

CITY OF LAWRENCEVILLE, GEORGIA

FINANCIAL STATEMENTS

For the Fiscal Year Ended August 31, 2010

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT DISCUSSION AND ANALYSIS	3 - 11
BASIC FINANCIAL STATEMENTS	12
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Fund	15
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Assets	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual (Budgetary Basis)	19 - 20
Statement of Net Assets – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23 - 24
Notes to Basic Financial Statements	25 - 47
SUPPLEMENTAL STATEMENTS AND SCHEDULES	48
Combining and Individual Fund Statements	
Non-major Governmental Funds	
Combining Balance Sheet	49

TABLE OF CONTENTS – CONTINUED

Combining Statement of Revenues, Expenditures and Changes In Fund Balance	50
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Special Revenue Fund - Hotel/Motel Tax)	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Special Revenue Fund - MV Rental Tax)	52
SUPPLEMENTAL SCHEDULES AND REPORTS	53
Schedule of Project Expenditures with Rental Motor Vehicle Excise Tax	54
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	55
COMPLIANCE AND INTERNAL CONTROL REPORT	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	56 - 57
Single Audit Reports:	
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	58 – 59
Schedule of Expenditures of Federal Awards	60
Schedule of Findings and Questioned Costs	61

ROBERT A. MCALISTER, CPA, PC

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawrenceville, Georgia, as of and for the year ended August 31, 2010 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 of Lawrenceville, Georgia'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, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lawrenceville, Georgia, as of August 31, 2010, and the respective changes in financial position, cash flows of its proprietary funds and the respective budgetary comparison of the General Fund 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 pages 4 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 an opinion on the financial statements that collectively comprise the City of Lawrenceville, Georgia's basic financial statements. The combining and individual non-major fund financial statements, schedules and schedule of project expenditures with Special Option Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, schedules and schedule of project expenditures with Special Option Sales Tax 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.

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3875 JOHNS CREEK PKWY, SUITE B, SUWANEE, GA 30024

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2011, on our consideration of the City of Lawrenceville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and is not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no such opinion. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards found on page 58 and the schedule of findings and questioned costs found on page 59 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Lawrenceville, Georgia. The schedule of expenditures of federal awards and the schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of 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.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
February 18, 2011

CITY OF LAWRENCEVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended August 31, 2010

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Lawrenceville, Georgia (City) basic financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended August 31, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. The discussion focuses on the City's primary government. Unless otherwise noted component units, related organization and joint ventures reported separately from the primary government are not included.

Financial Highlights

The City of Lawrenceville, Georgia was incorporated on December 15, 1821, and operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The City's assets exceeded its liabilities by \$265,739,359 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$256,986,827.

Total net assets are comprised of the following:

- (1) Capital assets of \$231,570,467 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Net assets of \$88,561 are restricted by constraints imposed from outside the City such as grantors, laws, or regulations.
- (3) Unrestricted net assets of \$34,168,892 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of \$22,784,001 this year. This compares to the prior year ending fund balance of \$31,653,771 showing a decrease of \$8,869,770 during the current year. Unreserved fund balance of \$22,695,440 for the fiscal year 2010 shows a \$8,690,691 decrease over the prior year.

At the end of the fiscal year, unreserved fund balance for the General Fund was \$21,715,718 or 118.7% of total General Fund expenditures including transfers and 146.1% of total General Fund revenues including transfers.

Total liabilities of the City increased by \$2,990,255 to \$17,734,311 during the fiscal year. The City had no long-term debt as of August 31, 2010.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net assets changes during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning & zoning, public safety and public works. Business-type activities include electric system, gas system and water system utilities and solid waste disposal and management. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund City programs.

The City's financial reporting includes the funds of the City (primary government) and organizations for which the City is accountable (component units). The city had no reportable component units. Other organizations such as related organizations and joint ventures are reported separately and are not included in the City's overall reporting entity.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-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 the government-wide statements to assist in understanding the difference between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. Budgetary comparison schedules for special revenue funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budgets.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. The City utilizes only enterprise funds. Enterprise funds essentially encompass the same functions as reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as electric, gas and water utilities, solid waste disposal and management and stormwater management.

Proprietary fund statements and statements for discretely presented component units (reporting that is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The city had no internal service funds or non-major enterprise funds.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

Fiduciary funds such as employee pension plans are reported in the fiduciary fund financial statements, but excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City's only fiduciary funds are employee pension funds and financial statements are reported appropriately and separate from the City's financial statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statement.

Other information

Other supplementary information includes details by fund for receivables, payables, transfers and payments within the reporting entity. Supplementary information follows the notes to the financial statements.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

The City implemented the new financial reporting model used in this report beginning with the fiscal year ended August 31, 2002. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net assets at fiscal year-end are \$265,739,359. This is a \$8,752,532 increase over last year's net assets of \$256,986,827. The following table provides a summary of the City's net assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 33,255	\$ 41,979	\$ 18,648	\$ 6,898	\$ 51,903	\$ 48,877
Capital assets	185,635	176,609	45,936	46,245	231,571	222,854
Total assets	<u>\$ 218,890</u>	<u>\$ 218,588</u>	<u>\$ 64,584</u>	<u>\$ 53,143</u>	<u>\$ 283,474</u>	<u>\$ 271,731</u>
Long-term Liabilities outstanding	\$ 554	\$ 533	\$ -	\$ -	\$ 554	\$ 533
Other liabilities	10,939	9,728	6,241	4,483	17,180	14,211
Total Liabilities	<u>11,493</u>	<u>10,261</u>	<u>6,241</u>	<u>4,483</u>	<u>17,734</u>	<u>14,744</u>
Net assets:						
Invested in capital assets	185,635	176,609	45,936	46,245	231,571	222,854
Unrestricted	21,762	31,718	12,407	2,415	34,169	34,133
Total net assets	<u>207,397</u>	<u>208,327</u>	<u>58,343</u>	<u>48,660</u>	<u>265,740</u>	<u>256,987</u>
Total liabilities and net assets	<u>\$ 218,890</u>	<u>\$ 218,588</u>	<u>\$ 64,584</u>	<u>\$ 53,143</u>	<u>\$ 283,474</u>	<u>\$ 271,731</u>

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

The City reported positive balances in net assets for both governmental and business-type activities. Net assets decreased \$930,276 for governmental activities and increased \$9,682,808 for business-type activities. The City's overall financial position improved during fiscal year 2010.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net assets:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 3,622	\$ 4,649	\$ 76,708	\$ 71,446	\$ 80,330	\$ 76,095
Capital grants and contributions	3,892	3,749	-	-	3,892	3,749
General revenues:						
Property tax	1,900	2,160	-	-		
Franchise tax	1,001	1,030	-	-	1,001	1,030
Alcohol beverage tax	578	595	-	-		
Insurance premium tax	1,242	1,254	-	-		
Hotel/motel & MV rental taxes	389	291	-	-	389	291
Other	1,110	1,370	412	531	1,522	1,901
Total revenues	<u>13,734</u>	<u>15,098</u>	<u>77,120</u>	<u>71,977</u>	<u>87,134</u>	<u>83,066</u>
Expenses (net of indirect costs):						
General government	7,198	8,165	-	-	7,198	8,165
Planning & zoning	358	500	-	-	358	500
Public safety	10,229	10,330	-	-	10,229	10,330
Public works	2,093	887	-	-	2,093	887
Electric	-	-	19,138	19,201	19,138	19,201
Gas	-	-	33,824	31,865	33,824	31,865
Water	-	-	7,321	4,224	7,321	4,224
Solid waste	-	-	1,701	1,617	1,701	1,617
Stormwater utility	-	-	239	210	239	210
Total expenses	<u>19,878</u>	<u>19,882</u>	<u>62,223</u>	<u>57,117</u>	<u>82,101</u>	<u>76,999</u>
Increase in net assets						
before transfers	(6,144)	(4,784)	14,897	14,860	8,753	10,076
Transfers	5,214	12,528	(5,214)	(12,528)	-	-
Increase in net assets	(930)	7,744	9,683	2,332	8,753	10,076
Net assets - September 1	<u>208,327</u>	<u>200,583</u>	<u>48,660</u>	<u>46,328</u>	<u>256,987</u>	<u>246,911</u>
Capital transfers						
Net assets - August 31	<u>\$ 207,397</u>	<u>\$ 208,327</u>	<u>\$ 58,343</u>	<u>\$ 48,660</u>	<u>\$ 265,740</u>	<u>\$ 256,987</u>

City of Lawrenceville, Georgia
 Management's Discussion and Analysis
 For the Fiscal Year Ended August 31, 2010

GOVERNMENTAL REVENUES

Taxes are the main source of revenues for the operations of the City. Taxes provided 41.5% of the City's total governmental revenues during the current fiscal year. Business-type activities subsidize governmental activities to cover the cost of governmental activities without substantial increases in taxes.

