002
Deferred revenues	30,042	-	-
	-	-	-
Total Liabilities	33,593	-	10,002
Fund Balance			
Restricted -			
Police Activities	82,136	-	-
Tree Bank Activities	-	113,563	-
Economic Development	-	-	31,316
Capital Projects	-	-	-
Unassigned	-	-	-
	-	-	-
Total Fund Balance	82,136	113,563	31,316
Total Liabilities and Fund Balance	\$ 115,729	\$ 113,563	\$ 41,318

CAPITAL PROJECTS FUNDS		TOTAL NON-MAJOR GOVERNMENTAL FUNDS
CITY CENTER FUND	POLICE FACILITIES FUND	
\$ -	\$ 443,162	\$ 683,776
561,586	-	561,586
-	-	10,002
-	-	-
-	-	19,994
-	-	-
<u>\$ 561,586</u>	<u>\$ 443,162</u>	<u>\$ 1,275,358</u>
\$ -	\$ -	\$ 13,553
-	-	30,042
-	-	43,595
-	-	82,136
-	-	113,563
-	-	31,316
561,586	443,162	1,004,748
-	-	-
<u>561,586</u>	<u>443,162</u>	<u>1,231,763</u>
<u>\$ 561,586</u>	<u>\$ 443,162</u>	<u>\$ 1,275,358</u>

**CITY OF SNELLVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>CONFISCATED ASSETS FUND</u>	<u>TREE BANK FUND</u>	<u>HOTEL / MOTEL TAX FUND</u>
REVENUES			
Confiscations	\$ 55,915	\$ -	\$ -
Tree Bank Bonds	-	-	-
Taxes	-	-	90,622
Intergovernmental	18,953	-	-
Interest	86	89	35
Miscellaneous	-	-	-
Total Operating Revenues	<u>74,954</u>	<u>89</u>	<u>90,657</u>
EXPENDITURES			
Current -			
Police Activities	7,281	-	-
Tree Bank	-	-	-
Economic Development	-	-	90,622
Tourism and Promotion	-	-	20,389
Highways and Streets	-	-	-
Capital -			
Police	60,110	-	-
Highways and Streets	-	-	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>67,391</u>	<u>-</u>	<u>111,011</u>
Excess (Deficiency) of Revenues over Expenditures	7,563	89	(20,354)
Other Financing Sources (Uses): Transfers	-	-	-
Net Changes in Fund Balances	7,563	89	(20,354)
Fund Balance - Beginning of year	<u>74,573</u>	<u>113,474</u>	<u>51,670</u>
Fund Balance - End of year	<u>\$ 82,136</u>	<u>\$ 113,563</u>	<u>\$ 31,316</u>

<u>CAPITAL PROJECTS FUNDS</u>		<u>TOTAL</u>
<u>CITY</u>	<u>POLICE</u>	<u>NON-MAJOR</u>
<u>CENTER</u>	<u>FACILITIES</u>	<u>GOVERNMENTAL</u>
<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>
\$ -	\$ -	\$ 55,915
-	-	-
-	-	90,622
-	-	18,953
-	322	532
-	-	-
<u>-</u>	<u>322</u>	<u>166,022</u>
-	-	7,281
-	-	-
-	-	90,622
-	-	20,389
-	-	-
-	-	60,110
-	-	-
310,000	-	310,000
186,780	-	186,780
<u>496,780</u>	<u>-</u>	<u>675,182</u>
(496,780)	322	(509,160)
<u>496,780</u>	<u>10,000</u>	<u>506,780</u>
-	10,322	(2,380)
<u>561,586</u>	<u>432,840</u>	<u>1,234,143</u>
<u>\$ 561,586</u>	<u>\$ 443,162</u>	<u>\$ 1,231,763</u>

**CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2012 AND 2011**

	2012	2011
<u>ASSETS</u>		
Cash	\$ 3,917,249	\$ 2,601,248
Investments	215,407	214,115
Receivables (net of allowance for uncollectibles)	281,556	324,107
Taxes	182,644	151,070
Fines	32,836	32,526
Accounts	21,448	26,519
Intergovernmental	425,573	-
Due from other funds	126,825	143,720
Prepaid items		
TOTAL ASSETS	\$ 5,203,538	\$ 3,493,305
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Accounts payable	\$ 211,741	\$ 395,800
Accrued expenses -		
Salaries	98,380	234,052
Deposits	143,775	43,746
Police bonds and court fees	54,215	87,621
Other	-	2,500
Due to other funds	283	235
Deferred revenues	217,591	268,690
TOTAL LIABILITIES	725,985	1,032,644
Fund Equity:		
Fund Balance		
Nonspendable -		
Prepays	126,825	143,720
Assigned -		
Appropriations for nex year's budget	496,022	352,046
Unassigned	3,854,706	1,964,895
Total Fund Equity	4,477,553	2,460,661
TOTAL LIABILITIES AND FUND EQUITY	\$ 5,203,538	\$ 3,493,305

CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARABLE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012			ACTUAL JUNE 30, 2011
	FINAL BUDGET	ACTUAL	VARIANCE	
REVENUES:				
Taxes -				
Property	\$ 3,730,000	\$ 3,675,089	\$ (54,911)	\$ 4,200,016
Motor vehicle	192,000	200,074	8,074	160,793
Franchise	1,260,000	1,238,386	(21,614)	1,240,493
Alcohol beverage	300,000	339,794	39,794	314,661
Insurance premium	855,626	855,626	-	826,372
Business occupational	726,000	727,152	1,152	698,526
Intangible	50,500	52,178	1,678	27,751
Transfer	14,500	13,745	(755)	7,810
Financial institution	85,000	83,983	(1,017)	90,368
Total Taxes	<u>7,213,626</u>	<u>7,186,027</u>	<u>(27,599)</u>	<u>7,566,790</u>
Business Licenses and Permits -				
Alcohol licenses	86,800	85,908	(892)	64,475
Other business licenses	35,000	34,762	(238)	30,276
Building permits	270,000	268,425	(1,575)	188,212
Inspection permits	15,000	14,372	(628)	13,621
Sign permits	8,300	8,315	15	5,887
Site development	6,000	3,070	(2,930)	6,344
Other permits	6,400	5,798	(602)	7,114
Total Business Licenses and Permits	<u>427,500</u>	<u>420,650</u>	<u>(6,850)</u>	<u>315,929</u>
Intergovernmental -				
County E-911 assistance	221,761	211,761	(10,000)	-
County SDS Settlement	1,331,008	1,331,008	-	-
COPS Grant	95,000	101,361	6,361	63,425
Edward Byrne	-	-	-	1,461
Other	-	-	-	5,000
Total Intergovernmental	<u>1,647,769</u>	<u>1,644,130</u>	<u>(3,639)</u>	<u>69,886</u>

CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARABLE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012			ACTUAL JUNE 30, 2011
	FINAL BUDGET	ACTUAL	VARIANCE	
REVENUES - Continued:				
Charges for Services -				
Recreational activities	\$ 136,600	\$ 140,308	\$ 3,708	\$ 174,327
Public safety fees	58,500	72,267	13,767	72,898
Planning and zoning fees	41,300	40,120	(1,180)	44,548
Other	1,500	745	(755)	150
Total Charges for Services	<u>237,900</u>	<u>253,440</u>	<u>15,540</u>	<u>291,923</u>
Fines and Forfeitures	1,945,000	2,008,435	63,435	1,691,809
Investment Income	2,800	4,216	1,416	7,227
Rental Income	80,050	76,195	(3,855)	77,520
Other -				
Reimbursements	-	-	-	5,098
Donations	-	-	-	-
Penalties and interest	34,000	34,903	903	28,160
Miscellaneous	37,510	51,821	14,311	8,984
Total Other	<u>71,510</u>	<u>86,724</u>	<u>15,214</u>	<u>42,242</u>
TOTAL REVENUES	<u>\$ 11,626,155</u>	<u>\$ 11,679,817</u>	<u>\$ 53,662</u>	<u>\$ 10,063,326</u>

CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARABLE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012			ACTUAL JUNE 30, 2011
	FINAL BUDGET	ACTUAL	VARIANCE	
CURRENT EXPENDITURES:				
GENERAL GOVERNMENT				
Governing Body	\$ 32,829	\$ 26,163	\$ 6,666	\$ 28,345
City Clerk	79,557	77,101	2,456	72,967
Mayor	9,188	7,085	2,103	8,343
City Manager	146,000	145,652	348	167,781
Elections	3,840	3,737	103	2,480
General Administration	941,998	909,201	32,797	856,370
Accounting	75,315	76,042	(727)	72,997
IT Administration	63,853	64,125	(272)	62,084
Purchasing	-	-	-	-
Human Resources	84,490	84,748	(258)	81,611
Total General Government	<u>1,437,070</u>	<u>1,393,854</u>	<u>43,216</u>	<u>1,352,978</u>
MUNICIPAL COURT				
Judicial	<u>710,271</u>	<u>720,122</u>	<u>(9,851)</u>	<u>715,079</u>
POLICE				
Administration	1,210,967	1,196,156	14,811	1,170,861
Criminal Investigation	402,701	402,582	119	438,312
Patrol	2,039,724	2,034,237	5,487	1,993,266
Records	101,833	103,289	(1,456)	94,806
Bike Patrol	-	-	-	-
Public Relations	-	-	-	-
Total Police	<u>3,755,225</u>	<u>3,736,264</u>	<u>18,961</u>	<u>3,697,245</u>
PUBLIC WORKS				
Highways and Streets	692,934	668,667	24,267	670,311
Paved Streets	222,198	221,507	691	203,600
Maintenance	51,177	52,003	(826)	54,243
Total Public Works	<u>966,309</u>	<u>942,177</u>	<u>24,132</u>	<u>928,154</u>

