

CITY OF LAWRENCEVILLE, GEORGIA

FINANCIAL STATEMENTS

For the Fiscal Year Ended August 31, 2012

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
SPECIAL SCHEDULES AND REPORTS	53
Schedule of Project Expenditures with Rental Motor Vehicle Excise Tax	54
Schedule of Project Expenditures 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, 2012 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2013, 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.

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 accompanying schedule of expenditures of federal awards on pages 60 and 61 is 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 combining and individual fund financial statements have been subjected to the audit 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.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
February 22, 2013

CITY OF LAWRENCEVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended August 31, 2012

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2012

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, 2012. 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 \$286,163,831 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$281,960,792.

Total net assets are comprised of the following:

- (1) Capital assets of \$239,761,318 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 \$17,375,974 are restricted by constraints imposed from outside the City such as grantors, laws, or regulations.
- (3) Unrestricted net assets of \$29,026,539 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 \$30,559,647 this year. This compares to the prior year ending fund balance of \$25,711,539 showing an increase of \$4,848,108 during the current year. Unassigned fund balance of \$25,093,831 for the fiscal year 2012 shows a \$3,976,778 increase over the prior year.

At the end of the fiscal year, unassigned fund balance for the General Fund was \$25,089,170 or 127.8% of total General Fund expenditures including transfers and 107.1% of total General Fund revenues including transfers.

Total liabilities of the City increased by \$490,581 to \$19,551,354 during the fiscal year. The City had no long-term debt as of August 31, 2012.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2012

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 change 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, 2012

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, 2012

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 fund is the employee pension fund 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 \$286,163,831. This is an \$8,321,287 increase over last year's net assets of \$277,842,544. The following table provides a summary of the City's net assets:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 40,397	\$ 37,644	\$ 25,557	\$ 21,518	\$ 65,954	\$ 59,162
Capital assets	190,618	187,917	49,143	49,825	239,761	237,742
Total assets	<u>\$ 231,015</u>	<u>\$ 225,561</u>	<u>\$ 74,700</u>	<u>\$ 71,343</u>	<u>\$ 305,715</u>	<u>\$ 296,904</u>
Long-term Liabilities outstanding	\$ 598	\$ 570	\$ -	\$ -	\$ 598	\$ 570
Other liabilities	12,875	12,680	6,078	5,811	18,953	18,491
Total Liabilities	<u>13,473</u>	<u>13,250</u>	<u>6,078</u>	<u>5,811</u>	<u>19,551</u>	<u>19,061</u>
Net assets:						
Invested in capital assets	190,618	187,917	49,143	49,825	239,761	237,742
Restricted	884	563	16,492	13,623	17,376	14,186
Unrestricted	26,040	23,831	2,987	2,084	29,027	25,915
Total net assets	<u>217,542</u>	<u>212,311</u>	<u>68,622</u>	<u>65,532</u>	<u>286,164</u>	<u>277,843</u>
Total liabilities and net assets	<u>\$ 231,015</u>	<u>\$ 225,561</u>	<u>\$ 74,700</u>	<u>\$ 71,343</u>	<u>\$ 305,715</u>	<u>\$ 296,904</u>

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2012

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$5,230,994 for governmental activities and increased \$3,090,293 for business-type activities. The City's overall financial position improved during fiscal year 2012.

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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 4,900	\$ 7,642	\$ 67,878	\$ 72,399	\$ 72,778	\$ 80,041
Capital grants and contributions	6,673	3,899	-	1,652	6,673	5,551
General revenues:						
Property tax	1,545	1,744	-	-		
Franchise tax	1,013	979	-	-	1,013	979
Alcohol beverage tax	597	576	-	-		
Insurance premium tax	1,339	1,206	-	-		
Hotel/motel & MV rental taxes	429	402	-	-	429	402
Other	1,334	912	504	128	1,838	1,040
Total revenues	<u>17,830</u>	<u>17,360</u>	<u>68,382</u>	<u>74,179</u>	<u>82,731</u>	<u>88,013</u>
Expenses (net of indirect costs):						
General government	6,838	7,373	-	-	6,838	7,373
Planning & zoning	516	348	-	-	516	348
Public safety	12,536	12,111	-	-	12,536	12,111
Public works	2,122	1,071	-	-	2,122	1,071
Electric	-	-	23,245	21,194	23,245	21,194
Gas	-	-	26,312	31,268	26,312	31,268
Water	-	-	4,488	4,328	4,488	4,328
Solid waste	-	-	1,721	1,690	1,721	1,690
Stormwater utility	-	-	113	53	113	53
Total expenses	<u>22,012</u>	<u>20,903</u>	<u>55,879</u>	<u>58,533</u>	<u>77,891</u>	<u>79,436</u>
Increase in net assets						
before transfers	(4,182)	(3,543)	12,503	15,646	8,321	12,103
Transfers	9,413	8,457	(9,413)	(8,457)	-	-
Increase in net assets	5,231	4,914	3,090	7,189	8,321	12,103
Net assets - September 1	<u>212,311</u>	<u>207,397</u>	<u>65,532</u>	<u>58,343</u>	<u>277,843</u>	<u>265,740</u>
Capital transfers						
Net assets - August 31	<u>\$ 217,542</u>	<u>\$ 212,311</u>	<u>\$ 68,622</u>	<u>\$ 65,532</u>	<u>\$ 286,164</u>	<u>\$ 277,843</u>

City of Lawrenceville, Georgia
 Management's Discussion and Analysis
 For the Fiscal Year Ended August 31, 2012

GOVERNMENTAL REVENUES

Taxes are the main source of revenues for the operations of the City. Taxes provided 35.0% 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 \$23,733,833. Of this amount, public safety with \$11,313,850 was the largest operating cost, at 47.7% of the total cost for services in 2012.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Fiscal Year Ended August 31, 2012

	Revenues	Expenses
Electric System	29,971,655	23,244,876
Gas System	31,852,231	26,311,839
Water System	4,825,063	4,487,656
Solid Waste Disposal/Management	1,042,876	1,721,036
Stormwater Utility	690,111	113,016

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 \$30,559,647. Of this year-end total, \$25,093,831 is unassigned indicating availability for continuing City service requirements. Nonspendable fund balances include \$85,511 for prepaid insurance. Reserved fund balances include \$4,496,445 for public safety and \$883,860 for capital projects.