GOVERNMENTAL FUNCTIONAL EXPENSES

Total governmental activities cost for the current fiscal year was \$19,877,527. Of this amount, public safety with \$10,228,690 was the largest operating cost, at 51.5% of the total cost for services in 2010.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Fiscal Year Ended August 31, 2010

	Revenues	Expenses
Electric System	28,190,888	19,137,886
Gas System	42,613,907	33,823,518
Water System	4,531,823	7,321,400
Solid Waste Disposal/Management	1,063,758	1,700,961
Stormwater Utility	720,006	239,563

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflows and outflows of spendable resource focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$22,784,001. Of this year-end total, \$22,695,440 is unreserved indicating availability for continuing City service requirements. Reserved fund balances include \$88,561 for prepaid insurance.

The total ending fund balances of governmental funds show a decrease of \$8,869,770 over the prior year. This decrease is primarily the results of the events and programs described with the analysis of the City's governmental activities.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased by \$3,435,017. Key factors contributing to this increase were operating transfers to the water system fund.

The Capital Project Fund accumulates resources and disbursements for major capital projects. The fund balance of the Capital Projects Fund decreased by \$5,072,310 primarily due to expenditures of special option sales tax.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The Electric System Fund provides electricity to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing uninterrupted dependable electric utility services. The City's electric utilities are reported within this activity in the government-wide statements.

The Gas System Fund provides natural gas to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing uninterrupted dependable natural gas utility services. The City's gas utilities are reported within this activity in the government-wide statements.

The Water System Fund provides water to the City's residential and commercial customers. The City strives to maintain competitive rates to its customers while providing safe drinking water. The City's water utilities are reported within this activity in the government-wide statements.

The Solid Waste Disposal/Management Fund provides refuse collection and disposal to the City's residential and commercial customers. The City's solid waste disposal and management are reported within this activity in the government-wide statements.

The Stormwater Utility Fund provides stormwater control and management.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2010 was \$20,877,485. This was an increase of \$796,289 over the previous year amended budget. Except as noted, these amendments were to be substantially funded with unappropriated fund balance. The prior year fund balance for the City's capital plan was incorporated in the budget amendments as well as revenue and expenditure revisions. The City used \$3,435,017 of the prior year fund balance.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of August 31, 2010, was \$185,634,619 and \$45,935,848, respectively. The total increase in this net investment was 5.1% for governmental and decrease of 0.7% for business-type activities. The overall increase was 3.9% for the City as a whole. Major capital asset additions during the current year included completion of the public safety building, infrastructure and other acquisitions of capital assets totaling \$10,460,514. Expansion and improvements by the City's business-type activities in the amount of \$1,698,703 also contributed significantly to changes in the City's investment in capital assets.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2010

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Non-depreciable Assets						
Land	\$ 11,709	\$ 11,605	\$ 804	\$ 804	\$ 12,513	\$ 12,409
Construction in progress	377	2,859	2,843	5,986	3,220	8,845
Depreciable Assets						
Buildings	32,507	22,331	10,446	8,588	42,953	30,919
Improvements	4,381	4,381	-	-	4,381	4,381
Vehicles	4,032	3,991	2,981	2,987	7,013	6,978
Machinery & equipment	5,628	5,393	1,388	1,269	7,016	6,662
Infrastructure	265,671	263,284	56,445	53,574	322,116	316,858
Less accumulated depreciation	<u>(138,670)</u>	<u>(137,235)</u>	<u>(28,971)</u>	<u>(26,963)</u>	<u>(167,641)</u>	<u>(164,198)</u>
Total	<u>\$ 185,635</u>	<u>\$ 176,609</u>	<u>\$ 45,936</u>	<u>\$ 46,245</u>	<u>\$ 231,571</u>	<u>\$ 222,854</u>

Long-term Debt

The City had no long-term debt as of August 31, 2010.

Economic Environment and Next Year's Budgets

The general outlook for the City of Lawrenceville, Georgia economy for next year is moderate growth. The City has a low to moderate cost of living and relatively low unemployment. The City has not experienced any major downturns in the economy and has a stable economic environment.

For the fiscal year 2009-10, the City Council approved a total budget of \$93.3 million. This budget includes operating and non-operating funds. The General Fund budget is \$20.9 million, which includes approximately \$9.4 million operating subsidy from business-type activities (Proprietary Funds). The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City Clerk, at P. O. Box 2200, Lawrenceville, Georgia 30046.

CITY OF LAWRENCEVILLE, GEORGIA
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2010

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS
August 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 22,233,634	\$ 16,550,643	\$ 38,784,277	\$ 41,119
Investments	5,193,900	-	5,193,900	-
Receivables				
Property taxes	1,988,677	-	1,988,677	-
Other	771,596	5,076,192	5,847,788	-
Intergovernmental	-	-	-	-
Prepaid expenses	88,561	-	88,561	-
Internal balances	2,978,697	(2,978,697)	-	-
Capital Assets:				
Land & construction in progress	12,086,548	3,647,089	15,733,637	-
Capital assets, net	173,548,071	42,288,759	215,836,830	-
TOTAL ASSETS	\$ 218,889,684	\$ 64,583,986	\$ 283,473,670	\$ 41,119
LIABILITIES				
Accounts payable	\$ 1,879,471	\$ 5,447,717	\$ 7,327,188	\$ -
Accrued expenses	1,495,437	679,187	2,174,624	-
Loan payable	-	106,700	106,700	-
Refundable deposits	7,564,572	7,525	7,572,097	-
Compensated absences	553,702	-	553,702	-
Total current liabilities	11,493,182	6,241,129	17,734,311	-
TOTAL LIABILITIES	11,493,182	6,241,129	17,734,311	-
NET ASSETS				
Invested in capital assets	185,634,619	45,935,848	231,570,467	-
Unrestricted	21,761,883	12,407,009	34,168,892	41,119
TOTAL NET ASSETS	207,396,502	58,342,857	265,739,359	41,119
TOTAL LIABILITIES AND NET ASSETS	\$ 218,889,684	\$ 64,583,986	\$ 283,473,670	\$ 41,119

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Units
	Expenses	Operating		Governmental Activities	Business-type Activities	Total	
		Charges for Services	Grants and Contributions				
Primary government							
Governmental activities							
General government	\$ 7,197,689	\$ -	\$ 3,891,534	\$ (2,466,375)	\$ -	\$ (2,466,375)	\$ -
Planning & Zoning	357,925	-	-	(80,242)	-	(80,242)	-
Public Safety	10,228,690	-	-	(7,724,517)	-	(7,724,517)	-
Public Works	2,093,223	-	-	(2,093,223)	-	(2,093,223)	-
Total governmental activities	<u>19,877,527</u>	<u>-</u>	<u>3,891,534</u>	<u>(12,364,357)</u>	<u>-</u>	<u>(12,364,357)</u>	<u>-</u>
Business-type activities							
Electric	19,137,886	-	-	-	8,995,835	8,995,835	-
Gas	33,823,518	-	-	-	8,760,070	8,760,070	-
Water	7,321,400	-	-	-	(3,089,731)	(3,089,731)	-
Solid Waste	1,700,961	-	-	-	(650,995)	(650,995)	-
Stormwater Utility	239,563	-	-	-	469,597	469,597	-
Total business-type activities	<u>62,223,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,484,776</u>	<u>14,484,776</u>	<u>-</u>
Total Primary government	\$ 82,100,855	\$ -	\$ 3,891,534	(12,364,357)	14,484,776	2,120,419	-
Component units							
Downtown Development Authority	41,078	-	-	-	-	-	(41,078)
Lawrenceville Development Authority	-	-	-	-	-	-	-
Total Component Units	\$ 41,078	\$ -	\$ -	\$ -	\$ -	\$ -	(41,078)
General revenues							
Taxes							
Sales & Use Taxes - Special Option							
Property Taxes				1,900,278		1,900,278	
Franchise tax				1,000,589		1,000,589	
Alcohol Beverage Taxes				578,043		578,043	
Insurance premium tax				1,241,760		1,241,760	
Hotel/Motel & Motor Vehicle Rental Taxes				389,019		389,019	34,870
Other tax				446,682		446,682	
Interest & Investment Earnings				393,619		393,619	40
Miscellaneous				269,845		269,845	
Transfers				5,214,246		5,214,246	
Total general revenues				<u>11,434,081</u>		<u>11,434,081</u>	
Change in net assets				<u>(930,276)</u>		<u>(930,276)</u>	
Net assets, beginning				208,326,778		208,326,778	47,287
Net assets, ending				<u>\$ 207,396,502</u>		<u>\$ 207,396,502</u>	<u>\$ 41,119</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUND
August 31, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,453,086	\$ 4,660,986	\$ 119,562	\$ 22,233,634
Investments	5,193,900	-	-	5,193,900
Receivables				
Property taxes	1,988,677	-	-	1,988,677
Other accounts	752,783	-	-	752,783
Intergovernmental	-	-	-	-
Receivable from other funds	5,915,859	-	-	5,915,859
Prepaid insurance	88,561	-	-	88,561
TOTAL ASSETS	\$ 31,392,866	\$ 4,660,986	\$ 119,562	\$ 36,173,414
LIABILITIES				
Accounts payable	\$ 1,015,807	\$ 841,898	\$ 21,766	\$ 1,879,471
Accrued expenses	259	-	-	259
Refundable deposits	7,564,572	-	-	7,564,572
Deferred tax revenue	1,007,949	-	-	1,007,949
Payable to other funds	-	2,937,162	-	2,937,162
TOTAL LIABILITIES	\$ 9,588,587	\$ 3,779,060	\$ 21,766	\$ 13,389,413
FUND BALANCE				
Reserved for prepaids	\$ 88,561	\$ -	\$ -	\$ 88,561
Unreserved - general fund	21,715,718	-	-	21,715,718
Unreserved - capital projects fund	-	881,926	-	881,926
Unreserved - special revenue fund	-	-	97,796	97,796
TOTAL FUND BALANCE	\$ 21,804,279	\$ 881,926	\$ 97,796	\$ 22,784,001
TOTAL LIABILITIES & FUND BALANCE	\$ 31,392,866	\$ 4,660,986	\$ 119,562	\$ 36,173,414