CITY OF SNELLVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 2012
WITH COMPARABLE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	<u>JUNE 30, 2012</u>			<u>ACTUAL</u>
	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>JUNE 30, 2011</u>
	<u>BUDGET</u>			
CURRENT EXPENDITURES - Continued				
PARKS AND RECREATION				
Administration	\$ 300,220	\$ 276,389	\$ 23,831	\$ 276,584
Participant Recreation	42,732	39,916	2,816	62,879
Park Areas	198,931	196,811	2,120	169,283
Senior Participants	137,739	132,310	5,429	142,034
Total Parks and Recreation	<u>679,622</u>	<u>645,426</u>	<u>34,196</u>	<u>650,780</u>
COMMUNITY DEVELOPMENT				
Planning and Zoning	419,053	411,384	7,669	396,440
Building Inspection	241,875	199,611	42,264	213,203
Total Community Development	<u>660,928</u>	<u>610,995</u>	<u>49,933</u>	<u>609,643</u>
TOTAL CURRENT EXPENDITURES	<u>8,209,425</u>	<u>8,048,838</u>	<u>160,587</u>	<u>7,953,879</u>
CAPITAL OUTLAY				
General Government	62,835	58,694	4,141	697,450
Police	24,214	13,714	10,500	-
Public Works	788,298	368,004	420,294	43,027
Parks and Recreation	64,639	44,984	19,655	-
Court	-	-	-	-
Community Development	30,000	-	30,000	22,431
TOTAL CAPITAL OUTLAY	<u>969,986</u>	<u>485,396</u>	<u>484,590</u>	<u>762,908</u>
DEBT SERVICE				
Principal	96,841	96,905	(64)	61,256
Interest	25,334	25,144	190	3,946
TOTAL DEBT SERVICE	<u>122,175</u>	<u>122,049</u>	<u>126</u>	<u>65,202</u>
TOTAL EXPENDITURES	<u>\$ 9,301,586</u>	<u>\$ 8,656,283</u>	<u>\$ 645,303</u>	<u>\$ 8,781,989</u>

CITY OF SNELLVILLE, GEORGIA
CONFISCATED ASSETS FUND
BALANCE SHEET
JUNE 30, 2012 AND 2011

ASSETS	2012	2011
Cash	\$ 95,735	\$ 90,897
Grant receivable	19,994	28,953
Due from other funds	-	-
Total Assets	\$ 115,729	\$ 119,850
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,551	\$ 16,931
Deferred revenues	30,042	28,346
Total Liabilities	33,593	45,277
Fund Balance		
Restricted for police activities	82,136	74,573
Total Fund Balance	82,136	74,573
Total Liabilities and Fund Balance	\$ 115,729	\$ 119,850

CITY OF SNELLVILLE, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARABLE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012				
	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL JUNE 30, 2011
	ORIGINAL	FINAL			
REVENUES					
Confiscations	\$ 40,000	\$ 61,750	\$ 55,915	\$ (5,835)	\$ 24,380
Interest	-	-	86	86	264
Grants	-	18,953	18,953	-	10,000
Total Revenues	<u>40,000</u>	<u>80,703</u>	<u>74,954</u>	<u>(5,749)</u>	<u>34,644</u>
EXPENDITURES					
Police Activities -					
Current	93,500	18,500	7,281	11,219	17,585
Capital	-	95,114	60,110	35,004	118,345
Total Expenditures	<u>93,500</u>	<u>113,614</u>	<u>67,391</u>	<u>46,223</u>	<u>135,930</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(53,500)</u>	<u>(32,911)</u>	<u>7,563</u>	<u>40,474</u>	<u>(101,286)</u>
Other Financing Sources (Uses):					
Transfers	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(53,500)	(32,911)	7,563	40,474	(101,286)
Fund Balance - Beginning of year	<u>74,573</u>	<u>74,573</u>	<u>74,573</u>	<u>-</u>	<u>175,859</u>
Fund Balance - End of year	<u>\$ 21,073</u>	<u>\$ 41,662</u>	<u>\$ 82,136</u>	<u>\$ 40,474</u>	<u>\$ 74,573</u>

CITY OF SNELLVILLE, GEORGIA
 TREE BANK FUND
 BALANCE SHEET
 JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 113,563	\$ 98,474
Accounts receivable	-	15,000
Due from other funds	-	-
Total Assets	\$ 113,563	\$ 113,474
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
Fund Balance		
Restricted for Tree Bank activities	113,563	113,474
Total Fund Balance	113,563	113,474
Total Liabilities and Fund Balance	\$ 113,563	\$ 113,474

CITY OF SNELLVILLE, GEORGIA
 TREE BANK FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012
 WITH COMPARABLE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012				
	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL JUNE 30, 2011
	ORIGINAL	FINAL			
REVENUES					
Tree Bank bonds	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Interest	-	81	89	8	178
Miscellaneous	-	-	-	-	-
Total Revenues	-	81	89	8	15,178
EXPENDITURES					
Current -					
Community Development -					
Tree Bank	-	-	-	-	2,238
Capital -					
City Center	-	-	-	-	-
Total Expenditures	-	-	-	-	2,238
Excess (Deficiency) of Revenues Over Expenditures	-	81	89	8	12,940
Other Financing Sources (Uses):					
Transfers	-	-	-	-	-
Total	-	-	-	-	-
Net Change in Fund Balance	-	81	89	8	12,940
Fund Balance - Beginning of Year	113,474	113,474	113,474	-	100,534
Fund Balance - End of Year	\$ 113,474	\$ 113,555	\$ 113,563	\$ 8	\$ 113,474

CITY OF SNELLVILLE, GEORGIA
HOTEL/MOTEL TAX FUND
BALANCE SHEET
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 31,316	\$ 59,809
Receivables - Taxes	10,002	7,975
Total Assets	\$ 41,318	\$ 67,784
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 10,002	\$ 16,114
Total Liabilities	10,002	16,114
Fund balance		
Restricted for economic development	31,316	51,670
Total Fund Balance	31,316	51,670
Total Liabilities and Fund Balance	\$ 41,318	\$ 67,784

CITY OF SNELLVILLE, GEORGIA
HOTEL / MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012
WITH COMPARABLE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2011

	JUNE 30, 2012				
	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL JUNE 30, 2011
	ORIGINAL	FINAL			
REVENUES					
Taxes	\$ 100,000	\$ 90,000	\$ 90,622	\$ 622	\$ 68,499
Interest	-	-	35	35	119
Donations	-	-	-	-	-
Total Revenues	<u>100,000</u>	<u>90,000</u>	<u>90,657</u>	<u>657</u>	<u>68,618</u>
EXPENDITURES					
Current -					
Economic Development- Payments to others	62,500	90,000	90,622	(622)	68,499
Tourism and Promotion- Contracted services	37,500	27,500	20,389	7,111	2,615
Cemetery Fence	-	-	-	-	-
Total Expenditures	<u>100,000</u>	<u>117,500</u>	<u>111,011</u>	<u>6,489</u>	<u>71,114</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(27,500)	(20,354)	7,146	(2,496)
Other Financing Sources (Uses): Transfers	-	-	-	-	-
Total	-	-	-	-	-
Net Change in Fund Balance	-	(27,500)	(20,354)	7,146	(2,496)
Fund Balance - Beginning of Year	51,670	51,670	51,670	-	54,166
Fund Balance - End of Year	<u>\$ 51,670</u>	<u>\$ 24,170</u>	<u>\$ 31,316</u>	<u>\$ 7,146</u>	<u>\$ 51,670</u>

**CITY OF SNELLVILLE, GEORGIA
CITY CENTER CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2012 AND 2011**

	2012	2011
ASSETS		
Cash	\$ -	\$ -
Investment	561,586	561,586
Accrued interest receivable	-	-
Total Assets	\$ 561,586	\$ 561,586
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
Fund balance		
Restricted for capital projects	561,586	561,586
Total Fund Balance	561,586	561,586
Total Liabilities and Fund Balance	\$ 561,586	\$ 561,586

CITY OF SNELLVILLE, GEORGIA
CITY CENTER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FROM INCEPTION
FOR THE YEAR ENDED JUNE 30, 2012

	<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL</u>	<u>PROJECT AUTHORIZATION</u>
REVENUES				
Investment income	\$ 213,119	\$ -	\$ 213,119	\$ 100,000
Miscellaneous income	<u>62,000</u>	<u>-</u>	<u>62,000</u>	<u>-</u>
Total Revenues	<u>275,119</u>	<u>-</u>	<u>275,119</u>	<u>100,000</u>
EXPENDITURES				
Capital				
General Government	7,984,468	-	7,984,468	7,406,548
Debt Service				
Principal	2,195,000	310,000	2,505,000	6,795,000
Interest	<u>1,773,692</u>	<u>186,780</u>	<u>1,960,472</u>	<u>3,121,142</u>
Total Expenditures	<u>11,953,160</u>	<u>496,780</u>	<u>12,449,940</u>	<u>17,322,690</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,678,041)	(496,780)	(12,174,821)	(17,222,690)
Other Financing Sources (Uses):				
Proceeds from long-term debt	6,795,000	-	6,795,000	6,795,000
Discount on debt issue	(119,733)	-	(119,733)	(119,733)
Issue cost on debt	(247,623)	-	(247,623)	(247,623)
Transfers	<u>5,811,983</u>	<u>496,780</u>	<u>6,308,763</u>	<u>10,795,046</u>
Total Other Financing Sources (Uses)	<u>12,239,627</u>	<u>496,780</u>	<u>12,736,407</u>	<u>17,222,690</u>
Net Change in Fund Balance	<u>\$ 561,586</u>	<u>\$ -</u>	<u>\$ 561,586</u>	<u>\$ -</u>
FUND BALANCE				
Beginning of year		<u>561,586</u>		
End of year		<u>\$ 561,586</u>		

**CITY OF SNELLVILLE, GEORGIA
LCI GRANT FUND
BALANCE SHEET
JUNE 30, 2012 AND 2011**

	2012	2011
ASSETS		
Cash	\$ 6,505	\$ 16,381
Accounts receivable	3,900	-
Grant receivable	1,110,156	35,555
Total Assets	\$ 1,120,561	\$ 51,936
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 3,700
Due to other funds	1,080,210	-
Deferred revenue	1,110,156	35,555
Total Liabilities	2,190,366	39,255
Fund Balance		
Restricted for capital projects	-	12,681
Unassigned	(1,069,805)	-
Total Fund Balance	(1,069,805)	12,681
Total Liabilities and Fund Balance	\$ 1,120,561	\$ 51,936