The total ending fund balances of governmental funds show an increase of \$4,848,108 over the prior year. This increase 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 increased by \$3,792,635. Key factors contributing to this increase were increased revenues from taxes and fines and forfeitures.

The Capital Project Fund accumulates resources and disbursements for major capital projects. The fund balance of the Capital Projects Fund increased by \$320,959, primarily due to lower expenditures of special option sales tax.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2012

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 2012 was \$20,136,782. This was an increase of \$439,803 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.

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, 2012, was \$190,617,824 and \$49,143,494, respectively. The total increase in this net investment was 1.4% for governmental and decrease of 1.4% for business-type activities. The overall increase was 0.8% for the City as a whole. Major capital asset additions during the current year included infrastructure and other acquisitions of capital assets totaling \$4,708,345. Expansion and improvements by the City's business-type activities in the amount of \$2,703,879 also contributed significantly to changes in the City's investment in capital assets. See Note 3.C. for additional detail.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2012

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable Assets						
Land	\$ 13,985	\$ 11,723	\$ 1,065	\$ 804	\$ 15,050	\$ 12,527
Construction in progress	972	1,039	2,280	6,314	3,252	7,353
Depreciable Assets						
Buildings	32,610	32,588	14,872	11,365	47,482	43,953
Improvements	4,381	4,381	-	-	4,381	4,381
Vehicles	5,749	4,942	3,353	3,181	9,102	8,123
Machinery & equipment	5,648	5,822	1,390	1,471	7,038	7,293
Infrastructure	269,410	267,986	58,489	57,816	327,899	325,802
Less accumulated depreciation	<u>(142,137)</u>	<u>(140,564)</u>	<u>(32,306)</u>	<u>(31,126)</u>	<u>(174,443)</u>	<u>(171,690)</u>
Total	<u>\$ 190,618</u>	<u>\$ 187,917</u>	<u>\$ 49,143</u>	<u>\$ 49,825</u>	<u>\$ 239,761</u>	<u>\$ 237,742</u>

Long-term Debt

The City had no long-term debt as of August 31, 2012.

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 2011-12, the City Council approved a total budget of \$84.8 million. This budget includes operating and non-operating funds. The General Fund budget is \$20.1 million, which includes approximately \$10.9 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 Administrator, at P. O. Box 2200, Lawrenceville, Georgia 30046.

CITY OF LAWRENCEVILLE, GEORGIA

BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended August 31, 2012

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS
August 31, 2012

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 27,289,456	\$ 9,096,434	\$ 36,385,890	\$ 55,550
Investments	5,000,000	2,113,128	7,113,128	-
Restricted investments	-	16,492,114	16,492,114	-
Receivables				
Property taxes	1,774,442	-	1,774,442	-
Other	566,207	3,536,575	4,102,782	-
Intergovernmental	-	-	-	-
Prepaid expenses	85,511	-	85,511	-
Internal balances	5,681,372	(5,681,372)	-	-
Capital Assets:				
Land & construction in progress	14,956,902	3,345,185	18,302,087	-
Capital assets, net	175,660,922	45,798,309	221,459,231	-
TOTAL ASSETS	\$ 231,014,812	\$ 74,700,373	\$ 305,715,185	\$ 55,550
LIABILITIES				
Accounts payable	\$ 1,439,457	\$ 4,501,790	\$ 5,941,247	\$ -
Accrued expenses	3,387,421	1,569,822	4,957,243	-
Refundable deposits	8,048,225	6,350	8,054,575	-
Compensated absences	598,289	-	598,289	-
Total current liabilities	13,473,392	6,077,962	19,551,354	-
TOTAL LIABILITIES	13,473,392	6,077,962	19,551,354	-
NET ASSETS				
Invested in capital assets	190,617,824	49,143,494	239,761,318	-
Restricted for:				
MEAG Generation Trust	-	16,492,114	16,492,114	-
Capital outlay	883,860	-	883,860	-
Unrestricted	26,039,736	2,986,803	29,026,539	55,550
TOTAL NET ASSETS	217,541,420	68,622,411	286,163,831	55,550
TOTAL LIABILITIES AND NET ASSETS	\$ 231,014,812	\$ 74,700,373	\$ 305,715,185	\$ 55,550

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 6,837,474	\$ 839,076	\$ -	\$ 6,673,325	\$ 674,927	\$ -	\$ 674,927	\$ -
Planning & Zoning	516,335	299,330	-	-	(217,005)	-	(217,005)	-
Public Safety	12,535,965	3,761,396	-	-	(8,774,569)	-	(8,774,569)	-
Public Works	2,122,411	-	-	-	(2,122,411)	-	(2,122,411)	-
Total governmental activities	<u>22,012,185</u>	<u>4,899,802</u>	<u>-</u>	<u>6,673,325</u>	<u>(10,439,058)</u>	<u>-</u>	<u>(10,439,058)</u>	<u>-</u>
Business-type activities								
Electric	23,244,876	29,917,820	-	-	-	6,672,944	6,672,944	-
Gas	26,311,839	31,415,141	-	-	-	5,103,302	5,103,302	-
Water	4,487,656	4,823,600	-	-	-	335,944	335,944	-
Solid Waste	1,721,036	1,031,024	-	-	-	(690,012)	(690,012)	-
Stormwater Utility	113,016	690,111	-	-	-	577,095	577,095	-
Total business-type activities	<u>55,878,423</u>	<u>67,877,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,999,273</u>	<u>11,999,273</u>	<u>-</u>
Total Primary government	<u>\$ 77,890,608</u>	<u>\$ 72,777,498</u>	<u>\$ -</u>	<u>\$ 6,673,325</u>	<u>(10,439,058)</u>	<u>11,999,273</u>	<u>1,560,215</u>	<u>-</u>
Component units								
Downtown Development Authority	32,516	-	-	-				(32,516)
Lawrenceville Development Authority	-	-	-	-				-
Total Component Units	<u>\$ 32,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (32,516)</u>
General revenues								
Taxes								
Property Taxes					1,544,764	-	1,544,764	-
Franchise tax					1,013,346	-	1,013,346	-
Alcohol Beverage Taxes					597,321	-	597,321	43,904
Insurance premium tax					1,338,927	-	1,338,927	-
Hotel/Motel & Motor Vehicle Rental Taxes					429,077	-	429,077	-
Other tax					442,208	-	442,208	-
Interest & Investment Earnings					201,714	-	201,714	46
Miscellaneous					689,475	504,240	1,193,715	-
Transfers					9,413,220	(9,413,220)	-	-
Total general revenues					<u>15,670,052</u>	<u>(8,908,980)</u>	<u>6,761,072</u>	<u>43,950</u>
Change in net assets					5,230,994	3,090,293	8,321,287	11,434
Net assets, beginning					<u>212,310,426</u>	<u>65,532,118</u>	<u>277,842,544</u>	<u>44,116</u>
Net assets, ending					<u>\$ 217,541,420</u>	<u>\$ 68,622,411</u>	<u>\$ 286,163,831</u>	<u>\$ 55,550</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUND
August 31, 2012

