

EVERMORE COMMUNITY IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors Evermore Community Improvement District

We have audited the accompanying basic financial statements, as listed in the table of contents, of the governmental activities of Evermore Community Improvement District (the CID), as of and for the year ended December 31, 2007. These basic financial statements are the responsibility of the CID's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CID as of December 31, 2007, and the changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2008, on our consideration of the CID's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit

The management's discussion and analysis on pages 3 and 4 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 consist 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.

James J. Whitaker, P.C.

Snellville, Georgia
March 10, 2008

Management Discussion and Analysis (unaudited)

December 31, 2007

We are pleased to report to our members and partners that 2007 was a very successful year for the Evermore Community Improvement District (CID). During the year, we re-branded our organization, advanced several capital projects, secured substantial additional funding, and improved our year-end fund balance as compared to the prior year.

The Evermore CID has accomplished much since its founding as the Highway 78 Community Improvement District in March 2003 via resolutions of the Gwinnett County Board of Commissioners and the Snellville City Council. The discussion below offers readers an overview and analysis of the past years financial statements as well as a preview of the progress to come.

Thinking back.

In February 2007, the Highway 78 CID became Evermore. The Evermore brand encourages our community to *think back* to the days of our founding and the tremendous investment made by those that came before; while pushing us to *move forward* to re-create, revitalize, and redevelop a vibrant, attractive community in which to live, work, and shop.

Capital projects advancing in 2007 include:

- Georgia Department of Transportation's U.S. 78 safety, median project;
- Jessica Daron Court parallel street extension;
- Pedestrian bridge crossing the Yellow River;
- Walton Court and Cambridge Street intersection alignments;
- A revitalization project to extend sewer capacity along Jessica Daron Court; and the
- Conceptual plans for parallel streets from Rockbridge to Davis, Hewatt to Parkwood, and Parkwood to Britt.

The Evermore CID received a substantial increase in revenue during 2007. Property tax collections increased by 9% to \$929,763 from \$853,077 reflecting an increase in property values within the Evermore community. In fact, Evermore CID property values have increased over \$100 million since our inception in 2003.

Our continuing partnership with Gwinnett County resulted in SPLOST revenues during 2007 of \$1.8 million. These funds are reserved for specific projects and provide local matching monies for several federal grants – further leveraging our investor's dollar. The CID also collaborated with the County on the Yellow River sewer revitalization project resulting in a \$65,000 grant.

A favorable investment climate during 2007 resulted in a significant increase in interest earnings. The CID earned \$95,057 in 2007 versus \$31,400 in 2006 on invested assets – an increase of 203%.

Year-end fund balance (net assets) also increased dramatically in 2007 from nearly \$1.4 million to over \$3.7 million. The total increase was \$2.31 million or 166%. The increase is primarily the result of the Gwinnett County SPLOST allocation.

The Evermore CID has no long-term obligations or debt. Governing law restricts all Evermore CID funds and the Board may invest only in qualifying activities and/or projects. Liabilities consist of current payables and deferred revenues. Total expenses in 2007 were \$956,534.

Moving forward.

The Evermore community will be a vibrant, attractive place to live, work, and shop. By November 2009, the U.S. 78 safety, median project will be complete with enhanced landscaping, sidewalks, decorative signal posts, and illuminated street signs. The CID is aggressively pursuing positive economic development along the corridor that will revitalize and energize our community by providing employment opportunities close to home.

Financially, the Evermore CID anticipates a continued increase in property values and tax revenues, however, based on current market conditions, at a rate somewhat less than in 2007. As the CID invests in the capital improvement program discussed herein, invested assets will decrease, thereby reducing interest income. Future funding from our governmental partners is dependent on budgetary allocations and in the case of SPLOST – voter approval.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Respectfully submitted,

Brett Harrell, *Executive Director*
Evermore
Community Improvement District

Bill Gower, *Treasurer*
Evermore
Community Improvement District

**EVERMORE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

ASSETS

Cash and cash equivalents	\$ 2,096,655
Certificates of deposit	1,046,143
Receivables-	
Taxes	29,949
Accrued interest	3,649
Due from Gwinnett County	652,590
Depreciable capital assets, net	<u>665</u>
 Total Assets	 <u>3,829,651</u>

LIABILITIES

Accounts payable	<u>95,834</u>
 Total Liabilities	 <u>95,834</u>

NET ASSETS

Restricted	<u>\$ 3,733,817</u>
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The accompanying notes are an integral part of these financial statements.

**EVERMORE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Program Expenses	<u>\$ 956,534</u>
Revenues -	
Property taxes	929,763
SPLOST proceeds from Gwinnett County	2,130,000
Intergovernmental	145,000
Interest	<u>95,057</u>
Total Revenues	<u>3,299,820</u>
Net Revenue	2,343,286
Net assets, beginning of year	<u>1,390,531</u>
Net assets, end of year	<u>\$ 3,733,817</u>

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

**EVERMORE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007**

REVENUES -

Property taxes, net of administrative fees	\$ 906,472
SPLOST proceeds from Gwinnett County	2,130,000
Intergovernmental grants	145,000
Interest	<u>91,717</u>
 Total Revenues	 <u>3,273,189</u>

EXPENDITURES -

Salaries and benefits	172,081
Program and project investment fees	475,314
Communications / marketing	127,418
Highway maintenance	100,115
Public safety	20,122
Professional fees	22,726
Travel and conventions	6,986
Other administrative fees	<u>30,897</u>
 Total Expenditures	 <u>955,659</u>

Increase in fund balance	2,317,530
Fund balance, beginning of year	<u>1,388,992</u>
Fund balance, end of year	<u>\$ 3,706,522</u>

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

EVERMORE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Nature of Activities

The Evermore Community Improvement District (the CID), formerly Highway 78 CID, was formed March 1, 2003 through resolution by the Gwinnett County Board of Commissioners and the Snellville City Council. The CID receives funding through special tax assessments on commercial property within the CID area, intergovernmental grants and Special Purpose Local Option Sales Tax proceeds from Gwinnett County, all of which are to be used for purposes outlined by the Gwinnett County Community Improvement Districts Act. Property taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements (pages 5 and 6)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all-eligibility requirements imposed by the provider have been met.