CITY OF SNELLVILLE, GEORGIA
 LCI GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
LCI grant	\$ -	\$ 390,195	\$ 37,195	\$ (353,000)
Interest	-	15	11	(4)
Total Revenues	<u>-</u>	<u>390,210</u>	<u>37,206</u>	<u>(353,004)</u>
EXPENDITURES				
Current -				
Contract services	62,600	62,600	24,682	37,918
Capital -				
Land acquisition	487,400	377,610	1,095,010	(717,400)
Total Expenditures	<u>550,000</u>	<u>440,210</u>	<u>1,119,692</u>	<u>(679,482)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(550,000)</u>	<u>(50,000)</u>	<u>(1,082,486)</u>	<u>(1,032,486)</u>
Other Financing Sources (Uses):				
Transfers	550,000	50,000	-	(50,000)
Total	<u>550,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balance	-	-	(1,082,486)	(1,082,486)
Fund Balance - Beginning of Year	<u>12,681</u>	<u>12,681</u>	<u>12,681</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 12,681</u>	<u>\$ 12,681</u>	<u>\$ (1,069,805)</u>	<u>\$ (1,082,486)</u>

**CITY OF SNELLVILLE, GEORGIA
POLICE FACILITIES FUND
BALANCE SHEET
JUNE 30, 2012**

	2012	2011
ASSETS		
Cash	\$ 443,162	\$ 443,178
Accrued interest receivable	-	-
Total Assets	\$ 443,162	\$ 443,178
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 10,338
Total Liabilities	-	10,338
Fund balance		
Restricted for capital projects	443,162	432,840
Total Fund Balance	443,162	432,840
Total Liabilities and Fund Balance	\$ 443,162	\$ 443,178

CITY OF SNELLVILLE, GEORGIA
POLICE FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FROM INCEPTION
FOR THE YEAR ENDED JUNE 30, 2012

	<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL</u>	<u>PROJECT AUTHORIZATION</u>
REVENUES				
Investment income	\$ 15,860	\$ 322	\$ 16,182	\$ -
Miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>15,860</u>	<u>322</u>	<u>16,182</u>	<u>-</u>
EXPENDITURES				
Capital				6,245,458
Police facilities	5,827,044	-	5,827,044	1,200,000
Public works facilities	1,201,434	-	1,201,434	-
Debt Service	-	-	-	59,542
Issue cost on debt	<u>59,542</u>	<u>-</u>	<u>59,542</u>	<u>59,542</u>
Total Expenditures	<u>7,088,020</u>	<u>-</u>	<u>7,088,020</u>	<u>7,505,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,072,160)</u>	<u>322</u>	<u>(7,071,838)</u>	<u>(7,505,000)</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt	7,505,000	-	7,505,000	7,505,000
Transfers	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>7,505,000</u>	<u>10,000</u>	<u>7,515,000</u>	<u>7,505,000</u>
Net Change in Fund Balance	<u>\$ 432,840</u>	<u>10,322</u>	<u>\$ 443,162</u>	<u>\$ -</u>
FUND BALANCE				
Beginning of year		<u>432,840</u>		
End of year		<u>\$ 443,162</u>		

CITY OF SNELLVILLE, GEORGIA
 SPLOST I CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 982,322	\$ 1,946,727
Taxes receivable	-	-
Due from other funds	566,637	-
Total Assets	\$ 1,548,959	\$ 1,946,727
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 58,541	\$ 46,486
Total Liabilities	58,541	46,486
Fund Balance		
Restricted for capital outlay	1,490,418	1,900,241
Total Fund Balance	1,490,418	1,900,241
Total Liabilities and Fund Balance	\$ 1,548,959	\$ 1,946,727

CITY OF SNELLVILLE, GEORGIA
 SPLOST I CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL - FROM INCEPTION
 FOR THE YEARS ENDED JUNE 30, 2012

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	PROJECT AUTHORIZATION
REVENUES				
Intergovernmental	\$ 11,688,581	\$ -	\$ 11,688,581	\$ 11,056,158
Interest	297,621	1,300	298,921	-
Total Revenues	<u>11,986,202</u>	<u>1,300</u>	<u>11,987,502</u>	<u>11,056,158</u>
EXPENDITURES				
Capital Outlay				
Transportation	3,451,872	141,660	3,593,532	4,056,158
Public Safety	4,160,223	2,500	4,162,723	5,000,000
Cultural, Historic, & Recreation	2,166,420	266,963	2,433,383	2,000,000
Debt Service				
Principal	1,236,926	-	1,236,926	-
Interest	53,328	-	53,328	-
Total Expenditures	<u>11,068,769</u>	<u>411,123</u>	<u>11,479,892</u>	<u>11,056,158</u>
Excess of revenues over (under) expenditures	917,433	(409,823)	507,610	-
Other financing sources (uses)				
Transfers	982,808	-	982,808	-
Excess (deficiency) of revenues and other financing sources over (under) other financing uses	<u>\$ 1,900,241</u>	<u>\$ (409,823)</u>	<u>\$ 1,490,418</u>	<u>\$ -</u>
FUND BALANCE				
Beginning		<u>1,900,241</u>		
Ending		<u>\$ 1,490,418</u>		

CITY OF SNELLVILLE, GEORGIA
 SPLOST II CAPITAL PROJECTS FUND
 BALANCE SHEET
 JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 2,317,914	\$ 2,031,628
Intergovernmental receivable	497,309	456,510
Due from other funds	88,000	-
Total Assets	\$ 2,903,223	\$ 2,488,138
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Total Liabilities	-	-
Fund Balance		
Restricted for capital outlay	2,903,223	2,488,138
Total Fund Balance	2,903,223	2,488,138
Total Liabilities and Fund Balance	\$ 2,903,223	\$ 2,488,138

**CITY OF SNELLVILLE, GEORGIA
 SPLOST II CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL - FROM INCEPTION
 FOR THE YEAR ENDED JUNE 30, 2012**

	<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL TO DATE</u>	<u>PROJECT AUTHORIZATION</u>
REVENUES				
Intergovernmental	\$ 5,877,475	\$ 2,857,568	\$ 8,735,043	\$ 16,027,928
Interest	<u>4,877</u>	<u>1,711</u>	<u>6,588</u>	<u>-</u>
Total Revenues	<u>5,882,352</u>	<u>2,859,279</u>	<u>8,741,631</u>	<u>16,027,928</u>
EXPENDITURES				
Capital Outlay -				
Road, Streets and Bridges	-	639,359	639,359	2,083,631
Public Safety Facilities and Equipment	145,273	184,361	329,634	6,411,172
Recreational Facilities	1,144,716	1,027	1,145,743	5,930,332
Administrative Facilities	-	-	-	1,602,793
Debt Service - Public Safety				
Principal	942,036	1,468,429	2,410,465	-
Interest	<u>181,881</u>	<u>141,018</u>	<u>322,899</u>	<u>-</u>
Total Expenditures	<u>2,413,906</u>	<u>2,434,194</u>	<u>4,848,100</u>	<u>16,027,928</u>
Excess of revenues over (under) expenditures	3,468,446	425,085	3,893,531	-
Other financing sources (uses)				
Transfers	<u>(980,308)</u>	<u>(10,000)</u>	<u>(990,308)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) other financing uses	<u>\$ 2,488,138</u>	415,085	<u>\$ 2,903,223</u>	<u>\$ -</u>
FUND BALANCE				
Beginning		<u>2,488,138</u>		
Ending		<u>\$ 2,903,223</u>		

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF NET ASSETS
SOLID WASTE MANAGEMENT ENTERPRISE FUND
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets:		
Cash	\$ 109,943	\$ 252,519
Receivables (net of reserve for doubtful accounts of \$100,000 in 2012 and \$85,000 in 2011)		
Trade accounts	108,748	63,947
Unbilled sales	113,810	138,466
Total Current Assets	<u>332,501</u>	<u>454,932</u>
Property, plant and equipment:		
Buildings	577,673	577,673
Machinery and equipment	227,846	227,846
Vehicles	21,118	21,118
Land improvements	1,188,251	1,188,251
	2,014,888	2,014,888
Less accumulated depreciation	<u>(632,949)</u>	<u>(574,570)</u>
	<u>1,381,939</u>	<u>1,440,318</u>
Total Assets	<u>1,714,440</u>	<u>1,895,250</u>
LIABILITIES		
Current liabilities:		
Accounts payable	299,536	472,887
Customer deposits	5,808	9,642
Accrued liabilities - Payroll	8,520	11,262
Total current liabilities (payable from current assets)	<u>313,864</u>	<u>493,791</u>
Long-term obligations	<u>-</u>	<u>-</u>
Total Liabilities	<u>313,864</u>	<u>493,791</u>
NET ASSETS		
Invested in capital assets	1,381,939	1,440,318
Unrestricted	<u>18,637</u>	<u>(38,859)</u>
Total Net Assets	<u>\$ 1,400,576</u>	<u>\$ 1,401,459</u>

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
SOLID WASTE MANAGEMENT ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
OPERATING REVENUES		
Charges for services:		
Solid waste	\$ 1,349,220	\$ 1,432,639
Recycling	135,586	138,961
Penalties	19,306	23,649
Miscellaneous	5,090	5,283
Total Operating Revenues	1,509,202	1,600,532
OPERATING EXPENSES:		
Solid waste operations -		
Purchases of product/service	1,723,503	1,754,457
Salaries and benefits	37,989	38,191
Contracted / purchased services	5,025	6,233
Bad debt expense	15,000	15,000
Recycling operations -		
Salaries and benefits	98,855	96,458
Contracted / purchased services	66,185	75,240
Supplies	15,098	9,145
Depreciation	58,379	59,874
Total Operating Expenses	2,020,034	2,054,598
Operating Income (Loss)	(510,832)	(454,066)
NON-OPERATING INCOME (EXPENSES):		
Interest revenue	87	-
Net income (loss) before transfers and capital contributions	(510,745)	(454,066)
Transfers in	509,862	389,786
Capital contributions	-	-
NET INCOME	(883)	(64,280)
NET ASSETS - BEGINNING	1,401,459	1,465,739
NET ASSETS - ENDING	\$ 1,400,576	\$ 1,401,459