	General Fund	Capital Projects Fund	Confiscated Assets	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,419,724	\$ 2,365,152	\$ 4,499,919	\$ 4,661	\$ 27,289,456
Investments	5,000,000	-	-	-	5,000,000
Receivables					
Property taxes	1,774,442	-	-	-	1,774,442
Other accounts	546,237	-	-	-	546,237
Intergovernmental	-	-	-	-	-
Receivable from other funds	7,125,257	-	-	-	7,125,257
Prepaid insurance	85,511	-	-	-	85,511
TOTAL ASSETS	\$ 34,951,171	\$ 2,365,152	\$ 4,499,919	\$ 4,661	\$ 41,820,903
LIABILITIES					
Accounts payable	\$ 1,398,576	\$ 37,407	\$ 3,474	\$ -	\$ 1,439,457
Accrued expenses	259	-	-	-	259
Refundable deposits	8,048,225	-	-	-	8,048,225
Deferred tax revenue	329,430	-	-	-	329,430
Payable to other funds	-	1,443,885	-	-	1,443,885
TOTAL LIABILITIES	\$ 9,776,490	\$ 1,481,292	\$ 3,474	\$ -	\$ 11,261,256
FUND BALANCE					
Nonspendable for prepaid items	\$ 85,511	\$ -	\$ -	\$ -	\$ 85,511
Restricted for:					
Public safety	-	-	4,496,445	-	4,496,445
Capital projects	-	883,860	-	-	883,860
Special revenue projects	-	-	-	4,661	4,661
Unassigned	25,089,170	-	-	-	25,089,170
TOTAL FUND BALANCE	\$ 25,174,681	\$ 883,860	\$ 4,496,445	\$ 4,661	\$ 30,559,647
TOTAL LIABILITIES & FUND BALANCE	\$ 34,951,171	\$ 2,365,152	\$ 4,499,919	\$ 4,661	\$ 41,820,903

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, 2012

Total Fund Balance for Governmental Fund \$ 30,559,647

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, 2012 are:

Accrued interest receivable 19,970

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds, net of
accumulated depreciation of \$142,137,082

190,617,824

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

329,430

Some liabilities are not due and payable in the current period and
therefore are not reported in the funds. Balances at
August 31, 2012 are:

OPEB liability (3,387,162)

Compensated absences (598,289)

Net assets of governmental activities

\$ 217,541,420

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, 2012

	General Fund	Capital Projects Fund	Confiscated Assets	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 6,289,294	\$ -	\$ -	\$ 429,077	\$ 6,718,371
Licenses and permits	299,330	-	-	-	299,330
Intergovernmental	2,543,650	4,129,675	-	-	6,673,325
Fines and forfeitures	1,775,494	-	1,985,902	-	3,761,396
Interest Income	163,380	-	24,368	-	187,748
Charges for services	839,076	-	-	-	839,076
Other Income	689,475	-	-	-	689,475
TOTAL REVENUE	12,599,699	4,129,675	2,010,270	429,077	19,168,721
EXPENDITURES					
Current Operations					
General government	6,392,910	1,630,153	-	211,820	8,234,883
Planning and zoning	498,690	-	-	-	498,690
Public safety	9,996,561	-	1,317,289	-	11,313,850
Public works	1,855,936	947,658	-	-	2,803,594
Total Expenditures	18,744,097	2,577,811	1,317,289	211,820	22,851,017
Excess (Deficiency) of Revenues over (under) Expenditures	(6,144,398)	1,551,864	692,981	217,257	(3,682,296)
OTHER FINANCING SOURCES (USES)					
Transfers	9,937,033	(1,230,905)	-	(175,724)	8,530,404
Total Other Financing Sources (Uses)	9,937,033	(1,230,905)	-	(175,724)	8,530,404
Net Change in Fund Balance	3,792,635	320,959	692,981	41,533	4,848,108
Fund Balance - Beginning of Year	21,382,046	562,901	3,803,464	(36,872)	25,711,539
Fund Balance - End of Year	<u>\$ 25,174,681</u>	<u>\$ 883,860</u>	<u>\$ 4,496,445</u>	<u>\$ 4,661</u>	<u>\$ 30,559,647</u>

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, 2012

Net change in fund balance - total governmental fund	\$ 4,848,108
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
Interest accrued on certificates of deposit that do not provide current financial resources are not reported as revenues in the funds	13,966
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>	
Capital outlays	3,825,540
Depreciation	(2,007,076)
Capital assets transferred from enterprise funds	882,816
<p>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</p>	
	(1,352,728)
<p>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.</p>	
OPEB liability	(951,619)
Compensated absences	(28,013)
	(979,632)
Change in net assets of governmental activities	\$ 5,230,994