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
August 31, 2010

Total Fund Balance for Governmental Fund \$ 22,784,001

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Some assets are not receivable in the current period and
therefore are not reported in the funds. Balances at
August 31, 2010 are:

Accrued interest receivable	18,813
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Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds, net of
accumulated depreciation of \$138,670,049

185,634,619

Because some property taxes will not be collected for several
months after the City's year ends, they are not considered
as "available" revenues in the governmental funds

1,007,949

Some liabilities are not due and payable in the current period and
therefore are not reported in the funds. Balances at
August 31, 2010 are:

OPEB liability	(1,495,178)
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Compensated absences	(553,702)
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Net assets of governmental activities

\$ 207,396,502

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended August 31, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,445,172	\$ -	\$ 389,019	\$ 5,834,191
Licenses and permits	277,683	-	-	277,683
Intergovernmental	61,408	3,830,126	-	3,891,534
Fines and forfeitures	2,248,486	-	255,687	2,504,173
Interest Income	365,272	76,189	1,681	443,142
Charges for services	839,780	-	-	839,780
Other Income	269,845	-	-	269,845
TOTAL REVENUE	9,507,646	3,906,315	646,387	14,060,348
EXPENDITURES				
Current Operations				
General government	6,387,376	2,017,381	271,317	8,676,074
Planning and zoning	335,517	-	-	335,517
Public safety	9,904,873	6,862,320	598,381	17,365,574
Public works	1,668,275	98,924	-	1,767,199
Total Expenditures	18,296,041	8,978,625	869,698	28,144,364
Excess (Deficiency) of Revenues over (under) Expenditures	(8,788,395)	(5,072,310)	(223,311)	(14,084,016)
OTHER FINANCING SOURCES (USES)				
Transfers	5,353,378	-	(139,132)	5,214,246
Total Other Financing Sources (Uses)	5,353,378	-	(139,132)	5,214,246
Net Change in Fund Balance	(3,435,017)	(5,072,310)	(362,443)	(8,869,770)
Fund Balance - Beginning of Year	25,239,296	5,954,236	460,239	31,653,771
Fund Balance - End of Year	\$ 21,804,279	\$ 881,926	\$ 97,796	\$ 22,784,001

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2010

Net change in fund balance - total governmental fund \$ (8,869,770)

Amounts reported for governmental activities in the Statement
of Activities are different because:

Interest accrued on certificates of deposit that do not provide
current financial resources are not reported as revenues
in the funds (49,523)

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to
allocate those expenditures over the life of the assets:

Capital outlays	10,460,514
Depreciation	(1,435,173)

Governmental funds defer all tax revenues not collected within
sixty days of year end. However, the Statement of Activities
uses the accrual method and, thus, the entire amount is
recognized as revenue, regardless of the collection date (277,820)

Under the modified accrual basis of accounting used in the
governmental funds, expenditures are not recognized for
transactions that are not normally paid with expendable
available financial resources. In the statement of activities,
however, which is presented on the accrual basis, expenses
and liabilities are reported regardless of when financial
resources are available.

OPEB liability	(737,570)
Compensated absences	(20,934)

Change in net assets of governmental activities	\$ (930,276)
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The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (BUDGETARY BASIS) TO ACTUAL
For the Year Ended August 31, 2010

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 2,322,657	\$ 2,322,657	\$ 2,178,098	\$ (144,559)
Franchise taxes	1,014,741	1,014,741	1,000,589	(14,152)
Alcohol beverage taxes	618,000	618,000	578,043	(39,957)
Insurance premium taxes	1,261,370	1,261,370	1,241,760	(19,610)
Other taxes	514,175	514,175	446,682	(67,493)
Total Taxes	<u>5,730,943</u>	<u>5,730,943</u>	<u>5,445,172</u>	<u>(285,771)</u>
Licenses and permits	337,450	337,450	277,683	(59,767)
Intergovernmental	-	-	61,408	61,408
Fines and forfeitures	3,689,782	3,689,782	2,248,486	(1,441,296)
Charges for services	835,264	835,264	839,780	4,516
Other income	58,988	58,988	269,845	210,857
Interest earned	800,000	800,000	365,272	(434,728)
Total Revenues	<u>\$ 11,452,427</u>	<u>\$ 11,452,427</u>	<u>\$ 9,507,646</u>	<u>\$ (1,944,781)</u>
EXPENDITURES				
General Government				
Personal services	\$ 3,673,656	\$ 4,050,656	\$ 3,824,821	\$ 225,835
Purchased/contracted services	1,245,023	1,685,023	1,684,622	401
Supplies	211,259	211,259	203,964	7,295
Other costs	3,903,945	1,153,745	352,752	800,993
Capital outlay	-	322,000	321,217	783
Total General Government	<u>\$ 9,033,883</u>	<u>\$ 7,422,683</u>	<u>\$ 6,387,376</u>	<u>\$ 1,035,307</u>
Planning and Zoning				
Personal services	\$ 261,539	\$ 261,539	\$ 243,916	\$ 17,623
Purchased/contracted services	92,608	92,608	85,296	7,312
Supplies	2,889	2,889	2,352	537
Other costs	850	4,050	3,953	97
Capital outlay	-	-	-	-
Total Planning and Zoning	<u>\$ 357,886</u>	<u>\$ 361,086</u>	<u>\$ 335,517</u>	<u>\$ 25,569</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (BUDGETARY BASIS) TO ACTUAL – CONTINUED
For the Year Ended August 31, 2010

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Public Safety				
Personal services	\$ 7,711,648	\$ 8,543,648	\$ 8,126,388	\$ 417,260
Purchased/contracted services	525,800	525,800	487,550	38,250
Supplies	752,164	752,164	652,096	100,068
Other costs	36,000	36,000	30,813	5,187
Capital outlay	45,000	610,000	608,026	1,974
Total Public Safety	<u>\$ 9,070,612</u>	<u>\$ 10,467,612</u>	<u>\$ 9,904,873</u>	<u>\$ 562,739</u>
Public Works				
Personal services	\$ 960,068	\$ 1,132,068	\$ 1,052,123	\$ 79,945
Purchased/contracted services	340,800	377,800	377,267	533
Supplies	140,236	140,236	126,271	13,965
Other costs	9,000	11,000	10,750	250
Capital outlay	965,000	965,000	101,864	863,136
Total Public Works	<u>\$ 2,415,104</u>	<u>\$ 2,626,104</u>	<u>\$ 1,668,275</u>	<u>\$ 957,829</u>
TOTAL EXPENDITURES	<u>\$ 20,877,485</u>	<u>\$ 20,877,485</u>	<u>\$ 18,296,041</u>	<u>\$ 2,581,444</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (9,425,058)</u>	<u>\$ (9,425,058)</u>	<u>\$ (8,788,395)</u>	<u>\$ (4,526,225)</u>
OTHER FINANCING SOURCES (USES)				
Transfers	<u>\$ 9,425,058</u>	<u>\$ 9,425,058</u>	<u>\$ 5,353,378</u>	<u>\$ 4,071,680</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 9,425,058</u>	<u>\$ 9,425,058</u>	<u>\$ 5,353,378</u>	<u>\$ 4,071,680</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,435,017)</u>	<u>\$ (454,545)</u>
Fund Balance - Beginning			<u>25,239,296</u>	
Fund Balance - Ending			<u>\$ 21,804,279</u>	