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
SOLID WASTE MANAGEMENT ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,485,223	\$ 1,627,154
Cash paid to suppliers	(2,030,433)	(1,889,517)
Cash paid to employees	<u>(107,315)</u>	<u>(101,323)</u>
Net Cash Provided by Operating Activities	<u>(652,525)</u>	<u>(363,686)</u>
Cash flows from investing activities:		
Interest received	<u>87</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>87</u>	<u>-</u>
Cash flows from non-capital financing activities:		
Transfers	<u>509,862</u>	<u>389,786</u>
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>509,862</u>	<u>389,786</u>
Cash flows from capital financing activities:		
Purchase and construction of capital assets	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in) Capital Financing Activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(142,576)	26,100
Cash and cash equivalents - Beginning of Year	<u>252,519</u>	<u>226,419</u>
Cash and cash equivalents - End of Year	<u>\$ 109,943</u>	<u>\$ 252,519</u>

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
SOLID WASTE MANAGEMENT ENTERPRISE FUND - CONTINUED

Reconciliation of Net Income to Net Cash Provided
By Operating Activities

	<u>2012</u>	<u>2011</u>
Operating income (loss)	\$ (510,832)	\$ (454,066)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,379	59,874
(Increase) decrease in receivables	(20,145)	26,120
Increase (decrease) in accounts payable	(173,351)	2,430
Increase (decrease) in customer deposits	(3,834)	502
Increase (decrease) in accrued liabilities	(2,742)	1,454
Total Adjustments	<u>(141,693)</u>	<u>90,380</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (652,525)</u>	<u>\$ (363,686)</u>

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF NET ASSETS
STORMWATER MANAGEMENT ENTERPRISE FUND
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash	\$ 818,305	\$ 609,461
Receivables		
Trade accounts	23,829	25,479
Due from other funds	283	235
Prepaid tax billing fees	-	-
Total Current Assets	842,417	635,175
Property, Plant and Equipment		
Infrastructure	532,464	321,623
Less: Accumulated depreciation	(12,383)	(3,425)
Net Property, Plant and Equipment	520,081	318,198
Total Assets	1,362,498	953,373
 LIABILITIES		
Current Liabilities		
Accounts payable	9,020	10,279
Due to other funds	-	-
Total Current Liabilities	9,020	10,279
Long-term Obligations	-	-
Total Liabilities	9,020	10,279
 NET ASSETS		
Invested in capital assets	520,081	318,198
Unrestricted	833,397	624,896
Total Net Assets	\$ 1,353,478	\$ 943,094

**CITY OF SNELLVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
STORMWATER MANAGEMENT ENTERPRISE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for services:		
Stormwater utility fees	\$ 533,491	\$ 526,250
Penalties	5,412	4,944
Miscellaneous	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>538,903</u>	<u>531,194</u>
OPERATING EXPENSES:		
Salaries and benefits	-	-
Contracted / purchased services	120,097	57,889
Bad debt expense	-	-
Depreciation	<u>8,958</u>	<u>3,333</u>
Total Operating Expenses	<u>129,055</u>	<u>61,222</u>
Operating Income (Loss)	409,848	469,972
NON-OPERATING INCOME (EXPENSES):		
Interest revenue	<u>536</u>	<u>1,046</u>
Net income (loss) before transfers and capital contributions	410,384	471,018
Transfers	-	-
NET INCOME	410,384	471,018
NET ASSETS - BEGINNING	<u>943,094</u>	<u>472,076</u>
NET ASSETS - ENDING	<u>\$ 1,353,478</u>	<u>\$ 943,094</u>

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
STORMWATER MANAGEMENT ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 540,553	\$ 527,508
Cash paid to suppliers	(121,356)	(18,740)
Cash paid to employees	<u>-</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>419,197</u>	<u>508,768</u>
Cash flows from investing activities:		
Interest received	<u>536</u>	<u>1,046</u>
Net Cash Used in Investing Activities	<u>536</u>	<u>1,046</u>
Cash flows from non-capital financing activities:		
Increase (decrease) in due to other funds	(48)	(46,080)
Transfers	<u>-</u>	<u>-</u>
Net Cash Provided by (Used in) Non-capital Financing Activities	<u>(48)</u>	<u>(46,080)</u>
Cash flows from capital financing activities:		
Purchase and construction of capital assets	<u>(210,841)</u>	<u>(266,148)</u>
Net Cash Provided by (Used in) Capital Financing Activities	<u>(210,841)</u>	<u>(266,148)</u>
Net increase in cash and cash equivalents	208,844	197,586
Cash and cash equivalents - Beginning of Year	<u>609,461</u>	<u>411,875</u>
Cash and cash equivalents - End of Year	<u>\$ 818,305</u>	<u>\$ 609,461</u>

CITY OF SNELLVILLE, GEORGIA
STATEMENT OF CASH FLOWS
STORMWATER MANAGEMENT ENTERPRISE FUND - CONTINUED

Reconciliation of Net Income to Net Cash Provided
By Operating Activities

	<u>2012</u>	<u>2011</u>
Operating income (loss)	\$ 409,848	\$ 469,972
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,958	3,333
(Increase) decrease in receivables	1,650	(3,686)
(Increase) decrease in prepaid expenses	-	33,570
Increase (decrease) in accounts payable	(1,259)	5,579
Increase (decrease) in customer deposits	-	-
Increase (decrease) in accrued liabilities	-	-
Total Adjustments	<u>9,349</u>	<u>38,796</u>
Net Cash Provided by Operating Activities	<u>\$ 419,197</u>	<u>\$ 508,768</u>

SNELLVILLE DOWNTOWN DEVELOPMENT AUTHORITY
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

Cash	\$	35,802
Investment		59,166
Due from primary government - long term		<u>679,621</u>
Total Assets	\$	<u>774,589</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$	-
Accounts payable		<u>-</u>
Total Liabilities		<u>-</u>
Fund balance		
Nonspendable -		679,621
Long-term portion of amount due from primary government		94,968
Unrestricted		<u>774,589</u>
Total Fund Balance		<u>774,589</u>
Total Liabilities and Fund Balance	\$	<u>774,589</u>

**SNELLVILLE DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

REVENUES		\$ -
Contributions		13,029
Interest		<u>13,029</u>
Total Revenues		<u>13,029</u>
 EXPENDITURES		
Current-		7,603
Consultant		5,000
Promotion		
Capital-		697,450
Land purchase		
Debt service -		17,829
Principal		12,191
Interest		<u>12,191</u>
Total Expenditures		<u>740,073</u>
Excess (deficiency) of revenues over expenditures		(727,044)
 OTHER FINANCING SOURCES (USES)		
Proceeds from debt issuance		697,450
Sale of capital assets		<u>697,450</u>
Net change in fund balance		667,856
Fund Balance - Beginning of Year		<u>106,733</u>
Fund Balance - End of Year		<u><u>\$ 774,589</u></u>

STATISTICAL SECTION

This part of the City of Snellville'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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78-83
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	84-88
Debt Capacity 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.	89-90
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	91-92
Operating Information 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.	93-95

Except where noted, the information in these schedules is derived from the City of Woodstock's comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning that year.

CITY OF SNELLVILLE, GEORGIA

NET ASSETS BY COMPONENT

Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Investments in Capital Assets, Net of Related Debt	\$ 1,995,367	\$ 8,443,002	\$ 11,340,750	\$ 12,092,298	\$ 15,634,341	\$ 17,189,325	\$ 20,227,211	\$ 21,806,430	\$ 24,844,375
Restricted - Capital Projects	5,670,913	1,507,189	3,988,188	5,463,762	5,093,991	6,090,508	4,938,462	5,395,486	5,398,389
Restricted - Police Services	35,417	52,078	44,688	143,187	155,354	149,897	175,859	74,573	82,136
Restricted - Tree Bank	-	121,341	34,244	76,211	94,576	95,360	100,534	113,474	113,563
Restricted-Economic Development	-	94,439	32,312	65,585	98,028	68,108	54,166	51,670	31,316
Unrestricted	4,718,111	3,053,353	1,833,350	2,006,381	1,520,641	1,502,712	1,165,749	2,494,413	4,414,574
Total Governmental Activities Net Assets	12,419,808	13,271,402	17,273,532	19,847,424	22,616,931	25,095,910	26,681,981	29,936,046	34,884,353
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	1,028,014	1,822,800	1,743,096	1,675,365	1,637,483	1,567,883	1,555,575	1,758,516	1,902,020
Unrestricted	(77,052)	(108,603)	53,369	21,722	32,548	(56,396)	382,240	586,037	852,034
Total Business-Type Activities Net Assets	950,962	1,714,197	1,796,465	1,697,087	1,670,031	1,511,487	1,937,815	2,344,553	2,754,054
Primary Government									
Invested in Capital Assets, Net of Related Debt	3,023,381	10,265,802	13,083,846	13,767,663	17,291,824	18,757,208	21,782,786	23,564,946	26,746,395
Restricted	5,706,330	1,775,047	4,099,432	5,748,745	5,441,949	6,403,873	5,289,021	5,635,203	5,625,404
Unrestricted	4,641,059	2,944,750	1,886,719	2,028,103	1,553,189	1,446,316	1,547,989	3,080,450	5,266,608
Total Primary Government Assets	\$ 13,370,770	\$ 14,985,599	\$ 19,069,997	\$ 21,544,511	\$ 24,286,962	\$ 26,607,397	\$ 28,619,796	\$ 32,280,599	\$ 37,638,407