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, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 1,946,780	\$ 1,946,780	\$ 2,897,492	\$ 950,712
Franchise taxes	1,026,065	1,026,065	1,013,346	(12,719)
Alcohol beverage taxes	561,135	561,135	597,321	36,186
Insurance premium taxes	1,208,425	1,208,425	1,338,927	130,502
Other taxes	480,371	480,371	442,208	(38,163)
Total Taxes	<u>5,222,776</u>	<u>5,222,776</u>	<u>6,289,294</u>	<u>1,066,518</u>
Licenses and permits	321,125	321,125	299,330	(21,795)
Intergovernmental	122,000	122,000	2,543,650	2,421,650
Fines and forfeitures	2,425,520	2,425,520	1,775,494	(650,026)
Charges for services	801,820	801,820	839,076	37,256
Other income	77,119	77,119	689,475	612,356
Interest earned	250,500	250,500	163,380	(87,120)
Total Revenues	<u>\$ 9,220,860</u>	<u>\$ 9,220,860</u>	<u>\$ 12,599,699</u>	<u>\$ 3,378,839</u>
EXPENDITURES				
General Government				
Personal services	\$ 3,791,020	\$ 4,193,020	\$ 4,192,352	\$ 668
Purchased/contracted services	1,233,112	1,503,112	1,502,157	955
Supplies	151,124	180,124	179,864	260
Other costs	3,101,718	1,376,818	352,979	1,023,839
Capital outlay	32,400	248,400	165,558	82,842
Total General Government	<u>\$ 8,309,374</u>	<u>\$ 7,501,474</u>	<u>\$ 6,392,910</u>	<u>\$ 1,108,564</u>
Planning and Zoning				
Personal services	\$ 359,937	\$ 432,937	\$ 431,956	\$ 981
Purchased/contracted services	18,210	40,210	39,335	875
Supplies	3,050	4,950	4,899	51
Other costs	-	6,300	6,258	42
Capital outlay	4,800	16,800	16,242	558
Total Planning and Zoning	<u>\$ 385,997</u>	<u>\$ 501,197</u>	<u>\$ 498,690</u>	<u>\$ 2,507</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, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Public Safety				
Personal services	\$ 8,567,369	\$ 8,744,369	\$ 8,743,672	\$ 697
Purchased/contracted services	478,698	521,698	521,615	83
Supplies	641,400	690,400	689,803	597
Other costs	22,800	24,500	24,471	29
Capital outlay	85,000	85,000	17,000	68,000
Total Public Safety	<u>\$ 9,795,267</u>	<u>\$ 10,065,967</u>	<u>\$ 9,996,561</u>	<u>\$ 69,406</u>
Public Works				
Personal services	\$ 1,011,194	\$ 1,395,194	\$ 1,394,455	\$ 739
Purchased/contracted services	427,150	418,150	216,378	201,772
Supplies	147,300	147,300	139,032	8,268
Other costs	10,500	48,500	47,916	584
Capital outlay	50,000	59,000	58,155	845
Total Public Works	<u>\$ 1,646,144</u>	<u>\$ 2,068,144</u>	<u>\$ 1,855,936</u>	<u>\$ 212,208</u>
TOTAL EXPENDITURES	\$ 20,136,782	\$ 20,136,782	\$ 18,744,097	\$ 1,392,685
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$(10,915,922)	\$(10,915,922)	\$ (6,144,398)	\$ 1,986,154
OTHER FINANCING SOURCES (USES)				
Transfers	<u>\$ 10,915,922</u>	<u>\$ 10,915,922</u>	<u>\$ 9,937,033</u>	<u>\$ 978,889</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 10,915,922</u>	<u>\$ 10,915,922</u>	<u>\$ 9,937,033</u>	<u>\$ 978,889</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ 3,792,635	<u>\$ 2,965,043</u>
Fund Balance - Beginning			<u>21,382,046</u>	
Fund Balance - Ending			<u>\$ 25,174,681</u>	

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2012

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 2,848,121	\$ 5,984,523	\$ -	\$ -	\$ 263,790	\$ 9,096,434
Investments	2,113,128	-	-	-	-	2,113,128
Accounts receivable, net	2,321,502	582,440	531,027	60,063	41,543	3,536,575
Restricted investments	16,492,114	-	-	-	-	16,492,114
Total current assets	<u>23,774,865</u>	<u>6,566,963</u>	<u>531,027</u>	<u>60,063</u>	<u>305,333</u>	<u>31,238,251</u>
Capital Assets						
Land & construction in progress	46,442	291,922	3,006,821	-	-	3,345,185
Buildings, equipment and distribution system net of accumulated depreciation	<u>14,299,447</u>	<u>15,548,934</u>	<u>13,595,155</u>	<u>43,746</u>	<u>2,311,027</u>	<u>45,798,309</u>
Total capital assets	<u>14,345,889</u>	<u>15,840,856</u>	<u>16,601,976</u>	<u>43,746</u>	<u>2,311,027</u>	<u>49,143,494</u>
TOTAL ASSETS	<u>\$ 38,120,754</u>	<u>\$ 22,407,819</u>	<u>\$ 17,133,003</u>	<u>\$ 103,809</u>	<u>\$ 2,616,360</u>	<u>\$ 80,381,745</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 2,681,265	\$ 1,145,006	\$ 591,561	\$ 72,146	\$ 11,812	\$ 4,501,790
Accrued expenses	278,648	850,853	166,083	274,238	-	1,569,822
Refundable deposits	6,350	-	-	-	-	6,350
Due to other funds	-	-	3,028,000	2,653,372	-	5,681,372
TOTAL LIABILITIES	<u>\$ 2,966,263</u>	<u>\$ 1,995,859</u>	<u>\$ 3,785,644</u>	<u>\$ 2,999,756</u>	<u>\$ 11,812</u>	<u>\$ 11,759,334</u>
NET ASSETS						
Invested in capital assets	\$ 14,345,889	\$ 15,840,856	\$ 16,601,976	\$ 43,746	\$ 2,311,027	\$ 49,143,494
Restricted for MEAG Generation Trust	16,492,114	-	-	-	-	16,492,114
Unrestricted	4,316,488	4,571,104	(3,254,617)	(2,939,693)	293,521	2,986,803
Total net assets	<u>35,154,491</u>	<u>20,411,960</u>	<u>13,347,359</u>	<u>(2,895,947)</u>	<u>2,604,548</u>	<u>68,622,411</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,120,754</u>	<u>\$ 22,407,819</u>	<u>\$ 17,133,003</u>	<u>\$ 103,809</u>	<u>\$ 2,616,360</u>	<u>\$ 80,381,745</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, 2012

