

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT

**FINANCIAL STATEMENTS
and
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2011**

**with
INDEPENDENT AUDITORS' REPORT**

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REQUIRED SUPPLEMENTARY INFORMATION

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011**

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 Government Accounting Standards Board (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. During December 2010, the budget for the 2011 year was approved by the CID's Board of Directors.

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, 2011, total assets of the CID exceeded its liabilities by approximately \$2.7 million (reported as restricted net assets and restricted fund balance), an increase of approximately 6% 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

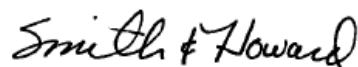
Gwinnett Place Community Improvement District

We have audited the accompanying financial statements of Gwinnett Place Community Improvement District (the "CID"), as of and for the year ended December 31, 2011, 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, 2011, 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, 2012

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

ASSETS

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 1,640,386 |
| Restricted cash (Note C) | 895,437 |
| Certificate of deposit | 152,541 |
| Accounts receivable, no allowance for doubtful accounts deemed necessary | 14,419 |
| Prepaid expenses | 294 |
| Depreciable capital assets, net | <u>8,311</u> |
| | <u>\$ 2,711,388</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------|---------------------|
| Accounts payable | \$ 39,471 |
| Deferred rent | <u>7,481</u> |
| | <u>46,952</u> |
| Commitments (Note F) | |
| Net assets | |
| Restricted net assets | 2,656,125 |
| Invested in capital assets | <u>8,311</u> |
| | <u>2,664,436</u> |
| | <u>\$ 2,711,388</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
YEAR ENDED DECEMBER 31, 2011**

| | |
|---|----------------------------|
| Program Revenues: | |
| Property taxes and inter-governmental grants | \$ 1,971,169 |
| Program Expenses: | |
| Community Improvement District | <u>1,839,357</u> |
| Increase in net assets before interest income | 131,812 |
| Interest income | <u>18,209</u> |
| Increase in restricted net assets | 150,021 |
| Restricted net assets, beginning of year | <u>2,514,415</u> |
| Restricted net assets, end of year | <u><u>\$ 2,664,436</u></u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2011**

ASSETS

| | |
|--|----------------------------|
| Cash and cash equivalents | \$ 1,640,386 |
| Restricted cash (Note C) | 895,437 |
| Certificate of deposit | 152,541 |
| Accounts receivable, no allowance for doubtful accounts necessary | 14,419 |
| Prepaid expenses | <u>294</u> |
| | <u><u>\$ 2,703,077</u></u> |

LIABILITIES AND FUND BALANCE

| | |
|----------------------------|----------------------------|
| Accounts payable | \$ 39,471 |
| Deferred revenues (Note D) | <u>895,437</u> |
| | <u>934,908</u> |
| Commitments (Note F) | |
| Restricted fund balance | <u>1,768,169</u> |
| | <u><u>\$ 2,703,077</u></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, 2011**

| | |
|---|---------------------|
| Restricted fund balance (pages 8 and 10) | \$ 1,768,169 |
| Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund financial statements. | 8,311 |
| Rental abatements are not financial liabilities and therefore are not reported in the fund financial statements | (7,481) |
| Deferred revenues are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements | <u>895,437</u> |
| Restricted net assets (pages 6 and 7) | <u>\$ 2,664,436</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, 2011**

| | |
|--|---------------------|
| Revenues | |
| Property tax revenues, net of administrative fee | \$ 1,158,119 |
| Inter-governmental grants | 357,350 |
| Interest income | 18,209 |
| Other income | <u>101</u> |
| Total revenues | <u>1,533,779</u> |
| Expenditures | |
| Accounting | 20,444 |
| Business development | 8,025 |
| Computer expense | 1,058 |
| Dues and subscriptions | 1,493 |
| Insurance | 10,500 |
| Legal ads | 539 |
| Legal fees | 19,546 |
| Occupancy expenses | 28,335 |
| Office supplies | 1,871 |
| Other | 206 |
| Payroll and related expenses | 190,765 |
| Postage and delivery | 420 |
| Printing and design | 1,871 |
| Programs, projects, and studies | 1,540,439 |
| Telecommunications | 4,056 |
| Website maintenance | <u>1,081</u> |
| Total expenditures | <u>1,830,649</u> |
| Decrease in Restricted Fund Balance | (296,870) |
| Restricted Fund Balance, beginning of year | <u>2,065,039</u> |
| Restricted Fund Balance, end of year | <u>\$ 1,768,169</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, 2011**

| | |
|--|--------------------------|
| Decrease in restricted fund balance (page 10) | \$ (296,870) |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are recorded as an asset and depreciated over the useful life of the asset | (3,959) |
| 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 | (4,749) |
| 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>455,599</u> |
| Increase in restricted net assets (page 7) | <u><u>\$ 150,021</u></u> |

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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, 2011**

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 2011, property owners remitted payment 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 GAAP 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, Cash Equivalents and Certificate of Deposit

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.

At December 31, 2011, the CID had \$152,541 in a fixed rate certificate of deposit maturing March 2016, which is stated at cost plus accrued interest, which approximates fair value.

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, 2011, primarily all net assets of the CID were restricted by enabling legislation.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 the date of this report, which is the date 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, 2011 is as follows:

| | |
|------------------------------|-------------------|
| Balance at beginning of year | \$ 439,838 |
| Receipts | 812,950 |
| Expenditures | <u>(357,351)</u> |
| Balance at end of year | <u>\$ 895,437</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 \$895,437 at December 31, 2011.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE E – LINE OF CREDIT

The CID has an unsecured revolving line of credit agreement with a bank whereby the CID may borrow up to \$1,000,000. Borrowings under the agreement bear interest at 5.75%, with final payment of principal and unpaid interest due on April 18, 2013. There were no outstanding borrowings under the agreement at December 31, 2011.

NOTE F – COMMITMENTS

Operating Leases

The CID leases office space under a noncancelable operating lease expiring June 30, 2017. Future minimum lease payments under the noncancelable operating lease as of December 31, 2011 are as follows for years ending December 31:

| | |
|------------|-------------------|
| 2012 | \$ 30,086 |
| 2013 | 30,086 |
| 2014 | 30,086 |
| 2015 | 30,086 |
| 2016 | 30,086 |
| Thereafter | 15,043 |
| | <u>\$ 165,473</u> |

Lease expense for the year ended December 31, 2011 approximated \$32,000.

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, which had been received by the CID as of December 31, 2011. Under the terms of the contract, the CID is responsible for any costs in excess of the \$962,500. In relation to this funding, the CID has entered into construction contracts in the amount of \$470,483. At December 31, 2011, \$206,263 had been paid on these contracts and \$264,200 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, 2011, \$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 for which the CID had paid in full on these contracts as of December 31, 2011.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE F – COMMITMENTS (Continued)

Agreements (Continued)

During 2011, 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 sidewalks. The total amount of funding under the contract amounted to \$590,662. As of December 31, 2011, \$139,200 in funding had been received by the CID with the remaining \$451,462 to be received no later than March 1, 2013. In relation to this funding, the CID has not entered into any construction contracts as of December 31, 2011.