CITY OF SNELLVILLE, GEORGIA

CHANGES IN NET ASSETS

Last Nine Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
General Government	950,407	\$ 965,723	\$ 1,320,940	\$ 1,573,842	\$ 1,690,679	\$ 1,628,287	\$ 1,573,221	\$ 1,669,534	\$ 1,690,722
Public Safety and Courts	3,040,722	3,519,768	4,504,231	4,939,587	5,392,175	5,356,421	5,277,044	4,648,019	4,966,217
Highways and Streets	857,388	1,111,855	1,009,325	2,199,627	1,158,273	1,063,138	1,045,251	1,186,131	1,798,503
Parks and Recreation	841,391	825,503	888,315	919,279	919,401	954,721	833,980	698,355	754,667
Economic Development	51,160	35,573	41,022	36,259	32,598	31,044	-	71,114	111,010
Community Development	490,669	477,414	503,358	677,896	570,221	574,474	516,531	627,116	612,699
Interest on Long-Term Debt	258,656	255,025	249,730	245,645	249,535	241,132	338,885	403,352	373,687
Total Governmental Activities Expenses	6,490,393	7,190,861	8,516,921	10,592,135	10,012,882	9,852,217	9,584,912	9,303,621	10,307,505
Business-Type Activities									
Solid Waste Management	1,968,466	2,141,268	1,887,996	1,978,372	1,916,075	1,905,027	1,815,392	1,813,881	1,781,518
Recycling	-	-	240,707	231,549	246,859	241,754	224,058	240,717	238,516
Storm Water Utilities	-	-	-	-	-	-	55,014	61,222	129,055
Total Business-Type Activities Expenses	1,968,466	2,141,268	2,128,703	2,209,921	2,162,934	2,146,781	2,094,464	2,115,820	2,149,089
Primary Government	8,458,859	9,332,129	10,645,624	12,802,056	12,175,816	11,998,998	11,679,376	11,419,441	12,456,594
Program Revenues									
Governmental Activities									
Charges for Service	68,618	10,787	4,344	38,612	123,816	135,971	97,737	46,180	68,198
General Government	525,512	1,029,778	2,547,897	2,719,764	2,695,115	2,513,666	1,830,610	1,792,285	2,132,202
Public Safety and Courts	4,432	9,045	1,000	5,731	5,731	-	-	1,946	-
Highways and Streets	328,627	347,829	379,952	363,855	355,232	257,469	277,540	216,451	181,452
Parks and Recreation	-	-	-	-	-	47,336	-	-	-
Economic Development	672,828	735,409	504,996	495,718	297,024	270,249	313,518	375,477	460,772
Community Development	102,292	158,766	23,092	19,877	109,045	109,045	2,450	79,886	314,473
Operating Grants and Contributions	937,804	1,450,709	3,104,413	3,544,320	3,100,139	2,687,382	2,503,274	2,744,430	3,991,328
Capital Grants and Contributions	2,640,113	3,742,322	6,365,694	7,182,146	6,577,057	6,021,118	5,025,179	5,256,655	7,148,425
Total Governmental Activities Program Revenues	6,490,393	7,190,861	8,516,921	10,592,135	10,012,882	9,852,217	9,584,912	9,303,621	10,307,505
Business-Type Activities									
Charges for Service	1,657,396	1,864,602	1,655,098	1,726,522	1,654,217	1,539,724	1,469,561	1,461,571	1,373,616
Solid Waste Management	-	-	98,199	151,945	226,031	115,436	138,647	138,961	135,586
Recycling	-	-	-	-	-	-	526,590	531,194	538,903
Stormwater Utility Fees	-	-	-	-	-	-	-	-	-
Operating grants and contributions	50,000	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,707,396	1,864,602	1,753,297	1,878,467	1,880,248	1,655,160	2,134,798	2,131,726	2,048,105
Total Business-Type Activities Program Revenues	4,347,509	5,606,925	8,318,991	9,060,613	8,457,305	7,676,278	7,159,927	7,388,381	9,196,530

Net (Expense) Revenue	\$ (3,850,280)	\$ (3,448,538)	\$ (1,951,227)	\$ (3,409,989)	\$ (3,435,825)	\$ (3,831,099)	\$ (4,559,783)	\$ (4,046,966)	\$ (3,159,080)
Governmental Activities	(261,070)	(276,666)	(375,406)	(331,454)	(282,686)	(491,621)	40,334	15,906	(100,984)
Business-Type Activities	(4,111,350)	(3,725,204)	(2,326,633)	(3,741,443)	(3,718,511)	(4,322,720)	(4,519,449)	(4,031,060)	(3,260,064)
Total Primary Government Net (Expense)									

General Revenue and Other Changes in Net Assets									
Governmental Activities									
Taxes									
Property	2,362,289	2,460,951	2,544,720	2,814,036	3,004,571	3,507,366	3,438,809	4,388,127	3,853,386
Other	2,498,703	2,645,452	2,848,178	2,913,345	3,074,341	2,987,958	3,018,410	3,212,836	3,317,570
Hotel/Motel	61,238	64,558	78,776	80,228	69,120	62,794	62,022	68,499	90,622
Intergovernmental	62,695	19,670	1,568	20,652	-	14,292	-	5,098	19,905
Other Local Revenue	(49,784)	685	863,710	182,751	-	-	-	-	-
Gain(Loss) on Sale of Assets	(865,005)	(1,039,772)	(457,499)	(227,074)	(251,285)	(331,985)	(385,053)	(389,786)	(509,862)
Transfers	152,384	148,588	73,904	199,943	308,585	69,653	11,666	16,257	4,758
Unrestricted Investment Earnings									
Total Governmental Activities	4,222,520	4,300,132	5,959,357	5,983,881	6,205,332	6,310,078	6,145,854	7,301,031	8,107,387

Business-Type Activities									
Transfers	865,005	1,039,772	457,499	227,074	251,285	331,985	385,053	389,786	509,862
Unrestricted Investment Income	99	129	175	5,002	4,345	1,092	941	1,046	623
Total Business-Type Activities	865,104	1,039,901	457,674	232,076	255,630	333,077	385,994	390,832	510,485
Total Primary Government	5,087,624	5,340,033	6,411,031	6,215,957	6,460,962	6,643,155	6,531,848	7,691,863	8,617,872

Change in Net Assets									
Governmental Activities	372,240	851,594	4,002,130	2,573,892	2,769,507	2,478,979	1,586,071	3,254,065	4,948,307
Business-Type Activities	604,034	763,235	82,268	(99,378)	(27,056)	(158,544)	426,328	406,738	409,501
Total Primary Government	\$ 976,274	\$ 1,614,829	\$ 4,084,398	\$ 2,474,514	\$ 2,742,451	\$ 2,320,435	\$ 2,012,399	\$ 3,660,803	\$ 5,357,808

CITY OF SNELLVILLE, GEORGIA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ 109,090	\$ -	\$ 124,799	\$ 98,924	\$ 102,454	\$ 101,825	\$ 117,282	\$ 118,832	\$ 143,720	\$ 126,825
Prepaid Items	-	-	-	-	-	-	-	-	-	-
Restricted	-	35,417	-	-	-	-	-	-	-	-
Police Services	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Appropriation for Next Year Budget	1,800,777	2,589,881	1,556,465	1,266,667	853,406	192,560	72,821	-	352,046	426,022
Unassigned	2,554,323	1,724,058	263,163	350,562	973,458	1,183,946	1,324,605	1,249,808	1,964,895	3,924,706
Total General Fund	4,464,190	4,349,356	1,944,427	1,716,153	1,929,318	1,478,331	1,514,708	1,368,640	2,460,661	4,477,553
All Other Governmental Funds										
Restricted	-	5,586,250	1,598,189	3,988,188	5,463,762	5,093,991	6,090,508	11,552,981	5,395,486	5,398,389
Capital Projects	-	-	52,078	44,688	143,187	155,354	149,897	175,859	74,573	82,136
Police Services	-	-	-	-	-	-	-	-	-	-
Tree Bank	-	-	121,341	34,244	76,211	94,576	95,360	100,534	113,474	113,503
Economic Development	-	-	94,439	32,312	65,585	98,028	68,108	54,166	51,670	31,316
Unassigned	-	-	-	-	-	-	-	-	-	(1,069,805)
Total All Other Governmental Funds	\$ -	\$ 5,586,250	\$ 1,866,047	\$ 4,099,432	\$ 5,748,745	\$ 5,441,949	\$ 6,403,873	\$ 11,883,540	\$ 5,635,203	\$ 4,555,599