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2010

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 10,080,501	\$ 6,234,669	\$ -	\$ -	\$ 235,473	\$ 16,550,643
Accounts receivable, net	3,122,378	1,077,815	727,736	88,207	60,056	5,076,192
Due from other funds	-	-	-	-	-	-
Total current assets	<u>13,202,879</u>	<u>7,312,484</u>	<u>727,736</u>	<u>88,207</u>	<u>295,529</u>	<u>21,626,835</u>
Capital Assets						
Land & construction in progress	11,316	269,422	3,366,351	-	-	3,647,089
Buildings, equipment and distribution system net of accumulated depreciation	15,038,417	16,499,736	9,457,067	125,430	1,168,109	42,288,759
Total capital assets	<u>15,049,733</u>	<u>16,769,158</u>	<u>12,823,418</u>	<u>125,430</u>	<u>1,168,109</u>	<u>45,935,848</u>
TOTAL ASSETS	<u>\$ 28,252,612</u>	<u>\$ 24,081,642</u>	<u>\$ 13,551,154</u>	<u>\$ 213,637</u>	<u>\$ 1,463,638</u>	<u>\$ 67,562,683</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 2,507,810	\$ 1,374,011	\$ 1,469,220	\$ 47,985	\$ 48,691	\$ 5,447,717
Accrued expenses	125,640	360,941	71,175	121,431	-	679,187
Refundable deposits	7,525	-	-	-	-	7,525
Note payable	-	-	106,700	-	-	106,700
Due to other funds	-	-	1,381,998	1,596,699	-	2,978,697
TOTAL LIABILITIES	<u>\$ 2,640,975</u>	<u>\$ 1,734,952</u>	<u>\$ 3,029,093</u>	<u>\$ 1,766,115</u>	<u>\$ 48,691</u>	<u>\$ 9,219,826</u>
NET ASSETS						
Invested in capital assets	\$ 15,049,733	\$ 16,769,158	\$ 12,823,418	\$ 125,430	\$ 1,168,109	\$ 45,935,848
Unrestricted	10,561,904	5,577,532	(2,301,357)	(1,677,908)	246,838	12,407,009
Total net assets	<u>25,611,637</u>	<u>22,346,690</u>	<u>10,522,061</u>	<u>(1,552,478)</u>	<u>1,414,947</u>	<u>58,342,857</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,252,612</u>	<u>\$ 24,081,642</u>	<u>\$ 13,551,154</u>	<u>\$ 213,637</u>	<u>\$ 1,463,638</u>	<u>\$ 67,562,683</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For the Year Ended August 31, 2010

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
OPERATING REVENUES						
Charges for services	\$ 28,133,721	\$ 42,583,588	\$ 4,231,669	\$ 1,049,966	\$ 709,160	\$ 76,708,104
Other income	57,167	30,319	300,154	13,792	10,846	412,278
Total operating revenues	<u>28,190,888</u>	<u>42,613,907</u>	<u>4,531,823</u>	<u>1,063,758</u>	<u>720,006</u>	<u>77,120,382</u>
OPERATING EXPENSES						
Personal services & benefits	1,182,400	2,829,548	628,711	899,653	1,211	5,541,523
Purchased/contracted services	257,737	316,784	3,284,085	673,985	222,499	4,755,090
Purchased utilities	16,796,372	29,450,509	2,825,290	-	-	49,072,171
Depreciation	819,248	784,262	395,946	61,377	11,821	2,072,654
Supplies	57,140	381,999	162,595	64,035	4,032	669,801
Other	24,989	60,416	24,773	1,911	-	112,089
Total operating expenses	<u>19,137,886</u>	<u>33,823,518</u>	<u>7,321,400</u>	<u>1,700,961</u>	<u>239,563</u>	<u>62,223,328</u>
Operating income (loss)	9,053,002	8,790,389	(2,789,577)	(637,203)	480,443	14,897,054
OTHER FINANCING SOURCES (USES)						
Transfers	(3,983,296)	(8,500,000)	7,300,000	-	(30,950)	(5,214,246)
Total other financing sources (uses)	<u>(3,983,296)</u>	<u>(8,500,000)</u>	<u>7,300,000</u>	<u>-</u>	<u>(30,950)</u>	<u>(5,214,246)</u>
Change in net assets	5,069,706	290,389	4,510,423	(637,203)	449,493	9,682,808
Total net assets - beginning of year	20,541,931	22,056,301	6,011,638	(915,275)	965,454	48,660,049
Total net assets - end of year	<u>\$ 25,611,637</u>	<u>\$ 22,346,690</u>	<u>\$ 10,522,061</u>	<u>\$ (1,552,478)</u>	<u>\$ 1,414,947</u>	<u>\$ 58,342,857</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
For the Year Ended August 31, 2010

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 26,650,581	\$ 42,029,555	\$ 3,909,399	\$ 1,017,689	\$ 685,787	\$ 74,293,011
Payments to suppliers	(16,618,280)	(29,217,438)	(1,928,828)	2,206	-	(47,762,340)
Payments to employees	(1,182,400)	(2,829,548)	(628,711)	(899,653)	(1,211)	(5,541,523)
Other receipts (payments)	(220,193)	(549,808)	(8,929,109)	(120,242)	(215,965)	(10,035,317)
Net cash provided by (used in) operating activities	8,629,708	9,432,761	(7,577,249)	-	468,611	10,953,831
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(429,720)	(882,970)	(2,917,040)	-	(621,527)	(4,851,257)
Disposal of capital assets	-	-	3,087,589	-	-	3,087,589
Proceeds on loan payable	-	-	106,700	-	-	106,700
Total cash provided by (used in) capital and related financing activities	(429,720)	(882,970)	277,249	-	(621,527)	(1,656,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from other funds	(3,983,296)	(8,500,000)	7,300,000	-	(30,950)	(5,214,246)
Net cash provided by (used in) noncapital financing activities	(3,983,296)	(8,500,000)	7,300,000	-	(30,950)	(5,214,246)
Net increase (decrease) in cash and cash equivalents	4,216,692	49,791	-	-	(183,866)	4,082,617
Balances - beginning of year	5,863,809	6,184,878	-	-	419,339	12,468,026
Balances - end of year	\$ 10,080,501	\$ 6,234,669	\$ -	\$ -	\$ 235,473	\$ 16,550,643

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended August 31, 2010

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 9,053,002	\$ 8,790,389	\$ (2,789,577)	\$ (637,203)	\$ 480,443	\$ 14,897,054
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	819,248	784,262	395,946	61,377	11,821	2,072,654
Change in assets and liabilities:						
Receivables, net	(1,483,140)	(554,033)	(322,270)	(32,277)	(23,373)	(2,415,093)
Accounts payables	178,092	233,071	896,462	2,206	(280)	1,309,551
Accrued expenses	62,506	179,072	37,504	62,506	-	341,588
Due from other funds	-	-	-	-	-	-
Due to other funds	-	-	(5,795,314)	543,391	-	(5,251,923)
Net cash provided by operating activities	\$ 8,629,708	\$ 9,432,761	\$ (7,577,249)	\$ -	\$ 468,611	\$ 10,953,831

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of Lawrenceville, Georgia (City), was incorporated on December 15, 1821, and operates under a Mayor-Council form of government. The accounting, financial reporting, and significant practices of the City are discussed in subsequent sections and the remainder of the Notes are organized to provide explanations and other required disclosures for the City's financial activities.

The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The City also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Financial Reporting Entity – Basis of Presentation

I. Primary Government and Component Units

The City has implemented Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". Statement 14 applies levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments; and it applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) primary governments, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, joint venture, jointly governed organization or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

In conformity with GASB Statement 14, the City has two component units that meet the criteria for component units requiring discrete presentation in the primary government financial reporting entity.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

2. Related Organizations

The Housing Authority of the City is an independent non-profit corporation that is not a unit of the City and does not meet the criteria of GASB Statement 14 as a component unit of the City. However, it is considered a related organization. The Housing Authority of the City of Lawrenceville issues its own financial statements and they are audited by Henderson & Associates LLC, Certified Public Accountant, 2057 Valleydale Road, Suite 202, Birmingham, Alabama 35244. Separate financial statements for the Housing Authority of the City of Lawrenceville may be obtained from:

Board of Commissioners
Housing Authority of the City of Lawrenceville
502 Glenn Edge Drive
Lawrenceville, Georgia 30045

3. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole. The primary government is the focus of these financial statements. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

3. Government-wide and Fund Financial Statements

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid in financial management and to demonstrate legal and contractual compliance. Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting

The City uses funds to maintain its financial records. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Fund Types

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within sixty (60) days of end of the fiscal year. Revenues subject to accrual are taxes, licenses, fines, interest income, and grants. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Governmental fund types utilized by the City are General, Capital Projects and Special Revenue Funds. The general fund is the City's primary operating fund and it accounts for all financial resources of the general government. Capital Projects fund accounts for the accumulation of SPLOST resources and the subsequent disbursement of such resources in obtaining or renovating major capital projects. Special revenue funds accounts for revenues sources that are legally restricted to expenditures for specific purposes not including expendable trust or major capital projects. General and Capital Project funds are major governmental funds.