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
OPERATING REVENUES						
Charges for services	\$ 29,917,820	\$ 31,415,141	\$ 4,823,600	\$ 1,031,024	\$ 690,111	\$ 67,877,696
Intergovernmental	-	-	-	-	-	-
Other income	53,835	437,090	1,463	11,852	-	504,240
Total operating revenues	<u>29,971,655</u>	<u>31,852,231</u>	<u>4,825,063</u>	<u>1,042,876</u>	<u>690,111</u>	<u>68,381,936</u>
OPERATING EXPENSES						
Personal services & benefits	1,347,973	3,363,395	827,719	1,007,066	646	6,546,799
Purchased/contracted services	344,414	363,802	255,779	605,638	65,743	1,635,376
Purchased utilities	20,647,096	20,668,516	2,770,988	-	-	44,086,600
Depreciation	838,941	851,520	530,764	23,502	43,176	2,287,903
Supplies	62,895	707,579	95,061	84,250	3,451	953,236
Other	3,557	357,027	7,345	580	-	368,509
Total operating expenses	<u>23,244,876</u>	<u>26,311,839</u>	<u>4,487,656</u>	<u>1,721,036</u>	<u>113,016</u>	<u>55,878,423</u>
Operating income (loss)	6,726,779	5,540,392	337,407	(678,160)	577,095	12,503,513
OTHER FINANCING SOURCES (USES)						
Capital contributions from other funds	-	(880,276)	-	-	(2,540)	(882,816)
Transfers	(2,029,848)	(6,985,572)	485,016	-	-	(8,530,404)
Total other financing sources (uses)	<u>(2,029,848)</u>	<u>(7,865,848)</u>	<u>485,016</u>	<u>-</u>	<u>(2,540)</u>	<u>(9,413,220)</u>
Change in net assets	4,696,931	(2,325,456)	822,423	(678,160)	574,555	3,090,293
Total net assets - beginning of year	<u>30,457,560</u>	<u>22,737,416</u>	<u>12,524,936</u>	<u>(2,217,787)</u>	<u>2,029,993</u>	<u>65,532,118</u>
Total net assets - end of year	<u>\$ 35,154,491</u>	<u>\$ 20,411,960</u>	<u>\$ 13,347,359</u>	<u>\$ (2,895,947)</u>	<u>\$ 2,604,548</u>	<u>\$ 68,622,411</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, 2012

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 29,901,333	\$ 31,529,305	\$ 4,824,781	\$ 1,033,643	\$ 690,735	\$ 67,979,797
Payments to suppliers	(20,635,295)	(20,834,906)	(2,810,359)	5,618	-	(44,274,942)
Payments to employees	(1,347,973)	(3,363,395)	(827,719)	(1,007,066)	(646)	(6,546,799)
Other receipts (payments)	(284,626)	(743,242)	(816,708)	(32,195)	(58,136)	(1,934,907)
Net cash provided by (used in) operating activities	<u>7,633,439</u>	<u>6,587,762</u>	<u>369,995</u>	<u>-</u>	<u>631,953</u>	<u>15,223,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investments	(3,698,800)	-	-	-	-	(3,698,800)
Net cash provided by (used in) investing activities	<u>(3,698,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,698,800)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(492,533)	(563,891)	(855,011)	-	(577,729)	(2,489,164)
SPLOST reimbursements	-	-	-	-	-	-
Repayments on loan payable	-	-	-	-	-	-
Total cash provided by (used in) capital and related financing activities	<u>(492,533)</u>	<u>(563,891)</u>	<u>(855,011)</u>	<u>-</u>	<u>(577,729)</u>	<u>(2,489,164)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from other funds	(2,029,848)	(6,985,572)	485,016	-	-	(8,530,404)
Net cash provided by (used in) noncapital financing activities	<u>(2,029,848)</u>	<u>(6,985,572)</u>	<u>485,016</u>	<u>-</u>	<u>-</u>	<u>(8,530,404)</u>
Net increase (decrease) in cash and cash equivalents	1,412,258	(961,701)	-	-	54,224	504,781
Balances - beginning of year	<u>1,435,863</u>	<u>6,946,224</u>	<u>-</u>	<u>-</u>	<u>209,566</u>	<u>8,591,653</u>
Balances - end of year	<u>\$ 2,848,121</u>	<u>\$ 5,984,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,790</u>	<u>\$ 9,096,434</u>

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, 2012

	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)	\$ 6,726,779	\$ 5,540,392	\$ 337,407	\$ (678,160)	\$ 577,095	\$ 12,503,513
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	838,941	851,520	530,764	23,502	43,176	2,287,903
Change in assets and liabilities:						
Receivables, net	(16,487)	114,164	1,181	2,619	624	102,101
Accounts payables	11,801	(166,390)	(39,371)	5,618	11,058	(177,284)
Accrued expenses	72,405	248,076	46,546	77,578	-	444,605
Due from other funds	-	-	-	-	-	-
Due to other funds	-	-	(506,532)	568,843	-	62,311
Net cash provided by operating activities	<u>\$ 7,633,439</u>	<u>\$ 6,587,762</u>	<u>\$ 369,995</u>	<u>\$ -</u>	<u>\$ 631,953</u>	<u>\$ 15,223,149</u>
 NONCASH CAPITAL FINANCING ACTIVITIES						
Capital assets transferred to other funds	<u>\$ -</u>	<u>\$ (880,276)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,540)</u>	<u>\$ (882,816)</u>

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

1. 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

1. 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, 2012

1. 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 & Hill LLC, Certified Public Accountants, 265 Riverchase Pkwy East, Suite 100, 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, 2012

1. 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, Confiscated Asset 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, 2012

1. 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 statement 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, 2012

1. 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 was 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

Capital assets of the general government reassigned to or from an enterprise fund would be shown on the government-wide statement of activities as a transfer between governmental activities and business-type activities. Such a transfer is not possible, however, at the fund level, because governmental funds did not report the capital assets being reassigned to begin with. Instead, the reassignment would be reflected at the fund level solely in the recipient enterprise fund, which would report a capital contribution.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

1. 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.

Restricted Assets and Restricted Net Assets

Restricted assets for the MEAG Generation Trust represent resources held in separate investment accounts for future MEAG construction projects.

Fund Equity

Fund Balance

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted and unrestricted. Non-spendable reports amounts that cannot be spent and are, therefore, not included in the current year appropriations. There are two components: 1) not in spendable form and 2) legally or contractually required to be maintained intact.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Balance - Continued

Restricted reports on resources that have spending constraints that are either 1) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Unrestricted has three components: 1) Committed which represents amounts that have internally imposed restrictions mandated by formal action of the City Council through the adoption of a resolution, 2) Assigned which reports amounts that are constrained by the government's intent that they will be used for a specific purpose and 3) Unassigned which is the residual fund balance.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

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, 2012

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 \$2,895,947 as of August 31, 2012.