Governmental-Fund Financial Statements (pages 7-10)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Taxes, grants, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the CID receives the cash.

The board applies all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

EVERMORE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Furniture, Fixtures and Equipment

Acquisitions of furniture, fixtures and equipment are capitalized. The assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method, generally three to ten years. Depreciation expense for the year amounted to \$874.

Revenue Recognition

Property taxes were levied on April 25, 2007 by the CID Board. Property taxes attach as an enforceable lien on the property as of January 1. Although the levy date was April 25th, the payment due dates for the first installment is September 15th with the second installment due November 15th. The CID has obtained the services of Gwinnett County Tax Commissioner to bill and collect the CID's property taxes. The Commissioner remits monies collected to the CID on a weekly basis. Property taxes receivable at December 31, 2007 amounted to \$29,949.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances on property tax revenues. There was no allowance deemed necessary at December 31, 2007.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the CID considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

EVERMORE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

The CID accrues accumulated unpaid vacation leave and associated employee-related costs when earned by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for 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. As of December 31, 2007, there were no material amounts of unpaid vacation costs.

Program and Project Investment Fees

The CID has locally funded projects relating to the planning, engineering and construction of street and traffic flow improvements. These expenses are program investment fees that are CID sponsored or joint ventures with other parties.

Net Assets

Net assets present the difference between assets and liabilities on the statement of net assets. The CID's net assets are reported in three parts—invested in capital assets, net of related debt, if applicable; restricted net assets; and unrestricted net assets. The CID first utilizes restricted resources to finance qualifying activities. Net assets are reported as restricted when there are legal limitations imposed on their use by laws or regulations or other governments or external restrictions by creditors or grantors. At December 31, 2007, all net assets of the CID were restricted by enabling legislation.

NOTE B – CASH AND INVESTMENTS

As of December 31, 2007, the recorded amount of CID's deposits, including certificates of deposit, was \$3,142,798 and the bank balances were \$3,132,675. Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Of the bank statement balances, \$403,209 was covered by federal depository insurance, \$1,662,213 was covered by collateral held by the financial institution's agent in CID's name, and \$1,067,253 was uninsured and uncollateralized.

NOTE C – CONCENTRATION OF RISK

The CID depends on an annual tax assessment levied by the CID Board of Directors. The assessment amounts vary based upon the assessed value of property, and the mill-rate approved by the CID’s board of directors. The CID’s board of directors believes the CID has the resources to continue its programs, however, its ability to do so and the extent to which it continues is dependent upon the above factors.

NOTE D – LITIGATION

During the course of normal operations of the CID, various claims may arise. Management has advised that there are no known potential liabilities that will impair the CID’s financial position as of the date of the audit report.

NOTE E – COMMITMENTS

The CID is currently in various stages i.e. planning/construction, of street improvement projects with total estimated costs to be \$12,144,774. The following is a summary of the CID projects as of December 31, 2007:

	TOTAL ESTIMATED COST	FEDERAL / STATE FUNDING	FUNDING BY CID	COST AS OF 12/31/2007	REMAINING CID FUNDING
Park Place Sidewalks Walton Ct. Intersection	\$ 330,000	\$ -	\$ 330,000	\$ 9,009	\$ 320,991
Alignment	542,000	433,600	108,400	6,066	102,334
Yellow River Sewer Extension	500,036	90,300	409,736	2,085	407,651
Parallel Street from RBR to Davis	2,171,547	600,000	1,571,547	58,530	1,513,017
Yellow River Pedestrian Bridge	648,200	400,000	248,200	50,212	197,988
Parallel Street Parkwood to Britt	4,052,987	2,993,048	1,059,939	64,190	995,749
Cambridge/McGee Inter- Section Realignment	1,290,585	985,140	305,445	41,648	263,797
Parallel Street from Hewatt to Parkwood	<u>2,609,419</u>	<u>1,301,812</u>	<u>1,307,607</u>	<u>60,553</u>	<u>1,247,054</u>
	<u>\$ 12,144,774</u>	<u>\$ 6,803,900</u>	<u>\$ 5,340,874</u>	<u>\$ 292,293</u>	<u>\$ 5,048,581</u>

NOTE F – DUE FROM GWINNETT COUNTY

The CID has entered into a contract with Gwinnett County whereby Gwinnett County has agreed to provide the CID with funding from its SPLOST proceeds and the CID has agreed to use the proceeds for design and construction services in connection with street improvements. The total amount of funding under this contract amounted to \$1,800,000 of which the County retained \$652,590 to be used to purchase rights of way for projects funded under this agreement. The County also charged the CID \$49,140 for its administrative costs under this contract. The CID has recorded the \$652,590 as an amount due from Gwinnett County in its financial statements until the rights of way have been purchased. The CID has also recorded the \$49,140 administrative cost in its financial statements as program and project investment fees.