CITY OF SNELLVILLE, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Revenues:											
Taxes	\$ 4,850,757	\$ 4,925,056	\$ 5,145,344	\$ 5,458,805	\$ 5,795,991	\$ 6,119,087	\$ 6,564,720	\$ 6,417,824	\$ 7,635,289	\$ 7,276,649	
Licenses and Permits	449,827	622,814	589,342	432,045	397,228	228,947	237,171	267,032	315,929	420,650	
Intergovernmental Revenue	644,131	1,374,401	1,609,603	3,221,755	3,497,244	3,095,619	2,854,667	2,482,026	2,770,021	4,557,846	
Charges for Services	253,033	277,732	326,445	350,509	382,735	376,785	311,109	291,507	291,923	253,440	
Fines and Forfeitures	752,173	567,900	909,327	2,489,006	2,644,748	2,606,622	2,398,816	1,762,208	1,716,189	2,064,350	
Tree Bank Bonds	-	-	80,480	24,425	41,300	15,580	-	7,500	15,000	0	
Investment Income	123,633	147,936	148,589	73,903	199,944	295,811	69,653	32,913	23,507	7,770	
Rental Income	186,528	130,713	90,833	83,941	87,504	106,841	165,003	90,993	77,520	76,195	
Other Local Revenue	219,028	173,311	169,970	102,953	115,363	149,691	112,752	124,996	42,242	86,724	
Total All Governmental Funds	7,481,110	8,219,863	9,069,933	12,237,342	13,162,057	17,994,983	12,683,891	11,476,999	12,887,620	14,743,624	
Expenditures											
General Government	787,114	875,982	1,252,002	1,122,967	1,286,519	1,347,061	1,342,651	1,250,068	1,352,978	1,393,854	
Municipal Court	165,165	156,063	408,591	813,313	798,817	841,129	903,543	793,820	715,079	720,122	
Public Safety	2,689,144	2,772,346	2,999,829	3,523,221	3,948,170	4,311,484	4,162,181	3,906,813	3,714,830	3,743,545	
Sanitation	-	-	-	-	-	-	-	-	-	-	
Highways and Streets	746,772	1,157,570	1,365,399	808,534	1,018,602	884,148	882,089	944,370	952,300	942,177	
Parks and Recreation	782,282	784,016	772,144	828,576	835,054	849,579	800,836	746,899	650,780	645,426	
Tree Bank	-	-	244	3,116	654	-	22	2,625	2,238	0	
Economic Development	-	51,160	35,573	41,022	50,411	27,648	25,118	26,248	71,114	20,389	
Community Development	420,471	495,320	476,283	487,818	659,472	568,873	617,907	486,681	609,643	701,617	
Debt Service											
Principal	-	255,000	260,000	265,000	273,900	328,194	336,321	1,100,133	1,788,822	1,875,334	
Interest, Fees and Bond Issue Cost	-	489,380	236,657	231,362	227,277	231,102	222,763	325,378	382,807	352,942	
Capital Outlay											
General Government	150,851	1,035,282	6,348,571	2,515,915	172,111	195,078	27,381	-	697,450	58,697	
Public Safety	247,666	90,703	-	146,561	342,590	2,874,650	800,856	1,162,008	5,245,637	260,683	
Highways and Streets	574,846	327,256	-	297,836	1,757,595	1,115,236	466,079	124,329	2,056,198	2,268,715	
Parks and Recreation	316,206	68,651	-	42,264	208,553	187,442	769,704	2,393,975	89,293	312,974	
Development	-	-	-	-	-	-	-	-	-	0	
Sanitation	-	-	-	-	-	-	-	-	-	-	
Court	9,241.0	-	-	-	-	-	7,022.0	-	-	-	
Total Expenditures	6,889,758	8,558,709	14,155,293	11,127,505	11,579,725	13,761,624	11,364,473	13,263,347	18,351,600	13,296,477	
Excess (Deficit) of Revenue Over Expenditures	591,352	(338,846)	(5,085,360)	1,109,837	1,582,332	(766,641)	1,319,418	(1,786,348)	(5,463,980)	1,447,147	
Other Financing Sources (Uses)											
Sale of Capital Assets	-	-	-	1,352,773	454,554	18,803	10,868	7,505,000	-	697,450	0
Proceeds from Long-Term Debt	-	6,795,000	-	52,666	-	241,340	-	-	-	-	
Discount on Debt Issue	-	(119,733)	-	-	-	-	-	-	-	-	
Capital Contribution to Stormwater Fund	-	-	-	(457,499)	(227,074)	(251,285)	(331,985)	(385,053)	(389,786)	(509,862)	
Transfers in (out)	(445,726)	(865,005)	(1,039,772)	895,274	280,146	8,858	(321,117)	7,119,947	307,664	(509,862)	
Total Other Financing Sources (Uses)	(445,726)	5,810,262	(1,039,772)	895,274	280,146	8,858	(321,117)	7,119,947	307,664	(509,862)	
Net Change in Fund Balance	145,626	5,471,416	(6,125,132)	2,005,111	1,862,478	(757,783)	998,301	5,333,599	(5,156,316)	937,285	
Fund Balance Beginning	4,314,269	4,464,190	9,935,606	3,810,474	5,815,585	7,678,063	6,920,280	7,918,581	13,252,180	8,095,864	
Net Residual Equity Transfer	4,295	-	-	-	-	-	-	-	-	-	
Fund Balance ending	4,464,190	9,935,606	3,810,474	5,815,585	7,678,063	6,920,280	7,918,581	13,252,180	8,095,864	9,033,149	
Debt Service Expenditures to Noncapital Expenditures	0.00%	7.78%	7.01%	5.67%	4.82%	5.84%	5.95%	14.84%	20.93%	18.45%	

CITY OF SNELLVILLE, GEORGIA

General Government Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Real and Personal	Motor Vehicle	(1) SPLOST	Franchise	Alcohol Beverage	Insurance Premium	Business Occupation	Other Tax	Total
2003	2,232,769	174,319	-	785,434	328,452	611,826	587,263	130,694	4,850,757
2004	2,213,368	158,342	-	818,014	327,215	659,404	620,696	128,017	4,925,056
2005	2,306,115	137,540	717,226	849,972	313,668	714,615	701,972	121,462	5,862,570
2006	2,400,754	136,030	3,000,504	899,860	322,612	768,832	775,431	155,286	8,459,309
2007	2,666,424	135,993	3,079,878	935,860	319,242	804,465	801,644	132,363	8,875,869
2008	2,840,896	139,567	2,972,084	946,039	319,182	839,218	925,536	108,649	9,091,171
2009	3,379,548	134,417	2,669,797	986,343	314,496	859,168	808,229	82,519	9,234,517
2010	3,229,704	128,803	2,436,432	1,057,012	313,390	851,107	755,868	81,940	8,854,256
2011	4,200,016	160,793	2,690,135	1,240,493	314,661	826,372	788,894	104,060	10,325,424
2012	3,675,089	200,074	2,857,568	1,238,386	339,794	855,626	811,135	156,545	10,134,217

(1) For the purposes of this schedule SPLOST (Special Local Option Sales Tax) has been included as a tax. However, for reporting purposes in the financial statements SPLOST receipts are reported as an intergovernmental revenue.

CITY OF SNELLVILLE, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF ALL TAXABLE PROPERTY

Last Ten Fiscal Years

Tax Digest Year	Real Property			Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other						
2003	355,319,410	240,123,940	44,241,430	33,860	16,915,840	622,802,800	3.750	1,557,007,000	40.00%	
2004	385,891,380	253,249,110	42,257,340	86,650	17,134,000	664,350,480	3.650	1,660,876,200	40.00%	
2005	407,247,211	264,642,360	39,936,790	239,890	18,290,540	693,775,711	3.650	1,734,439,278	40.00%	
2006	435,996,438	307,578,536	36,936,770	840	17,434,840	763,077,744	3.650	1,907,694,360	40.00%	
2007	472,489,482	329,873,241	38,477,090	5,400	19,225,791	821,619,422	3.650	2,054,048,555	40.00%	
2008	488,590,082	343,172,382	38,628,940	4,560	19,160,640	851,235,324	4.150	2,128,088,310	40.00%	
2009	483,824,820	334,371,428	38,550,920	597,680	18,120,000	839,224,848	4.150	2,098,062,120	40.00%	
2010	415,928,984	318,011,258	31,946,200	6,160	18,357,560	747,535,042	5.900	1,868,837,605	40.00%	
2011	361,997,014	296,893,380	33,004,330	-	18,392,920	673,501,804	5.700	1,683,754,510	40.00%	
2012	345,489,780	308,657,349	33,169,790	-	18,107,440	669,209,479	5.000	1,673,023,698	40.00%	

Source: Gwinnett County Tax Assessors Office

CITY OF SNELLVILLE, GEORGIA

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Digest Year	Overlapping Rates												
	City of Snellville				County				School District				State of Georgia
	Operating Millage	Operating Millage	Debt Service Millage	Fire Protection	Recreation	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	School Millage	Operating Millage	Operating Millage	Total Direct & Overlapping Rates
2003	3.75	8.29	0.49	1.87	0.85	11.50	18.87	1.43	20.30	1.43	0.25	35.80	
2004	3.65	8.27	0.49	1.87	0.84	11.47	18.87	1.43	20.30	1.43	0.25	35.67	
2005	3.65	10.14	0.49	-	0.84	11.47	19.25	1.30	20.55	1.30	0.25	35.92	
2006	3.65	10.00	0.48	-	0.82	11.30	19.25	1.30	20.55	1.30	0.25	35.75	
2007	3.65	9.81	0.47	-	0.80	11.08	19.25	1.30	20.55	1.30	0.25	35.53	
2008	4.15	9.72	0.46	-	0.79	10.97	19.25	1.30	20.55	1.30	0.25	35.92	
2009	4.15	11.78	0.47	-	1.00	13.25	19.25	1.30	20.55	1.30	0.25	38.20	
2010	5.90	11.78	0.47	-	1.00	13.25	19.25	1.30	20.55	1.30	0.25	39.95	
2011	5.70	11.78	0.24	-	1.00	13.02	19.25	1.30	20.55	1.30	0.25	39.52	
2012	5.00	11.78	0.24	-	1.00	13.02	19.25	1.30	20.55	1.30	0.20	38.77	

Source: Gwinnett County Tax Assessors Office

CITY OF SNELLVILLE, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	Nature of Business	2011			2002		
		Rank	Assessed Valuation	% of Total City Taxes Levied	Rank	Assessed Valuation	% of Total City Taxes Levied
Atlanta Healthcare Management	Hospital	1	\$15,600,000	2.33%			
DDR Southeast Snellville LLC	Real Estate	2	\$9,828,000	1.46%			
KIR Snellville LP	Real Estate	3	9,000,000	1.34%	3	10,923,160	1.94%
GRI-EOY (Presidential Markets) LLC	Real Estate	4	7,240,880	1.08%			
Venas Center MOB LLC	Medical Facilities	5	6,916,000	1.03%			
Wal-Mart Real Estate Business Trust	Retail Services	6	5,421,000	0.81%	5	5,706,320	1.01%
Venas Plaza MOB LLC	Medical Facilities	7	5,346,440	0.79%			
GRI-EOY (Presidential Markets) LLC	Real Estate	8	4,170,200	0.62%			
Lowe's Home Centers Inc	Retail Services	9	4,090,240	0.61%			
Sam's Real Estate Business Trust	Retail Services	10	3,420,000	0.51%			
Cousins Properties	Real Estate				1	13,293,720	2.36%
Snellville Associates Limited	Real Estate				2	12,030,120	2.13%
Atlanta Healthcare Management	Medical Facilities				4	10,000,000	1.77%
KR Snellville Inc.	Real Estate				6	4,783,180	0.85%
Eastside Physicians Center LP	Medical Facilities				7	4,640,000	0.82%
Sams Real Estate Business Trust	Retail Services				8	3,913,280	0.69%
Excel Realty Partners LP	Real Estate				9	3,799,880	0.67%
Dayton Hudson Corp	Retail Services				10	3,150,280	0.56%
Totals			\$71,032,760	10.61%		\$72,239,940	12.80%

Source: Gwinnett County Tax Commissioner

CITY OF SNELLVILLE, GEORGIA
PROPERTY TAXES LEVIES AND COLLECTIONS
Last Eight Fiscal Years

Fiscal Year	Collected Within the Fiscal Year of the Levy		Percent of Levy	Collections in Subsequent Years	Total Collections to Date		Percent of Levy
	Levy	Collected Amount			Amount	Amount	
2005	2,300,646	2,269,108	98.63%	29,666	2,298,774	99.92%	
2006	2,476,074	2,432,384	98.24%	39,721	2,472,105	99.84%	
2007	2,920,726	2,864,490	98.07%	52,275	2,916,765	99.86%	
2008	3,233,410	3,179,067	98.32%	50,571	3,229,638	99.88%	
2009	3,370,193	3,297,749	97.85%	68,202	3,365,951	99.87%	
2010	3,318,877	3,175,502	95.68%	136,365	3,311,867	99.79%	
2011	4,206,021	4,064,465	96.63%	112,389	4,176,854	99.31%	
2012	3,626,730	3,540,122	97.61%	-	3,540,122	97.61%	

Source: City's Finance Department

CITY OF SNELLVILLE, GEORGIA

Sales Tax Rates and Taxable Sales

Last Eight Fiscal Years

Fiscal Year	(1)(2) Taxable Sales Within Gwinnett County	Special Purpose				Total
		(3) City/ County	School		State	
			System			
2005	3,567,915,700	1%	0%	4%	5%	
2006	14,926,321,100	1%	0%	4%	5%	
2007	15,321,175,400	1%	0%	4%	5%	
2008	14,784,942,900	1%	1%	4%	6%	
2009	15,321,175,400	1%	1%	4%	6%	
2010	14,784,942,900	1%	1%	4%	6%	
2011	13,186,936,300	1%	1%	4%	6%	
2012	14,007,686,200	1%	1%	4%	6%	

(1) Prescription drugs and services are not taxable.