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, 2012

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	\$ 42,141,937	\$ -	\$ -	\$ 42,141,937	\$ 36,385,890
Total	\$ 42,141,937	\$ -	\$ -	\$ 42,141,937	\$ 36,385,890

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, 2012, 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.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in MEAG's Voluntary Flexible Operating Account or Generation Trust Account fund in lieu of receiving a refund. The voluntary stabilization fund is used to reduce future costs of the City at its discretion while also earning interest. The City is

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

A. Deposits and Investments - Continued

authorized to direct MEAG to retain or use the discretionary funds. The generation trust account is used to offset the City's share of future MEAG generation projects.

The Municipal Competitive Trust accounts are held in the Intermediate and Short-term Portfolios; these portfolios are not rated. At August 31, 2012, the average weighted maturity of the Intermediate and Short-term Portfolios were 20.5 and 3.0 months, respectively. The City's balances in the Voluntary Flexible Accounts were \$1,283,797 and in the Generation Trust Account was \$17,740,893 as of August 31, 2012.

Fund Reporting Level	Cash	Investments
Governmental funds	\$ 27,289,456	\$ 5,000,000
Proprietary fund types	9,096,434	18,605,242
TOTAL	\$ 36,385,890	\$ 23,605,242

B. Receivables

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

	Taxes	Accounts	Allowance for Uncollectibles	Net Receivables
General fund	\$ 1,774,442	\$ 1,339,767	\$ (793,530)	\$ 2,320,679
Electric fund	-	2,343,860	(22,358)	2,321,502
Gas fund	-	588,038	(5,598)	582,440
Water fund	-	536,384	(5,357)	531,027
Solid waste fund	-	60,670	(607)	60,063
Stormwater utility	-	41,963	(420)	41,543
Total Primary Government	\$ 1,774,442	\$ 4,910,682	\$ (827,870)	\$ 5,857,254

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets

A summary of changes in Capital Assets follows:

	Balance 08/31/11	Additions	Deletions	Balance 08/31/12
Governmental activities				
Not being depreciated				
Land	\$ 11,722,615	\$ 2,262,437	\$ -	\$ 13,985,052
Construction in progress	1,038,662	1,356,881	(1,423,693)	971,850
Subtotal	<u>\$ 12,761,277</u>	<u>\$ 3,619,318</u>	<u>\$ (1,423,693)</u>	<u>\$ 14,956,902</u>
Depreciable capital assets				
Buildings	\$ 32,588,095	\$ 22,017	\$ -	\$ 32,610,112
Improvements	4,380,901	-	-	4,380,901
Vehicles	4,942,612	849,230	(42,755)	5,749,087
Equipment	5,821,788	217,780	(391,348)	5,648,220
Infrastructure	267,985,991	1,423,693	-	269,409,684
Subtotal	<u>\$ 315,719,387</u>	<u>\$ 2,512,720</u>	<u>\$ (434,103)</u>	<u>\$ 317,798,004</u>
Accumulated depreciation				
Buildings	\$ 2,999,780	\$ 524,650	\$ -	\$ 3,524,430
Improvements	829,484	124,646	-	954,130
Vehicles	3,930,473	445,038	(40,225)	4,335,286
Equipment	3,353,824	694,679	(393,889)	3,654,614
Infrastructure	129,450,559	218,063	-	129,668,622
Subtotal	<u>\$ 140,564,120</u>	<u>\$ 2,007,076</u>	<u>\$ (434,114)</u>	<u>\$ 142,137,082</u>
Net capital assets	<u>\$ 187,916,544</u>	<u>\$ 4,124,962</u>	<u>\$ (1,423,682)</u>	<u>\$ 190,617,824</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

C. Capital Assets – Continued

	Balance 08/31/11	Additions	Deletions	Balance 08/31/12
Business-type activities				
Not being depreciated				
Land	\$ 803,833	\$ 261,144	\$ -	\$ 1,064,977
Construction in progress	6,314,074	1,229,223	(5,263,089)	2,280,208
Subtotal	<u>\$ 7,117,907</u>	<u>\$ 1,490,367</u>	<u>\$ (5,263,089)</u>	<u>\$ 3,345,185</u>
Depreciable capital assets				
Plants/buildings	\$ 11,365,293	\$ 5,263,089	\$ (1,756,353)	\$ 14,872,029
Transmission/distribution	57,816,169	672,444	-	58,488,613
Vehicles	3,180,918	346,400	(174,452)	3,352,866
Machinery & equipment	1,470,438	194,668	(274,669)	1,390,437
Subtotal	<u>\$ 73,832,818</u>	<u>\$ 6,476,601</u>	<u>\$ (2,205,474)</u>	<u>\$ 78,103,945</u>
Accumulated depreciation				
Plants/buildings	\$ 3,626,235	\$ 334,865	\$ (893,493)	\$ 3,067,607
Transmission/distribution	23,640,810	1,698,973	-	25,339,783
Vehicles	2,548,141	184,660	(103,451)	2,629,350
Machinery & equipment	1,310,491	69,405	(111,000)	1,268,896
Subtotal	<u>\$ 31,125,677</u>	<u>\$ 2,287,903</u>	<u>\$ (1,107,944)</u>	<u>\$ 32,305,636</u>
Net capital assets	<u>\$ 49,825,048</u>	<u>\$ 5,679,065</u>	<u>\$ (6,360,619)</u>	<u>\$ 49,143,494</u>

Combining schedule of enterprise funds capital assets follows:

	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	Totals
Land	\$ 11,316	\$ 291,922	\$ 761,739	\$ -	\$ -	\$ 1,064,977
Plants	126,794	1,187,611	11,152,006	37,300	2,368,317	14,872,028
Transmission/distribution	25,145,025	23,929,858	9,413,733	-	-	58,488,616
Vehicles	1,204,750	1,085,803	265,468	771,466	25,377	3,352,864
Machinery & equipment	266,976	897,062	226,399	-	-	1,390,437
Construction in progress	35,126	-	2,245,082	-	-	2,280,208
Totals	26,789,987	27,392,256	24,064,427	808,766	2,393,694	81,449,130
Less: accum depreciation	<u>(12,444,098)</u>	<u>(11,551,400)</u>	<u>(7,462,451)</u>	<u>(765,020)</u>	<u>(82,667)</u>	<u>(32,305,636)</u>
Net	<u>14,345,889</u>	<u>15,840,856</u>	<u>16,601,976</u>	<u>43,746</u>	<u>2,311,027</u>	<u>49,143,494</u>