Proprietary Fund Types

Proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position, and cash flows. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are costs of providing goods or services and includes administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. Proprietary fund types utilized by the City are Electric, Gas, Water, Solid Waste and Stormwater Utility funds. All are major enterprise funds. The Electric, Gas and Water funds account for utility services and their related distribution operations. The Solid Waste fund accounts for refuse collections and operations. The Stormwater Utility fund for stormwater collections and operations.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

4. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operations of the City are included on the statement of net assets. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. Therefore, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

All proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net assets. The statements of changes in fund net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the City's finances meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental fund types use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenues, recording of deferred revenues, and in the presentation of expenses versus expenditures.

D. Assets, Liabilities, Net Assets or Fund Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include demand deposits, money market accounts and short-term investments with a maturity date within ninety (90) days of the date acquired by the City.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Net Assets or Fund Equity - continued

Receivables

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles.

Inventory

Materials purchased and expendable supplies are shown as expenditures in governmental funds and expenses in proprietary funds when acquired and are not inventoried at year end because the amounts are not considered to be material.

Prepaid Items

Payments to vendors for services that benefit future periods beyond fiscal year end are recorded as prepaid items and reported on the consumption basis. When prepaid items are incurred by the City, the expenditure or expense is deferred to the period benefited. At the fund reporting level, a reservation is made in the fund balance for an equal amount.

Capital Assets

The City's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with other capital assets. Prior to September 1, 2001, governmental funds' infrastructure were not capitalized. These assets (back to June 30, 1980 and before) have been valued at estimated historical cost and related depreciation accrued. Proprietary/Enterprise fund capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, curbs and gutters, sidewalks and utility (Gas, Electric, Water) transmission and distribution systems.

Major improvements to capital assets are capitalized. Cost of normal maintenance and repair that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed or retired, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss recorded in operations. Depreciation is determined using the straight-line method over the following estimated useful lives:

Plants & Buildings	20 – 50 years
Machinery & Equipment	5 – 8 years
Vehicles	3 – 5 years
Transmission/Distribution Systems & Infrastructure	20 – 50 years

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Net Assets or Fund Equity - continued

Interest Capitalization

Interest costs are capitalized when incurred by proprietary fund types on debt where the proceeds were used to finance construction of assets.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. The maximum vacation accrual is limited to thirty (30) days. Sick leave accrues to full-time employees to specified maximums; however, benefits are paid only upon illness of an employee and are charged to expenditures when taken. Accrued sick benefits are lost upon termination or retirement. Only accrued vacations are paid to employees upon termination. Compensated absences are reported as accrued in the government-wide financial statements. Proprietary funds report compensated liability in each individual fund at the fund level. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in personal services and benefits.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

Governmental fund payables and accrued liabilities reported as obligations of these funds are paid in full from current financial resources. However, compensated absences to be paid from governmental funds are reported as a liability only to the extent they are due for payment during the current year.

The City had no long-term debt.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net assets.

Fund Balance

Fund balance represents the difference between current assets and current liabilities. Unreserved fund balance indicates the amount available for appropriation in future periods. The City reserves portions of fund balance which are legally segregated for a specific purpose or do not represent amounts available for appropriation or expenditure.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Net Assets or Fund Equity - continued

Fund Equity - continued

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 legislation adopted by the City or contractual by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The City's operating revenues are charges for services for natural gas, electricity, water and solid waste. Operating expenses are the necessary costs incurred to provide the good or service that is the primary activity of each fund.

Contributed Capital

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

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental fund and after non-operating revenues/expenses section in proprietary funds.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budget Policy and Practice

The City prepares annual budgets based on anticipated revenues and appropriated expenditures. Public hearings are conducted to obtain taxpayer comments. Prior to August 31, each year the budget is legally enacted by passage of an ordinance for the City's operating funds. Amendments to the budget must be approved by the City Council. Budgets of the General, Capital Projects, Special Revenue and Proprietary Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Basis for Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services and benefits, purchased/contracted services, supplies, capital outlays, and transfers. The legal level of budgetary control is the department level. Budget revisions at this level are subject to review and approval by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the fiscal year. All unexpended annual appropriations lapse at year end.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve the applicable appropriation - is not used by the City.

C. Deficit Fund Equities

The Solid Waste fund reflected a deficit balance of \$1,552,478 and the Hotel/Motel Tax Fund reflected a deficit balance of \$21,429 as of August 31, 2010.

D. Excess of Expenditures over Appropriations

There were no known expenditures in excess of appropriations for the primary government.

E. Restricted and Unrestricted Resources

The City's policy to use restricted resources first, then unrestricted as needed.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by the City or its agent in the City's name. Cash and investments are classified as to credit risk as described below:

Deposits

Category 1 – Insured or collateralized with securities held by the City or its agent in the City's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 – Uncollateralized.

	Category			Bank Balance	Carrying Value
	1	2	3		
Primary Government	\$ 39,577,715	\$ -	\$ -	\$ 39,577,715	\$ 38,784,277
Total	<u>\$ 39,577,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,577,715</u>	<u>\$ 38,784,277</u>

Investments

The City's authorized investments are United States Treasury securities, Federally insured investments and State of Georgia insured funds. The City's only investments at August 31, 2010, were invested with the State of Georgia local Government Investment Pool (Georgia Fund I). Georgia Fund I, created by Georgia Law (O.C.G.A.) 36-83-8, is a stable net asset value investment pool that follows Standards and Poor's criteria for AAA rated money market funds. The Georgia Fund I is rated AAAM, with a twenty-four (24) day weighted average maturity (WAM). However, the State of Georgia Office of Treasury operates Georgia Fund I in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 par share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed on \$1.00 per share.

	Cash	Investments
Fund Reporting Level		
Governmental funds	\$ 22,233,634	\$ 5,193,900
Proprietary fund types	16,550,643	-
TOTAL	<u>\$ 38,784,277</u>	<u>\$ 5,193,900</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Receivables

Receivables are recorded in the General and Enterprise Funds net of any estimated uncollectibles. A summary by fund of the receivables and their respective allowances for doubtful accounts follows:

	Taxes	Accounts	Allowance for Uncollectibles	Net Receivables
General fund	\$ 1,988,677	\$ 1,823,916	\$ (1,071,133)	\$ 2,741,460
Electric fund	-	3,152,363	(29,985)	3,122,378
Gas fund	-	1,088,149	(10,334)	1,077,815
Water fund	-	735,087	(7,351)	727,736
Solid waste fund	-	89,098	(891)	88,207
Stormwater utility	-	60,662	(606)	60,056
 Total Primary Government	 <u>\$ 1,988,677</u>	 <u>\$ 6,949,275</u>	 <u>\$ (1,120,300)</u>	 <u>\$ 7,817,652</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets

A summary of changes in Capital Assets follows:

	Balance 09/01/09	Additions	Deletions	Balance 08/31/10
Governmental activities				
Not being depreciated				
Land	\$ 11,605,440	\$ 104,017	\$ -	\$ 11,709,457
Construction in progress	2,858,898	9,846,767	(12,328,574)	377,091
Subtotal	<u>\$ 14,464,338</u>	<u>\$ 9,950,784</u>	<u>\$ (12,328,574)</u>	<u>\$ 12,086,548</u>
Depreciable capital assets				
Buildings	\$ 22,331,236	\$ 10,175,344	\$ -	\$ 32,506,580
Improvements	4,380,901	-	-	4,380,901
Vehicles	3,991,245	201,191	(160,302)	4,032,134
Equipment	5,392,429	235,186	-	5,627,615
Infrastructure	263,284,005	2,386,885	-	265,670,890
Subtotal	<u>\$ 299,379,816</u>	<u>\$ 12,998,606</u>	<u>\$ (160,302)</u>	<u>\$ 312,218,120</u>
Accumulated depreciation				
Buildings	\$ 2,142,251	\$ 333,318	\$ -	\$ 2,475,569
Improvements	580,537	124,302	-	704,839
Vehicles	2,515,038	845,624	-	3,360,662
Equipment	2,821,122	21,925	-	2,843,047
Infrastructure	129,175,928	110,004	-	129,285,932
Subtotal	<u>\$ 137,234,876</u>	<u>\$ 1,435,173</u>	<u>\$ -</u>	<u>\$ 138,670,049</u>
Net capital assets	<u>\$ 176,609,278</u>	<u>\$ 21,514,217</u>	<u>\$ (12,488,876)</u>	<u>\$ 185,634,619</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets – Continued