(2) Calculated based on sales taxes collected by the city.

(3) The City of Snellville receives 2.04% of Special Purpose Local Option Sales Taxes collected for the 2009 SPLOST and 2.01% for the 2005 SPLOST.

CITY OF SNELLVILLE, GEORGIA

City Debt

Last Eight Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	% of Personal Income (1)	Per Capita (1)
	Certificates of Participation	Capital Leases				
2005	6,280,000	-		6,280,000	1.20%	335.04
2006	6,015,000	-		6,015,000	1.10%	307.39
2007	5,745,000	48,766		5,793,766	1.06%	296.08
2008	5,470,000	236,978		5,706,978	1.04%	289.74
2009	5,190,000	180,657		5,370,657	0.93%	260.28
2010	4,900,000	6,875,525		11,775,525	2.57%	645.52
2011	4,600,000	6,084,153		10,684,153	2.25%	585.69
2012	4,290,000	4,519,304		8,809,304	1.86%	482.91

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

CITY OF SNELLVILLE, GEORGIA

LEGAL DEBT MARGIN TABLE

Last Ten Fiscal Years

Year	Assessed Value	Percentage	Debt Limit	Net Amount Applicable	Legal Debt Margin	Total Net Applicable to Limit as Percentage of Debt Limit
2003	622,802,800	10.00%	62,280,280	-	62,280,280	0.00%
2004	664,350,480	10.00%	66,435,048	-	66,435,048	0.00%
2005	693,775,711	10.00%	69,377,571	-	69,377,571	0.00%
2006	763,077,744	10.00%	76,307,774	-	76,307,774	0.00%
2007	821,619,422	10.00%	82,161,942	-	82,161,942	0.00%
2008	851,235,324	10.00%	85,123,532	-	85,123,532	0.00%
2009	839,224,848	10.00%	83,922,485	-	83,922,485	0.00%
2010	747,535,042	10.00%	74,753,504	-	74,753,504	0.00%
2011	673,501,804	10.00%	67,350,180	-	67,350,180	0.00%
2012	669,209,479	10.00%	66,920,948	-	66,920,948	0.00%

CITY OF SNELLVILLE, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income (1)		Personal Income	Media Age (1)	School Enrollment	Unemployment Rate
		Income (1)	Income (1)				
2003	17,046 (7)	\$26,966 (7)	\$459,662,436	39.8 (7)	4,847 (2)	4.40% (3)	
2004	17,611 (7)	\$27,445 (7)	\$483,333,895	40.2 (7)	5,099 (2)	4.20% (3)	
2005	18,744 (5)	\$27,940 (4)	\$523,707,360	40.6 (4)	5,581 (2)	4.60% (3)	
2006	19,568 (4)	\$27,940 (4)	\$546,729,920	40.6 (4)	5,986 (2)	4.20% (3)	
2007	19,568 (4)	\$27,940 (4)	\$546,729,920	40.6 (4)	5,993 (2)	4.10% (3)	
2008	19,697 (5)	\$27,940 (4)	\$550,334,180	40.6 (4)	5,897 (2)	5.70% (3)	
2009	20,634 (1)	\$27,940 (4)	\$576,513,960	40.6 (4)	5,866 (2)	8.80% (3)	
2010	18,242 (1)	\$25,083 (1)	\$457,564,086	41.2 (1)	3,764 (2)	9.20% (3)	
2011	18,242 (1)	\$25,992 (7)	\$474,146,064	41.2 (7)	3,764 (2)	10.30% (3)	
2012	18,242 (1)	\$25,992 (7)	\$474,146,064	41.2 (7)	4,596 (2)	9.00% (3)	

- (1) Bureau of Census
- (2) Gwinnett County Board of Education
- (3) US Bureau of Labor Statistics (Gwinnett County)
- (4) Averaged by US Census American Community Survey
- (5) Atlanta Regional Commission Estimates
- (6) Gwinnett County Chamber of Commerce
- (7) City of Snellville Estimates

CITY OF SNELLVILLE, GEORGIA

PRINCIPAL EMPLOYERS

As Available from City of Snellville Public Records

Employer	2012			2006 (2)		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Eastside Medical Center	1,257	1	NA (1)	1,190	1	NA (1)
Gwinnett County School Board	405	2	NA (1)	600	2	NA (1)
Wal-Mart	389	3	NA (1)	470	3	NA (1)
Parkwood Nursing Home	200	4	NA (1)	166	4	NA (1)
New London Health Center	180	5	NA (1)	160	5	NA (1)
Target	160	6	NA (1)	160	6	NA (1)
Lowe's	160	6	NA (1)	150	7	NA (1)
Home Depot	128	8	NA (1)	115	8	NA (1)
Kihols	120	9	NA (1)	109	9	NA (1)
Publix	110	10	NA (1)	94	10	NA (1)
Employer						
						Emory Eastside Medical Center
						E.R Snell Contractors
						Wal-Mart
						The Home Depot
						Sara's Club
						Target
						Lowe's
						City of Snellville
						Best Buy
						TOMCO

Total Principal Employers 3,185 NA (1)

Total Employees NA (1)

Source: City of Snellville Community Development

(1) Total employment numbers have not been recorded in the past. Employment data will be collected in the future.

(2) City of Snellville Comprehensive Plan

CITY OF SNELLVILLE, GEORGIA

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

Full-time Equivalent Employees as of June 30

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	8.0	12.5	13.0	14.0	18.0	14.5	11.5	14.0	14.0	13.0
Public Safety	47.0	53.0	53.0	58.0	57.0	60.0	56.0	53.0	53.0	52.0
Public Works	14.0	7.0	7.0	9.0	9.0	10.0	9.0	9.0	9.0	9.0
Parks and Recreation	10.0	11.0	11.0	11.0	12.0	12.0	8.0	8.0	8.0	8.0
Community Development	6.0	6.0	6.0	7.0	6.0	6.0	6.0	5.0	5.0	5.0
Sanitation	3.5	4.5	4.5	4.5	4.5	4.0	4.0	4.0	4.0	4.0
Stormwater Utility	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
Total	88.5	94.0	94.5	103.5	106.5	106.5	95.5	94.0	94.0	92.0

Source: Various City Departments

CITY OF SNELLVILLE, GEORGIA

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police												
Physical Arrests	915	995	866	1,337	1,413	1,724	1,844	2,018	1,775	1,868	1,999	2,336
Parking Violations	9	14	56	33	51	45	47	15	13	76	385	237
Traffic Violations	3,795	3,029	6,727	6,541	10,057	10,472	11,214	14,008	11,514	14,211	14,266	14,522
Red Light Camera Tickets	-	-	-	-	5,844	18,708	15,811	11,207	974	-	-	-
Sanitation Tonnage	*	*	*	*	24,385	24,126	25,758	25,905	24,492	24,675	24,238	16,452
Recycling Center Revenue	58,695	66,015	73,515	88,904	122,940	101,779	155,545	229,806	119,016	140,811	139,256	139,186
Recycling Center Tonnage	1,569	1,872	2,029	2,303	2,248	2,306	2,815	1,944	1,582	1,443	1,549	1,458

Sources: Various City Departments.

Note 1: No operating indicators are available for the General Government Functions.

* Data not available

CITY OF SNELLVILLE, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety											
Police Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol Units	35	35	35	40	40	40	46	41	41	41	54
Parks and Culture											
Passive Parks	-	1	1	1	1	1	1	2	2	2	2
Active Parks	1	1	1	1	1	1	1	1	1	1	1
Senior Centers	1	1	1	1	1	1	1	1	1	1	1
Cemetery	1	1	1	1	1	1	1	1	1	1	1
Recycling Center	1	1	1	1	1	1	1	1	1	1	1

Sources: Various City Departments.

CITY OF SNELLVILLE, GEORGIA

REQUIRED REPORTS
IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 2012

JAMES L. WHITAKER, P.C.

CERTIFIED PUBLIC ACCOUNTANT

SNELLVILLE, GEORGIA 30078

CITY OF SNELLVILLE, GEORGIA
REQUIRED REPORTS IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED JUNE 30, 2012

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**Member of
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Certified Public Accountants**

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of City Council
City of Snellville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Snellville, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the City of Snellville's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items 12.1B and 12.2B in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

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

Snellville's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Snellville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, City Council, and other federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

James L. Whitaker, P.C.

Snellville, Georgia
December 14, 2012

JAMES L. WHITAKER, P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Members of City Council
City of Snellville, Georgia

Compliance

We have audited City of Snellville, Georgia's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on City of Snellville's major federal program for the year ended June 30, 2012. City of Snellville, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City Snellville, Georgia's management. Our responsibility is to express an opinion on City of Snellville, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Snellville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Snellville, Georgia's compliance with those requirements.

