

GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

and

**REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2006**

with

INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
INDEPENDENT AUDITORS' REPORT	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	6
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	7
GOVERNMENTAL FUND FINANCIAL STATEMENTS	
BALANCE SHEET	8
RECONCILIATION OF TOTAL FUND BALANCE TO TOTAL NET ASSETS	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES	11
NOTES TO FINANCIAL STATEMENTS	12-14

REQUIRED SUPPLEMENTARY INFORMATION

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2006**

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, 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 does not legally adopt a financial budget and therefore a budgetary comparison is not required to be presented in accordance with current accounting requirements.

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, 2006, total assets of the CID exceeded its liabilities by approximately \$1.3 million (reported as restricted net assets and restricted fund balance), an increase of 92 percent compared with the prior period. The largest portion of the increase reflects a full year of property tax assessments and collections in 2006 as compared to 9 1/2 months in 2005.

INDEPENDENT AUDITORS' REPORT

Board of Directors

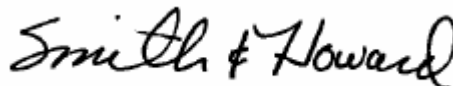
Gwinnett Place Community Improvement District

We have audited the accompanying basic financial statements, as listed in the table of contents, of the governmental activities of Gwinnett Place Community Improvement District (the CID), as of and for the year ended December 31, 2006. 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. 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, 2006, 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 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.



January 19, 2007

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents	\$ 1,179,320
Accounts receivable, no allowance for doubtful accounts necessary	126,556
Leasehold improvements	19,537
Less: accumulated amortization	<u>(2,721)</u>
	<u>16,816</u>
	<u>\$ 1,322,692</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 9,279
Deferred rent	12,188
Commitments (Note C)	
Restricted net assets	<u>1,301,225</u>
	<u>\$ 1,322,692</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, 2006**

Program Revenues:	
Property taxes and inter-governmental grants	\$ 1,198,707
Program Expenses:	
Community Improvement District	<u>614,374</u>
Increase in net assets before interest	584,333
Interest	<u>32,295</u>
Increase in Restricted Net Assets	616,628
Restricted net assets, beginning of year	<u>684,597</u>
Restricted net assets, end of year	<u><u>\$ 1,301,225</u></u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
BALANCE SHEET
DECEMBER 31, 2006**

ASSETS

Cash and cash equivalents	\$ 1,179,320
Accounts receivable, no allowance for doubtful accounts necessary	<u>126,556</u>
	<u>\$ 1,305,876</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 9,279
Commitments (Note C)	
Restricted fund balance	<u>1,296,597</u>
	<u>\$ 1,305,876</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
RECONCILIATION OF TOTAL FUND BALANCE TO TOTAL NET ASSETS
DECEMBER 31, 2006**

Restricted fund balance (pages 8 and 10)	\$ 1,296,597
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the fund financial statements.	16,816
Rental abatements are not financial liabilities and therefore are not reported in the fund financial statements	<u>(12,188)</u>
Restricted net assets (pages 6 and 7)	<u><u>\$ 1,301,225</u></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, 2006**

Revenues	
Property tax revenues, net of administrative fee	\$ 1,098,707
Inter-governmental grants	100,000
Interest income	32,295
Total revenues	<u>1,231,002</u>
Expenditures	
Accounting	15,149
Business development	13,204
Capital outlay	19,537
Computer expense	665
Dues and subscriptions	3,789
Equipment purchases - non capital	24,804
Insurance	5,026
Legal ads	285
Legal fees	16,944
Occupancy expenses	6,014
Office supplies	3,332
Other	288
Payroll and related expenses	138,042
Postage and delivery	979
Printing and design	4,710
Programs, projects, and studies	362,048
Telecommunications	2,727
Website maintenance	1,459
Total expenditures	<u>619,002</u>
Increase in Restricted Fund Balance	612,000
Restricted Fund Balance, beginning of year	<u>684,597</u>
Restricted Fund Balance, end of year	<u>\$ 1,296,597</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, 2006**

Increase in restricted fund balance (page 10)	\$ 612,000
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 life of the asset	16,816
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	<u>(12,188)</u>
Increase in restricted net assets (page 7)	<u>\$ 616,628</u>

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

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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, 2006**

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 the county. Gwinnett 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 years 2006 and 2005, 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 Gwinnett 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

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. At certain times, cash balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

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, 2006, all net assets of the CID were restricted by enabling legislation.

**GWINNETT PLACE COMMUNITY IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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 – COMMITMENTS

Operating Leases

The Company leases office space under a noncancelable operating lease expiring April 30, 2011. Future minimum lease payments under the noncancelable operating leases as of December 31, 2006 are as follows for years ending December 31:

2007	\$ 31,044
2008	31,044
2009	31,044
2010	31,044
2011	<u>862</u>
	<u>\$ 125,038</u>

Lease expense for the year ended December 31, 2006 approximated \$18,000.