	Balance 09/01/09	Additions	Deletions	Balance 08/31/10
Business-type activities				
Not being depreciated				
Land	\$ 803,833	\$ -	\$ -	\$ 803,833
Construction in progress	5,986,222	3,298,021	(6,440,988)	2,843,255
Subtotal	<u>\$ 6,790,055</u>	<u>\$ 3,298,021</u>	<u>\$ (6,440,988)</u>	<u>\$ 3,647,088</u>
Depreciable capital assets				
Plants/buildings	\$ 8,587,478	\$ 1,858,585	\$ -	\$ 10,446,063
Transmission/distribution	53,574,436	2,870,300	-	56,444,736
Vehicles	2,987,430	58,111	(64,966)	2,980,575
Machinery & equipment	1,268,540	119,640	-	1,388,180
Subtotal	<u>\$ 66,417,884</u>	<u>\$ 4,906,636</u>	<u>\$ (64,966)</u>	<u>\$ 71,259,554</u>
Accumulated depreciation				
Plants/buildings	\$ 3,111,147	\$ 230,047	\$ -	\$ 3,341,194
Transmission/distribution	20,389,459	1,589,276	-	21,978,735
Vehicles	2,384,454	180,878	(64,966)	2,500,366
Machinery & equipment	1,078,046	72,453	-	1,150,499
Subtotal	<u>\$ 26,963,106</u>	<u>\$ 2,072,654</u>	<u>\$ (64,966)</u>	<u>\$ 28,970,794</u>
Net capital assets	<u>\$ 46,244,833</u>	<u>\$ 6,132,003</u>	<u>\$ (6,440,988)</u>	<u>\$ 45,935,848</u>

Combining schedule of enterprise funds capital assets follows:

	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	Totals
Land	\$ 11,316	\$ 269,422	\$ 523,095	\$ -	\$ -	\$ 803,833
Plants	126,794	2,943,964	6,186,803	37,300	1,151,203	10,446,064
Transmission/distribution	24,607,623	22,573,690	9,263,422	-	-	56,444,735
Vehicles	1,071,041	914,056	198,635	771,466	25,377	2,980,575
Machinery & equipment	239,469	876,145	269,216	-	3,350	1,388,180
Construction in progress	-	-	2,843,256	-	-	2,843,256
Totals	26,056,243	27,577,277	19,284,427	808,766	1,179,930	74,906,643
Less: accum depreciation	<u>(11,006,510)</u>	<u>(10,808,119)</u>	<u>(6,461,009)</u>	<u>(683,336)</u>	<u>(11,821)</u>	<u>(28,970,795)</u>
Net	<u>15,049,733</u>	<u>16,769,158</u>	<u>12,823,418</u>	<u>125,430</u>	<u>1,168,109</u>	<u>45,935,848</u>

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets – Continued

Depreciation Expense

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

Governmental activities		Business-type activities	
General government	\$ 651,569	Electric system	\$ 819,248
Planning & zoning	5,740	Gas system	784,262
Public safety	531,014	Water system	395,946
Public works	246,850	Solid waste	61,377
		Stormwater	11,821

D. Interfund Balances and Transfers

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions and funding capital asset acquisition. The government-wide statement of activities eliminates transfers within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement. Interfund balances at August 31, 2010, consisted of the following amounts and the next schedule reports transfers and payments within the reporting entity. The Water Fund balance and Solid Waste Fund balance, due to the General Fund, are from capital improvements and infrastructure. The Capital Projects Fund balance, due to the General Fund, is for reimbursement of approved SPLOST related expenditures paid by the General Fund in advance of receiving SPLOST Fund payments from the County.

Interfund Balances

	Receivable	Payable
Governmental activities		
<i>Major governmental funds</i>		
General fund	\$ 5,915,859	\$ -
Capital projects fund	-	2,937,162
Business-type activities		
<i>Major enterprise funds</i>		
Water fund	-	1,381,998
Solid waste	-	1,596,699
	\$ 5,915,859	\$ 5,915,859
Totals		

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Interfund Balances and Transfers – Continued

Transfers

	<u>Transfer to</u>	<u>Transfer from</u>
Governmental activities		
<i>Major governmental funds</i>		
General fund	\$ 5,353,378	\$ -
Motor vehicle rental tax fund	-	139,132
Business-type activities		
<i>Major enterprise funds</i>		
Electric fund	-	3,983,296
Gas fund	-	8,500,000
Water fund	7,300,000	-
Stormwater utility fund	-	30,950
Totals	<u>\$ 12,653,378</u>	<u>\$ 12,653,378</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Property Tax Calendar

The City receives property tax assessments from Gwinnett County. Taxes were levied on August 13 and tax bills are mailed to taxpayers by September 15 of each year. The due date for these taxes is October 15 for the first installment and November 15 for the second installment, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date is April 1 of the following year. Ad Valorem taxes on vehicles are collected concurrently with the issuance of state license tags by Gwinnett County.

Property tax revenues are recognized when they become available, which includes those tax receivables expected to be collected within sixty days after year end.

Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

F. Long-term Debt

The City had no long-term debt other than compensated absences. Summary disclosure of changes in general long-term debt follows:

	09/01/09 Balance	Additions	Retirements	08/31/10 Balance
Compensated absences	\$ 532,768	\$ 20,934		\$ 553,702

Compensated absences are normally funded through the General Fund. The current portion of compensated absences is paid to employees as taken by the employee and is included in wages and benefits. Current amounts payable can not be determined and are not considered material.

G. Risk Management

The City is exposed to various risks of losses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance policies covering each of the above risks of loss. Management believes this coverage is adequate to preclude any significant uninsured risk exposure to the City.

H. Litigation

The City Attorney advised that no legal actions were in progress by or against the City at August 31, 2010, that would have a material effect on the City's financial condition.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

I. Compliance with Legal Provisions

State Laws

Budgets – The City was in compliance with Title 36, Chapter 91, Sections 3-6 of the Official Code of Georgia, Annotated (OCGA) which requires the adoption of balanced budgets.

Hotel/Motel Tax – The City was in compliance with Title 48, Chapter 13, Sections 51(a)(9)(B) of the Official Code of Georgia, Annotated, (OCGA). Total Hotel/Motel Tax receipts were \$249,887 and expenditures were \$271,316 (100% of the tax receipts). Prior year expenditures were 100% of receipts

Rental Motor Vehicle Excise Tax – The City was in compliance with Title 48, Chapter 13, Section 93 of the Official Code of Georgia, Annotated (OCGA). Total Rental Motor Vehicle Excise Tax receipts were \$139,132 and expended for Police operations and maintenance.

Special Local Option Sales Tax – The City expended \$8,978,625 special option sales tax on general government \$2,017,382, public safety \$6,862,320 and \$98,924 on public works during the current fiscal year.

J. Contingent Liabilities

The City participates in both federal and state assistance programs which are subject to program compliance audits by the grantors or their representatives. The City's Electric Fund is a participant in Municipal Electric Authority of Georgia (MEAG). The City's Gas Fund is a participant in Municipal Gas Authority of Georgia (MGAG). Both are public corporations and instrumentalities of the State of Georgia. Utility Participants have contracted with MEAG for bulk electric power supply needs and MGAG for bulk natural gas needs. Each participant is obligated to pay its share of operating and debt service costs. The City's contingent liability for its share of MEAG's debt was (99.8 less reserves of 30.7) for 69.1 million and MGAG's debt was (11.1 less reserves of 1.0) for 10.1 million as of August 31, 2010.

Due to an investigation by the Georgia Public Service Commission (PSC), the City must meet certain compliance requirements for Pipeline Safety and Damage Prevention issued by the PSC or be subject to penalties of \$1,395,000 and \$1,170,000. The City has agreed to meet all of the compliance requirements and does not expect to have to pay any additional penalties.

K. Notes Payable

The City entered into a loan agreement with Drinking Water State Revolving Fund, administered by Georgia Environmental Facilities Authority for \$1,650,000 to include a twelve inch water line extension and improvements. As of August 31, 2010, the City had drawn \$106,700. The remaining proceeds were drawn and subsequently paid off by October 2010.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

L. Related Parties

The City was not involved in any significant related party transactions during the current operating year.