In our opinion City of Snellville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of City of Snellville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Snellville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Snellville, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses* as defined above.

Snellville's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Snellville's response and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Snellville, Georgia as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Snellville's basic financial statements. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of management, the Mayor, Members of City Council, U.S. Department of Transportation and other federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James L. Whitaker, P.C.

Snellville, Georgia
December 14, 2012

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Disbursements/ Expenditures</u>
U.S. Department of Justice - Direct Programs			
Forfeiture Program - Equitable Sharing of Federal Forfeited Property	16.001	GA0670800	\$ 20,046
Community Oriented Policing Services - Hiring Program	16.710	2010UMWX0084	<u>99,330</u>
Total U.S. Department of Justice direct programs			<u>119,376</u>
U. S. Department of Homeland Security -			
Pass through from Georgia Bureau of Investigation - Automated Fingerprint ID System	97.067	2010-SS-TO-0034	<u>19,994</u>
U. S. Department of Transportation -			
Highway Planning and Construction Cluster Pass through from the Atlanta Regional Commission	20.205	CSSTP-0006-00(993)	<u>1,088,490</u>
Total Expenditures of Federal Awards			<u>\$ 1,227,860</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT FINDINGS

- 1 The auditor's report expresses an unqualified opinion on the basic financial statements of Snellville, Georgia.
- 2 Two deficiencies disclosed during the audit of the basic financial statements are reported in this Schedule. The deficiencies are considered to be material weaknesses.
- 3 There were no instances of noncompliance material to the basic financial statements disclosed in this Schedule.
- 4 There were no deficiencies disclosed during the audit of the major federal award program.
- 5 The auditor's report on compliance for the major federal award program for City of Snellville, Georgia expresses an unqualified opinion.
- 6 There were no audit findings relative to the major federal award program for City of Snellville, Georgia that were required to be reported.
- 7 The program tested as a major program included:
 - U. S. Department of Transportation
 - Highway Planning and Construction Cluster
 - Livable Centers Initiative
 - CFDA Number: 20.205
- 8 The threshold for distinguishing Type A and B programs was \$300,000.
- 9 City of Snellville, Georgia was not determined to be a low-risk auditee.

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

**QUESTIONED
COST**

**12.1B RECONCILIATION PROCEDURES FOR
VARIOUS REVENUE SOURCES**

Condition:	The City does not effectively monitor all the revenues the City is to receive from various sources and vendors on a monthly basis.	N/A
Criteria:	Accounting personnel should maintain schedules of various receipt types such as for alcohol beverage taxes, franchise taxes, hotel / motel taxes, rents, etc... to determine if all monies due to the City are actually received. These schedules should also be reconciled to the general ledger to ensure proper reporting.	
Effect:	The City was unaware that an alcohol beverage tax check in the amount of \$11,575.67 was left in a file and remained undeposited for approximately 4 months until the personnel from the distributor who issued the check called the City to determined what had happened to the check.	
Cause:	All though the City maintains certain ledgers for various revenue accounts the ledgers need to be updated and reconciled to the general ledger in a timely manner.	
Recommendation:	City personnel should maintain schedules of monthly revenue sources to ensure all payments have been properly received and then reconcile the schedule to the proper general ledger account to ensure all receipts have been properly deposited and recorded.	
View of responsible officials and planned corrective action:		
	Management agrees with the finding. Management will review the current monthly ledger reports and determine improvements that may be made to the ledger to better maintain control over monthly revenue sources. Management will also require the ledgers be reconciled to the general ledger on a monthly basis.	

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

B. FINDINGS--FINANCIAL STATEMENTS AUDIT - Continued

COST

**12.2B LACK OF RECONCILIATION PROCEDURES OVER
ACCRUED LIABILITY ACCOUNTS**

Condition: The City was reporting approximately \$40,000 of debit balances in accrued liability accounts at June 30, 2012. After we performed reconciliation procedures we determine the balances should be approximately zero (\$-0-).

Criteria: All balance sheet accounts should be reviewed and / or reconciled on a monthly basis to determine if the account balances are reasonable and properly stated.

Effect: Errors or fraud could occur without being detected in a timely manner by employees performing their regular duties. In addition, expenditures in the General Fund were understated by approximately \$40,000

Cause: Accrued liability accounts were not properly reconciled during the year.

Recommendation: Management should ensure that all balance sheet accounts are reviewed and / or reconciled on a monthly basis to determine if they are properly stated.

N/A

View of responsible officials and planned corrective action:
Management agrees with the finding. Management will emphasize to the accounting personnel the importance of reconciling and / or reviewing all balance sheet accounts on a monthly basis to determine if the accounts are properly stated.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL
AWARDS PROGRAM AUDIT**

COST

U. S. Department of Transportation

None noted.

CITY OF SNELLVILLE, GEORGIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
RELATIVE TO FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2012

None Reported

JAMES L. WHITAKER, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON SPECIAL
1 PERCENT SALES AND USE TAX**

Honorable Mayor and Members of City Council
City of Snellville, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax I and II for the City of Snellville, Georgia for the year ended June 30, 2012. These schedules are the responsibility of the City of Snellville's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax I and II 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax I and II. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Option Sales Tax I and II. We believe that our audit provide a reasonable basis for our opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax I and II were prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting and are not intended to be a complete presentation of City of Snellville's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax I and II referred to above present fairly, in all material respects, the original estimated cost, and the current and prior year expenditures for each project in City of Snellville's resolutions or ordinances calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

James L. Whitaker, P.C.

Snellville, Georgia
December 14, 2012

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH SPECIAL SALES TAX I PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST</u>	<u>EXPENDITURES</u>			<u>ESTIMATED PERCENT COMPLETE</u>
		<u>BEGINNING OF YEAR</u>	<u>CURRENT YEAR</u>	<u>TO DATE</u>	
Transportation	\$ 4,056,158	\$ 3,451,872	\$ 141,660	\$ 3,593,532	88.59%
Public Safety Facilities and Equipment, including related debt service	5,000,000	5,450,477	2,500	5,452,977	109.06%
Cultural, Historic and Recreation	<u>2,000,000</u>	<u>1,186,112</u>	<u>266,963</u>	<u>1,453,075</u>	<u>72.65%</u>
	<u>\$ 11,056,158</u>	<u>\$ 10,088,461</u>	<u>\$ 411,123</u>	<u>\$ 10,499,584</u>	<u>94.97%</u>

Note: The SPLOST II Fund reimbursed the SPLOST I Fund for the expenditure related to the purchase of park property in fiscal year ended June 30, 2010. The reimbursement was reported as a transfer in the June 30, 2011 financial statements.

CITY OF SNELLVILLE, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH SPECIAL SALES TAX II PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST</u>	<u>EXPENDITURES</u>			<u>ESTIMATED PERCENT COMPLETE</u>
		<u>BEGINNING OF YEAR</u>	<u>CURRENT YEAR</u>	<u>TO DATE</u>	
Transportation	\$ 2,083,631	\$ -	\$ 639,359	\$ 639,359	30.68%
Public Safety Facilities and Equipment	6,411,172	1,269,190	1,793,808	3,062,998	47.78%
Recreation Facilities	5,930,332	2,125,024	1,027	2,126,051	35.85%
Administrative Facilities	<u>1,602,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
	<u>\$ 16,027,928</u>	<u>\$ 3,394,214</u>	<u>\$ 2,434,194</u>	<u>\$ 5,828,408</u>	<u>36.36%</u>

Note: The SPLOST II Fund reimbursed the SPLOST I Fund for the expenditure related to the purchase of park property in fiscal year ended June 30, 2010. The reimbursement was reported as a transfer in the June 30, 2011 financial statements.



Department of Audits and Accounts
270 Washington Street, SW
Room 1-156
Atlanta, Georgia 30334-8400

The following is management's response to the findings noted in the auditor's report dated December 14, 2012 for the City of Snellville, Georgia.

RECONCILIATION PROCEDURES FOR VARIOUS REVENUE ACCOUNTS

Finding:

The City does not effectively monitor all the revenues the City is to receive from various sources and vendors on a monthly basis. This lack of monitoring resulted in an alcohol beverage tax check in the amount of \$11,575.67 being left in a file and remained undeposited for approximately 4 months.

Corrective Action Plan:

Management agrees with the finding. Management will review the current monthly ledger reports and determine improvements that may be made to the ledger to better maintain control over monthly revenue sources. The accounting supervisor will be responsible for implementing the improvements along with reconciliation procedures to this accounting area.

LACK OF RECONCILIATION PROCEDURES OVER ACCRUED LIABILITY ACCOUNTS

Finding:

The City was reporting approximately \$40,000 of debit balances in accrued liability accounts at June 30, 2012. The actual balance should have been approximately zero. This was the result of a lack of reconciliation procedures over accrued liability accounts.

Corrective Action Plan:

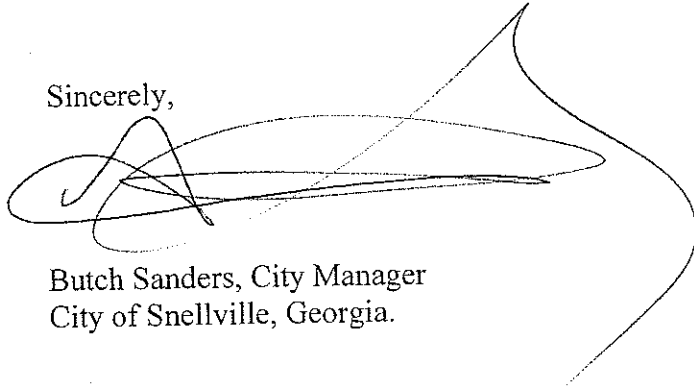
Management agrees with the finding. Management will emphasize to the appropriate city employees the importance of reconciling and / or reviewing all balance sheet accounts on a monthly basis to determine if they are properly stated. The accounting supervisor will

The City of Snellville

be responsible for implementing and monitoring the reconciliation of accrued liability accounts on a monthly basis.

Should you have any additional questions or comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Butch Sanders', written over a horizontal line. The signature is stylized with loops and a long tail that curves to the right.

Butch Sanders, City Manager
City of Snellville, Georgia.