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2012

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	\$ 911,213	Electric system	\$ 838,940
Planning & zoning	8,028	Gas system	851,521
Public safety	742,618	Water system	530,764
Public works	345,217	Solid waste	23,502
		Stormwater	43,176

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, 2012, 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	\$ 7,125,257	\$ -
Capital projects fund	-	1,443,885
Hotel/motel tax fund		-
Business-type activities		
<i>Major enterprise funds</i>		
Water fund	-	3,028,000
Solid waste	-	2,653,372
	-	2,653,372
Totals	\$ 7,125,257	\$ 7,125,257

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Interfund Balances and Transfers – Continued

Transfers

	Transfer to	Transfer from
General fund	10,961,747	
Capital projects fund		753,635
Motor vehicle rental tax fund		175,724
Electric fund		2,029,848
Gas fund		8,000,000
Stormwater utility fund		2,540
Water fund	485,016	
Capital projects fund		477,270
General fund		7,746
Gas fund	134,152	
General fund		134,152

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.

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

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:

	09/01/11 Balance	Additions	Retirements	08/31/12 Balance
Compensated absences	\$ 570,276	\$ 28,013		\$ 598,289

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, 2012, 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, 2012

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 \$253,353 and expenditures were \$211,820 (84% of the tax receipts). Prior year expenditures were 106% 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 \$175,724 and expended for Police operations and maintenance.

Special Local Option Sales Tax – The City expended \$2,577,811 special option sales tax on general government \$1,630,153 and \$947,658 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 for 152.4 million and MGAG's debt was for 28.3 million as of August 31, 2012.

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.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

K. Related Parties

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

L. 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 addition 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 (401a) plan. Employees are fully vested after six years of continuous service. Employee contributions to the (457) plan were \$703,934 and the City contributed \$1,155,160 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 \$12,701,397 including \$11,371,651 payroll covered by the plan.

There were two hundred eighty-four (284) participants in the plans and the plans had \$19,202,522 of assets and reserves as of August 31, 2012.

M. 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, 2012, the City had been reimbursed for all contributions.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

N. Net Assets

Net assets of the government-wide statement of net assets as of August 31, 2012 are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets		
Cost of capital assets	\$ 332,754,906	\$ 81,449,130
Less: accumulated depreciation	(142,137,082)	(32,305,636)
Book value	<u>\$ 190,617,824</u>	<u>\$ 49,143,494</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 Commission - RC) and is required to pay annual dues thereto. During its fiscal year ended August 31, 2012, 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 RC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements for the RC 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.L., 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, 2012

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, 2012, employee membership data relative to the OPEB plan consist of the following:

Current retirees, beneficiaries and dependents	25
Current active participants	<u>244</u>
Total	269

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, 2012 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 \$1,656,378 is reduced by the current year contributions in the amount of \$259,979. 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:

	2012	2011	2010
Net OPEB Obligation - beginning of year	\$ 3,559,958	\$ 2,173,592	\$ 1,094,322
Annual Required Contribution	\$ 1,639,064	\$ 1,596,377	\$ 1,251,138
Interest on Net OPEB Obligation	160,198	97,812	49,244
Adjustments to Annual Required Contribution	<u>(142,884)</u>	<u>(86,130)</u>	<u>(42,720)</u>
Annual OPEB Cost	\$ 1,656,378	\$ 1,608,059	\$ 1,257,662
Actual Contribution Amount	\$ 259,979	\$ 221,693	\$ 178,392
Increase in Net OPEB Obligation	<u>\$ 1,396,399</u>	<u>\$ 1,386,366</u>	<u>\$ 1,079,270</u>
Net OPEB Obligation - end of year	<u><u>\$ 4,956,357</u></u>	<u><u>\$ 3,559,958</u></u>	<u><u>\$ 2,173,592</u></u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

4. OTHER NOTES – CONTINUED

B. Other Post-Employment Benefits – Continued

Actuarial valuations involve estimates of the actual results that will occur in the future. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at August 31, 2012 is 27 years. 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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%
8/31/2011	-	18,609,513	18,609,513	0.0%	11,612,403	160.3%
8/31/2012	-	20,070,307	20,070,307	0.0%	12,018,837	167.0%

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, 2012

4. OTHER NOTES – CONTINUED

B. Other Post-Employment Benefits – Continued

The demographic assumptions are – continued:

<u>Retirement rates</u>	<u>Age</u>	<u>Rate</u>
	55-59	2.5%
	60-64	10.0%
	65	50.0%
	66-69	20.0%
	70	100.0%

<u>Per capita medical claims costs - age 65</u>	<u>Annual claim costs - age 65</u>	
	Pre-medicare eligible	\$11,520
	Post-medicare eligible	\$3,456

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.

C. Prior Period Adjustment

The Electric Fund set up a Generation Trust Fund through the Municipal Competitive Trust during the year ended August 31, 2011. The balance invested as of August 31, 2011 was \$13,622,644, but was incorrectly shown as \$17,740,892.

	<u>Business-type Activities Statement of Net Assets</u>	
	<u>Investments</u>	<u>Net Assets</u>
Prior Year Balances	\$ 17,740,843	\$ 34,575,808
Adjustment	(4,118,248)	(4,118,248)
Adjusted Prior Year Balances	<u>\$ 13,622,595</u>	<u>\$ 30,457,560</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

4. OTHER NOTES – CONTINUED

D. 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, 2012:

Combining Statement of Net Assets

	Downtown Development Authority	Development Authority of Lawrenceville	Totals
ASSETS			
Cash & cash equivalents	\$ 39,390	\$ 16,160	\$ 55,550
Capital assets, net	-	-	-
	\$ 39,390	\$ 16,160	\$ 55,550
LIABILITIES			
Accounts payable	-	-	-
	-	-	-
NET ASSETS			
Invested in capital assets	-	-	-
Unrestricted	39,390	16,160	55,550
	39,390	16,160	55,550
TOTAL LIABILITIES AND FUND BALANCE	\$ 39,390	\$ 16,160	\$ 55,550

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2012

4. OTHER NOTES – CONTINUED

D. Component Units - Continued

Combining Statement of Activities

	Downtown Development Authority	Development Authority of Lawrenceville	Totals
REVENUES			
Tax revenues	\$ 43,904	\$ -	\$ 43,904
Interest earned	30	16	46
Total Revenues	43,934	16	43,950
EXPENDITURES			
Purchased/contract services	22,516	-	22,516
Other costs	10,000	-	10,000
Total Expenditures	32,516	-	32,516
Net Change in Net Assets	11,418	16	11,434
Net Assets-Beginning of Year	27,972	16,144	44,116
Net Assets-End of Year	<u>\$ 39,390</u>	<u>\$ 16,160</u>	<u>\$ 55,550</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.