M. Retirement/Pension Plans

The City's employees are covered under the Social Security Act maintained by the Federal Government. The City also participates in a defined contribution pension plan (IRC Section 401a) and a deferred compensation plan (IRC Section 457) for all full-time City employees, excluding elected officials. Employees are eligible to participate in the plan after one year and having at least 1,000 hours continuous service. The City contributes four percent (4.0%) of the salary of covered employees in the (401a) plan. Employees are not required to participate in the (457) plan; however, the City provides substantial incentives for participation. Employees participating in the (457) plan are required to contribute four percent (4.0%) of their base salary in the deferred compensation plan and the City will contribute an additional six percent (6%) of the salary of eligible employees into the (401a) plan. For City employees with ten (10) years of service and who have reached the age of forty-five (45), the City will contribution an additional four percent (4.0%) of their base salary in the (401 A) plan. Employees are fully vested after six years of continuous service. Employee contributions to the (457) plan were \$580,818 and the City contributed \$1,289,205 in the (401a) plan for the current fiscal year.

The City's pension plans, City of Lawrenceville Money Purchase Pension Plans, were authorized by the City Council by passage of an ordinance and is administered by a third party administrator. The City pension plans are managed by the Government Employees Benefit Corporation (GEBCORP), a securities company. The City's total payroll for the fiscal year was \$11,776,325 including \$9,952,050 payroll covered by the plan.

There were two hundred seventy-six (276) participants in the plans and the plans had \$14,562,816 of assets and reserves as of August 31, 2010.

N. Loan Receivable

On May 21, 2008, the City entered into an agreement with the Municipal Electric Authority of Georgia (MEAG) to commit to contribute, to the extent called upon by MEAG Power at its discretion, a contribution for the purpose of funding MEAG Power's Initial Percentage Interest of the Cost of Construction, including carrying costs, for the Plant Vogtle Additional Units in the amount of \$2,000,000. The term of the contract is fifty (50) years or until the reimbursement of the City's contributions. The annual percentage rate associated with these contributions is 11.25% per annum. As of August 31, 2010, the City had been reimbursed for all contributions.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

O. Net Assets

Net assets of the government-wide statement of net assets as of August 31, 2010 are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets	<u>\$ 324,304,668</u>	<u>\$ 74,906,642</u>
Cost of capital assets	(138,670,049)	(28,970,794)
Less: accumulated depreciation	<u>\$ 185,634,619</u>	<u>\$ 45,935,848</u>
Book value	<u><u>\$ 185,634,619</u></u>	<u><u>\$ 45,935,848</u></u>

Book value and investments in capital assets are equal since the City had no long-term debt.

4. OTHER NOTES

A. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission (Regional Development Center -RDC) and is required to pay annual dues thereto. During its fiscal year ended August 31, 2006, the City's membership dues were assessed to and paid by Gwinnett County, Georgia. The City of Lawrenceville did not pay any annual dues. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA Section 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements for the RDC may be obtained from:

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

B. Other Post-Employment Benefits

In addition to pension benefits in Note 3.M., the City provides post-retirement health, dental and vision care benefits for certain retirees and their dependents. The benefits and contributions are provided in accordance with City ordinances. The criteria to determine eligibility include: years of service and employee age. An employee must have twenty (20) years of continual full-time service and reached the age of fifty-five (55) to be eligible for this benefit. The City funds the benefits on a pay-as-you-go basis. The City had nine (9) participants currently eligible and receiving this benefit. The amortization method for this OPEB calculation is entry age normal level dollar.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

4. OTHER NOTES – CONTINUED

B. Other Post-Employment Benefits - Continued

These benefits are covered under the City of Lawrenceville Employee Benefit Plan which is a single employer plan administered by Wells Fargo Administrators.

As of August 31, 2010, employee membership data relative to the OPEB plan consist of the following:

Current retirees, beneficiaries and dependents	21
Current active participants	<u>242</u>
Total	<u>263</u>

The accrual basis of accounting is used with respect to the recognition in the financial statements of contributions in the form of insurance premiums made to the Plan. Plan investments, if any, are reported at their fair value at the reporting date. As of August 31, 2010 the Plan reported no assets.

The City's first actuarial valuation was performed for the plan as of August 31, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the period according to the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost of \$1,251,138 is reduced by the current year contributions in the amount of \$178,392. The following table reflects the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

	2010	2009
Net OPEB Obligation - beginning of year	\$ 1,094,322	\$ -
Annual Required Contribution	\$ 1,251,138	\$ 1,240,275
Interest on Net OPEB Obligation	49,244	-
Adjustments to Annual Required Contribution	<u>(42,720)</u>	<u>-</u>
Annual OPEB Cost	\$ 1,257,662	\$ 1,240,275
Actual Contribution Amount	\$ 178,392	\$ 145,953
Increase in Net OPEB Obligation	<u>\$ 1,079,270</u>	<u>\$ 1,094,322</u>
Net OPEB Obligation - end of year	<u>\$ 2,173,592</u>	<u>\$ 1,094,322</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

4. OTHER NOTES – CONTINUED

B. Other Post-Employment Benefits – Continued

Actuarial valuations involve estimates of the actual results that will occur in the future. It is important to realize that these numbers are estimates and that actual results will be either higher or lower than these estimates as the actual results develop.

The funded status of the OPEB plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Ratio of the UAAL to Annual Covered Payroll
8/31/2009	\$ -	\$ 14,434,050	\$ 14,434,050	0.0%	\$ 10,039,699	143.8%
8/31/2010	-	15,584,314	15,584,314	0.0%	9,952,050	156.6%

The economic assumptions are:

Discount rate	4.50%
Return on assets	N/A
Medical trend	5.00%

The demographic assumptions are:

	Attained Age			
	20	35	50	60
<u>Mortality rates</u>				
Actives - male	0.35	0.60	1.80	5.57
Actives - female	0.20	0.33	1.00	3.10
Retirees - male	0.78	1.30	3.95	10.79
Retirees - female	0.38	0.64	1.91	6.72
Disabled - male and female	35.45	20.85	27.42	39.46
<u>Disability rate</u>				
Male and female	0.40	0.40	4.50	-

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2010

4. OTHER NOTES – CONTINUED

B. Other Post-Employment Benefits – Continued

The demographic assumptions are – continued:

Retirement rates	Age	Rate
	55-59	2.5%
	60-64	10.0%
	65	50.0%
	66-69	20.0%
	70	100.0%
Per capita medical claims costs - age 65	Annual claim costs - age 65	
	Pre-medicare eligible	\$9,056
	Post-medicare eligible	\$2,717

Retiree contributions

Retirees are not required to make contributions to any of the postretirement benefit plans.

Participation

It is assumed 100% of future eligible retirees and spouses will elect medical coverage upon retirement. 75% of future eligible retirees are assumed to be married.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

4. OTHER NOTES – CONTINUED

C. Component Units

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity”, and includes all component units of which the City appointed a voting majority of the units’ board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. The City has two discretely presented component units, Downtown Development Authority of Lawrenceville and Lawrenceville Development Authority. To help understand the significance of each component unit, a condensed financial statement is presented below as of August 31, 2010:

Combining Statement of Net Assets

	Downtown Development Authority	Development Authority of Lawrenceville	Totals
ASSETS			
Cash & cash equivalents	\$ 24,991	\$ 16,128	\$ 41,119
Capital assets, net	-	-	-
TOTAL ASSETS	\$ 24,991	\$ 16,128	\$ 41,119
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
NET ASSETS			
Invested in capital assets	\$ -	\$ -	\$ -
Unrestricted	24,991	16,128	41,119
TOTAL NET ASSETS	24,991	16,128	41,119
TOTAL LIABILITIES AND FUND BALANCE	\$ 24,991	\$ 16,128	\$ 41,119

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2010

4. OTHER NOTES – CONTINUED

C. Component Units - Continued

Combining Statement of Activities

	Downtown Development Authority	Development Authority of Lawrenceville	Totals
REVENUES			
Tax revenues	\$ 34,870	\$ -	\$ 34,870
Interest earned	24	16	40
Total Revenues	34,894	16	34,910
EXPENDITURES			
Purchased/contract services	22,328	-	22,328
Other costs	18,750	-	18,750
Total Expenditures	41,078	-	41,078
Net Change in Net Assets	(6,184)	16	(6,168)
Net Assets-Beginning of Year	31,175	16,112	47,287
Net Assets-End of Year	<u>\$ 24,991</u>	<u>\$ 16,128</u>	<u>\$ 41,119</u>

Component unit financial statements may be obtained by contacting the City Clerk's office at the City of Lawrenceville, Attn: City Clerk, P. O. Box 2200, Lawrenceville, GA 30046-2200.

