

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT

**FINANCIAL STATEMENTS
and
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2010**

**with
INDEPENDENT AUDITORS' REPORT**

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REQUIRED SUPPLEMENTARY INFORMATION

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2010**

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for purposes outlined by the Gwinnett County Community Improvement Districts Act. Taxes are collected by the Gwinnett County Tax Commissioner and are disbursed to the CID less a one-percent processing fee.

Overview of the Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the finances of the CID, in a manner similar to a private-sector business.

In accordance with GASB Statement No. 34, the CID's financial statements are reported using two bases of accounting. Page 12 presents a description of the measurement focus and the basis of accounting and financial statement presentation used in this report. A reconciliation of the two bases of accounting is presented on pages 9 and 11. The two bases of accounting are as follows:

- Economic Resources (pages 6 and 7)
- Current Financial Resources (pages 8 to 11)

Budgetary Comparison

The CID adopts an annual budget for management purposes. However, the budget is not legally adopted, as defined by GAAP, and therefore is not included in this report.

Notes to the Financial Statements

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

Financial Highlights

At December 31, 2010, total assets of the CID exceeded its liabilities by approximately \$2.5 million (reported as restricted net assets and restricted fund balance), an increase of approximately 49% percent compared with the prior year. The primary cause of the increase in net assets relates to the CID' receipt of SPLOST funds from Gwinnett County for use on upcoming projects.

INDEPENDENT AUDITORS' REPORT

Board of Directors

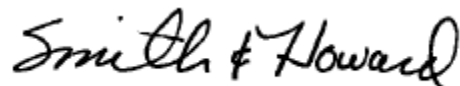
Gwinnett Place Community Improvement District

We have audited the accompanying financial statements of Gwinnett Place Community Improvement District (the "CID"), as of and for the year ended December 31, 2010, which collectively comprise the CID's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the CID's management. Our responsibility is to express an opinion 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. 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 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, 2010, and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on page 4 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.



February 9, 2011

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

ASSETS

Cash and cash equivalents	\$ 2,064,556
Restricted cash (Note C)	439,838
Accounts receivable, no allowance for doubtful accounts deemed necessary	5,461
Prepaid expenses	3,015
Leasehold improvements	19,537
Vehicle	11,206
Less: accumulated amortization and depreciation	<u>(18,473)</u>
	<u>12,270</u>
	<u>\$ 2,525,140</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 7,993
Deferred rent	<u>2,732</u>
	<u>10,725</u>
Commitments (Note E)	
Restricted net assets	<u>2,514,415</u>
	<u>\$ 2,525,140</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Program Revenues:	
Property taxes and inter-governmental grants	\$ 1,931,970
Program Expenses:	
Community Improvement District	<u>1,132,671</u>
Increase in net assets before interest income	799,299
Interest income	<u>27,570</u>
Increase in restricted net assets	826,869
Restricted net assets, beginning of year	<u>1,687,546</u>
Restricted net assets, end of year	<u><u>\$ 2,514,415</u></u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2010**

ASSETS

Cash and cash equivalents	\$ 2,064,556
Restricted cash (Note C)	439,838
Accounts receivable, no allowance for doubtful accounts necessary	5,461
Prepaid expenses	<u>3,015</u>
	<u>\$ 2,512,870</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 7,993
Deferred revenues (Note D)	<u>439,838</u>
	<u>447,831</u>
Commitments (Note E)	
Restricted fund balance	<u>2,065,039</u>
	<u>\$ 2,512,870</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF FUND BALANCE TO NET ASSETS
DECEMBER 31, 2010**

Restricted fund balance (pages 8 and 10)	\$ 2,065,039
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund financial statements.	12,270
Rental abatements are not financial liabilities and therefore are not reported in the fund financial statements	(2,732)
Deferred revenues are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements	<u>439,838</u>
Restricted net assets (pages 6 and 7)	<u>\$ 2,514,415</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2010**

Revenues	
Property tax revenues, net of administrative fee	\$ 1,215,723
Inter-governmental grants	276,342
Interest income	27,570
Other income	67
Total revenues	<u>1,519,702</u>
Expenditures	
Accounting	20,100
Business development	8,031
Capital outlay	11,206
Computer expense	519
Dues and subscriptions	1,155
Insurance	10,990
Legal ads	547
Legal fees	21,908
Occupancy expenses	36,489
Office supplies	2,052
Other	702
Payroll and related expenses	158,447
Postage and delivery	448
Printing and design	1,559
Programs, projects, and studies	864,046
Telecommunications	3,908
Website maintenance	1,168
Total expenditures	<u>1,143,275</u>
Increase in Restricted Fund Balance	376,427
Restricted Fund Balance, beginning of year	<u>1,688,612</u>
Restricted Fund Balance, end of year	<u>\$ 2,065,039</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF CHANGES IN FUND BALANCE TO CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2010**