CITY OF LAWRENCEVILLE, GEORGIA
SUPPLEMENTAL STATEMENTS AND SCHEDULES
For the Year Ended August 31, 2010

CITY OF LAWRENCEVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended August 31, 2010

	Special Revenue Funds			Totals
	Confiscated Assets	Hotel/Motel Tax	Motor Vehicle Rental Tax	
ASSETS				
Cash & cash equivalents	\$ 119,226	\$ 336	\$ -	\$ 119,562
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 119,226</u>	<u>\$ 336</u>	<u>\$ -</u>	<u>\$ 119,562</u>
LIABILITIES				
Accounts payable	-	\$ 21,766	\$ -	\$ 21,766
TOTAL LIABILITIES	-	21,766	-	21,766
FUND BALANCE	119,226	(21,430)	-	97,796
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 119,226</u>	<u>\$ 336</u>	<u>\$ -</u>	<u>\$ 119,562</u>

CITY OF LAWRENCEVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended August 31, 2010

	Special Revenue Funds				
	Confiscated Assets	Hotel/Motel Tax	Motor Vehicle Rental Tax		Totals
REVENUES					
Fines & forfeitures	\$ 255,687	\$ -	\$ -		\$ 255,687
Excise taxes	-	249,887	139,132		389,019
Interest earned	1,681	-	-		1,681
Total Revenues	257,368	249,887	139,132		646,387
EXPENDITURES					
General government	-	271,317	-		271,317
Police - current operations	-	-	-		-
Police - capital outlay	598,381	-	-		598,381
Total Expenditures	598,381	271,317	-		869,698
Excess (Deficiency) of Revenues over (under) Expenditures	(341,013)	(21,430)	139,132		(223,311)
OTHER FINANCING (USES)					
Transfers	-	-	(139,132)		(139,132)
Total Other Financing (Uses)	-	-	(139,132)		(139,132)
Net Change in Fund Balance	(341,013)	(21,430)	-		(362,443)
Fund Balance-Beginning of Year	460,239	-	-		460,239
Fund Balance-End of Year	\$ 119,226	\$ (21,430)	\$ -		\$ 97,796

CITY OF LAWRENCEVILLE, GEORGIA
SPECIAL REVENUE FUND – HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL (BUDGETARY BASIS)
For the Year Ended August 31, 2010

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 212,474	\$ 271,316	\$ 249,887	\$ (21,429)
Total Revenues	<u>\$ 212,474</u>	<u>\$ 271,316</u>	<u>\$ 249,887</u>	<u>\$ (21,429)</u>
EXPENDITURES				
General Government				
Other costs	\$ 212,474	\$ 271,316	\$ 271,316	\$ -
Total Expenditures	<u>\$ 212,474</u>	<u>\$ 271,316</u>	<u>\$ 271,316</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers	\$ -	\$ -	\$ -	\$ -
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ (21,429)	<u>\$ (21,429)</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>\$ (21,429)</u>	

CITY OF LAWRENCEVILLE, GEORGIA
SPECIAL REVENUE FUND – MV RENTAL TAX
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET TO ACTUAL (BUDGETARY BASIS)
For the Year Ended August 31, 2010

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 128,600	\$ 139,132	\$ 139,132	\$ -
Total Revenues	<u>\$ 128,600</u>	<u>\$ 139,132</u>	<u>\$ 139,132</u>	<u>\$ -</u>
EXPENDITURES				
General Government				
Police - purchased/contract services	\$ 128,600	\$ 139,132	\$ 139,132	\$ -
Total Expenditures	<u>\$ 128,600</u>	<u>\$ 139,132</u>	<u>\$ 139,132</u>	<u>\$ -</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			<u>\$ -</u>	

CITY OF LAWRENCEVILLE, GEORGIA
SPECIAL SCHEDULES AND REPORTS
For the Year Ended August 31, 2010

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
For the Year Ended August 31, 2010

<u>Project</u>	<u>Expenditures</u>
Public Safety	
Police Department - Maintenance & Operation	\$ 139,132

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SPECIAL OPTION SALES TAX REVENUE
For the Year Ended August 31, 2010

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	% of Completion
			Prior Years	Current Year		
PUBLIC WORKS						
Road Improvements - Paving	\$ 5,089,231	\$ 4,798,988	\$ 2,466,089	\$ 2,092,616	\$ 4,558,705	95%
Sidewalk Improvements	200,000	-	-	-	-	100%
Walking/Biking Trails	200,000	1,765,672	552,835	23,690	576,525	33%
Water Quality System	1,324,618	-	-	-	-	100%
Drainage Improvements	1,506,449	1,357,592	299,713	-	299,713	22%
College Connectivity	2,114,450	2,114,450	-	-	-	0%
LCI Project	2,000,000	2,000,000	-	-	-	0%
Paving	5,000,000	5,000,000	-	-	-	0%
Stormwater Curb & Gutter	2,000,000	2,000,000	-	-	-	0%
Truck for cleaning culverts	220,000	220,000	220,000	-	220,000	100%
PUBLIC SAFETY						
Building & Improvements	3,000,000	3,656,967	2,255,306	1,401,661	3,656,967	100%
Vehicles	240,000	122,650	122,650	-	122,650	100%
Building	6,000,000	6,000,000	-	5,342,288	5,342,288	89%
Vehicles	550,000	550,000	-	-	-	0%
Software	350,000	350,000	-	118,371	118,371	34%
RECREATION						
Building & Improvements	5,947,101	8,200,859	8,200,859	-	8,200,859	100%
Recreation Improvements	1,709,496	494,636	494,636	-	494,636	100%
Walking Trails	680,000	680,000	-	-	-	0%
Baggett Park	200,000	200,000	-	-	-	0%
Convention Center Feasibility	20,000	20,000	-	-	-	0%
Trails/TE Match	1,000,000	1,000,000	-	-	-	0%
Park	2,500,000	2,500,000	-	-	-	0%
PUBLIC WORKS WATER						
Waterline - New Hope Rd	1,000,000	1,000,000	-	-	-	0%
Rhodes Jordan Plant Painting	70,000	70,000	-	-	-	0%
Waterline - Clayton to Luckie	162,000	162,000	-	-	-	0%
Waterline - Stanley Court	442,000	442,000	9,000	-	9,000	2%
Waterline - Paper Mill	216,000	216,000	-	-	-	0%
Waterline - RR Bridge	336,000	336,000	-	-	-	0%
Waterline - Somerset to Charleston	182,353	182,353	-	-	-	0%
	<u>\$ 44,259,698</u>	<u>\$ 45,440,167</u>	<u>\$ 14,621,088</u>	<u>\$ 8,978,626</u>	<u>\$ 23,599,714</u>	

ROBERT A. MCALISTER, CPA, PC

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council
City of Lawrenceville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Lawrenceville, Georgia, as of and for the year ended August 31, 2010, which collectively comprise the City of Lawrenceville, Georgia's basic financial statements and have issued our report thereon dated February 18, 2011. 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 Lawrenceville, 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 Lawrenceville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Lawrenceville, Georgia's internal control over financial reporting.

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 control 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lawrenceville, 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and 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.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
February 18, 2011

ROBERT A. MCALISTER, CPA, PC

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

Honorable Mayor and City Council
City of Lawrenceville, Georgia

Compliance

We have audited the compliance of the City of Lawrenceville, Georgia with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended August 31, 2010. The City of Lawrenceville, Georgia's major federal program is identified in the summary of auditors' 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 the City of Lawrenceville, Georgia's management. Our responsibility is to express an opinion on the City of Lawrenceville, 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 the City of Lawrenceville, 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 of the City of Lawrenceville, Georgia's compliance with those requirements.

In our opinion, the City of Lawrenceville, Georgia complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended August 31, 2010.

Internal Control Over Compliance

Management of the City of Lawrenceville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lawrenceville, Georgia's internal control over compliance with the requirements that could have a

direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance 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 the City of Lawrenceville'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 a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected or 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.

This report is intended solely for the information and use of management, the City of Lawrenceville's Mayor and Members of City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
February 18, 2011

CITY OF LAWRENCEVILLE, GEORGIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2010

Federal Grant/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Environmental Protection Agency			
Pass-through programs from:			
Georgia Environmental Facilities Authority:			
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	66.458	DWSRF 09-032	\$ 660,000

NOTE A – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Lawrenceville, Georgia under programs of the federal government for the year ended August 31, 2010. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows for the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Pass-through entity identifying numbers are presented where available.

CITY OF LAWRENCEVILLE, GEORGIA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended August 31, 2010

Section I - Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weakness(es)?	None reported
Noncompliance material to financial statements noted	None reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weakness(es)?	None reported

Type of auditor's report issued on compliance for major programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance accordance with Circular A-133, Section .510(a)?	None reported
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
66.458 Environmental Protection Agency	ARRA - Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as low risk auditee?	No
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