Increase in restricted fund balance (page 10)	\$ 376,427
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is recorded as an asset and depreciated over the useful life of the asset	6,645
In the statement of activities, the economic benefit of rental abatements are recognized over the life of the lease; however, in the fund financial statements, these abatements are not recorded	3,959
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. This is the difference between the beginning and ending deferred revenue balances related to timing differences.	<u>439,838</u>
Increase in restricted net assets (page 7)	<u><u>\$ 826,869</u></u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity, Formation, and Nature of Activities

The Gwinnett Place Community Improvement District (CID) was formed March 15, 2005 through a resolution of the Gwinnett County Board of Commissioners. The CID receives funding, through special tax assessments on commercial property within the CID area, to be used for purposes outlined by the Gwinnett County Community Improvement Districts Act. 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 6 and 7)

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 8 to 11)

Governmental-fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 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.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Property tax revenues are recorded when levied annually by the CID Board of Directors. Any tax, fee or assessment so levied is collected by the Gwinnett County Tax Commissioner in the same manner as any other taxes, fees and assessments levied by Gwinnett County (the "County"). The County is governed by the increased population provision of the Official Code of Georgia Annotated (OCGA) 48-5-23, which requires the Tax Commissioner to collect taxes in two payments. For the year 2010, property owners remitted the 1st installment amount on/before September 15 and the second installment amount on/before November 15. Tax revenues are reflected net of a 1% administrative fee charged by the County to the CID Board of Directors.

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

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less from the date of purchase. The Company places its cash with high quality credit institutions in bank deposit accounts. The CID's cash and cash equivalents are maintained in fully collateralized demand deposit or money market accounts with a financial institution.

Net Assets

Net assets present the difference between assets and liabilities on the statement of net assets. 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, 2010, all net assets of the CID were restricted by enabling legislation.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment consist of leasehold improvements and a vehicle and are recorded at cost. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. The vehicle is depreciated using the straight-line method over 5 years.

Subsequent Events

Management has evaluated subsequent events through February 9, 2011, the date which the financial statements were available to be issued.

NOTE B – 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 C – RESTRICTED CASH

Restricted cash consists of SPLOST funds received from Gwinnett County (the "County"). A summary of activity within restricted cash for the year ended December 31, 2010 is as follows:

Balance at beginning of year	\$	-
Receipts		719,530
Expenditures		<u>(279,692)</u>
Balance at end of year	\$	<u>439,838</u>

NOTE D – DEFERRED REVENUES

Deferred revenues reported in the CID's Balance Sheet consisted of SPLOST funds which had been received but were not appropriated at year end. Deferred revenues were \$439,838 at December 31, 2010.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE E – COMMITMENTS

Operating Leases

The CID leases office space under a noncancelable operating lease expiring July 31, 2011. Future minimum lease payments under the noncancelable operating lease as of December 31, 2010 are \$17,827 for the year ending December 31, 2011. The lease is expected to be renegotiated and renewed in April 2011.

Lease expense for the year ended December 31, 2010 approximated \$31,000.

Agreements

During 2009, the CID entered into a contract with the County, whereby the County has agreed to provide the CID with funding from its SPLOST proceeds and the CID has agreed to use the proceeds to improve certain roadways. The total amount of funding under the contract amounted to \$962,500. Under the terms of the contract, the CID is responsible for any costs in excess of the \$962,500. As of December 31, 2010, \$288,750 in funding had been received by the CID with the remaining \$673,750 to be received no later than March 31, 2011. In relation to this funding, the CID has entered into construction contracts in the amount of \$420,483. At December 31, 2010, \$71,906 had been paid on these contracts and \$348,577 remains to be paid.

During 2010, the CID entered into another contract with the County, whereby the County has agreed to provide the CID with funding from its SPLOST proceeds and the CID has agreed to use the proceeds to improve certain bridges, roadways and intersections. The total amount of funding under the contract amounted to \$7,662,500. As of December 31, 2010, \$430,780 in funding had been received by the CID. In relation to this funding, the CID has entered into construction contracts in the amount of \$430,780. At December 31, 2010, \$207,786 had been paid on these contracts and \$222,994 remains to be paid.