E. Subsequent Event

The Downtown Development Authority of the City of Lawrenceville (the "Authority") issued an Economic Development Revenue Bond, Series 2012, (the "Bond") totaling \$9,035,000 in order to finance the cost of acquiring approximately thirty-one (31) acres of land located within the downtown development area of the City of Lawrenceville in order to preserve the land for future development, and to finance a portion of the costs of issuing the Bond. In consideration of the issuance of the Bond by the Authority to finance the costs of acquiring the Land, the City entered into an Intergovernmental Economic Development Contract (the "Contract") with the Authority, under the terms of which the City shall, under certain terms and conditions, levy a tax not to exceed three (3) mills as permitted by Section 48-5-350 of the Official Code of Georgia Annotated. The Authority has pledged the amounts to be received from the City under the Contract as security for payment of the Bond.

CITY OF LAWRENCEVILLE, GEORGIA
SUPPLEMENTAL STATEMENTS AND SCHEDULES
For the Year Ended August 31, 2012

CITY OF LAWRENCEVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For the Year Ended August 31, 2012

	Special Revenue Funds		Totals
	Hotel/Motel Tax	Motor Vehicle Rental Tax	
ASSETS			
Cash & cash equivalents	\$ 4,661	\$ -	\$ 4,661
Due from other governments	-	-	-
TOTAL ASSETS	\$ 4,661	\$ -	\$ 4,661
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCE	4,661	-	4,661
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,661	\$ -	\$ 4,661

CITY OF LAWRENCEVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended August 31, 2012

	Special Revenue Funds		Totals
	Hotel/Motel Tax	Motor Vehicle Rental Tax	
REVENUES			
Fines & forfeitures	\$ -	\$ -	\$ -
Excise taxes	253,353	175,724	429,077
Interest earned	-	-	-
Total Revenues	253,353	175,724	429,077
EXPENDITURES			
General government	211,820	-	211,820
Police - current operations	-	-	-
Police - capital outlay	-	-	-
Total Expenditures	211,820	-	211,820
Excess (Deficiency) of Revenues over (under) Expenditures	41,533	175,724	217,257
OTHER FINANCING (USES)			
Transfers	-	(175,724)	(175,724)
Total Other Financing (Uses)	-	(175,724)	(175,724)
Net Change in Fund Balance	41,533	-	41,533
Fund Balance-Beginning of Year	(36,872)	-	(36,872)
Fund Balance-End of Year	\$ 4,661	\$ -	\$ 4,661

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, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 225,100	\$ 225,100	\$ 253,353	\$ 28,253
Total Revenues	<u>\$ 225,100</u>	<u>\$ 225,100</u>	<u>\$ 253,353</u>	<u>\$ 28,253</u>
EXPENDITURES				
General Government				
Other costs	\$ 225,100	\$ 225,100	\$ 211,820	\$ 13,280
Total Expenditures	<u>\$ 225,100</u>	<u>\$ 225,100</u>	<u>\$ 211,820</u>	<u>\$ 13,280</u>
OTHER FINANCING SOURCES (USES)				
Transfers	\$ -	\$ -	\$ -	\$ -
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ 41,533	<u>\$ 41,533</u>
Fund Balance - Beginning			<u>(36,872)</u>	
Fund Balance - Ending			<u>\$ 4,661</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, 2012

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 143,500	\$ 175,724	\$ 175,724	\$ -
Total Revenues	<u>\$ 143,500</u>	<u>\$ 175,724</u>	<u>\$ 175,724</u>	<u>\$ -</u>
EXPENDITURES				
General Government				
Police - purchased/contract services	\$ 143,500	\$ 175,724	\$ 175,724	\$ -
Total Expenditures	<u>\$ 143,500</u>	<u>\$ 175,724</u>	<u>\$ 175,724</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, 2012

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
For the Year Ended August 31, 2012

<u>Project</u>	<u>Expenditures</u>
Public Safety	
Police Department - Maintenance & Operation	<u>\$ 175,724</u>

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SPECIAL OPTION SALES TAX REVENUE
For the Year Ended August 31, 2012

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	% of Completion
			Prior Years	Current Year		
<u>2005 SPLOST</u>						
PUBLIC WORKS						
Road Improvements - Paving	\$ 3,379,735	\$ 3,837,545	\$ 3,736,851	\$ 116,378	\$ 3,853,229	100%
Sidewalk Improvements	200,000	-	-	-	-	100%
Walking/Biking Trails	200,000	1,266,808	570,575	14,410	584,985	46%
Water Quality System	1,324,618	-	-	-	-	100%
Drainage Improvements	1,506,449	73,668	73,668	-	73,668	100%
PUBLIC SAFETY						
Building & Improvements	3,000,000	3,656,967	3,656,967	-	3,656,967	100%
Vehicles	240,000	122,650	122,650	-	122,650	100%
RECREATION						
Building & Improvements	5,947,101	7,850,807	7,850,807	-	7,850,807	100%
2005 SPLOST Totals	15,797,903	16,808,445	16,011,518	130,788	16,142,306	
<u>2009 SPLOST</u>						
PUBLIC WORKS						
College Connectivity	2,114,450	2,114,450	-	92,422	92,422	4%
LCI Project	2,000,000	2,000,000	20,520	16,900	37,420	2%
Paving	5,000,000	5,000,000	1,971,478	707,548	2,679,026	54%
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	6,000,000	6,000,000	5,423,803	753,634	6,177,437	103%
Vehicles	550,000	550,000	-	-	-	0%
Software	350,000	350,000	240,672	-	240,672	69%
RECREATION						
Walking Trails	680,000	680,000	-	-	-	0%
Baggett Park	200,000	200,000	-	-	-	0%
Convention Center Feasibility	20,000	-	-	-	-	0%
Trails/TE Match	1,000,000	1,000,000	-	-	-	0%
Park	2,500,000	2,520,000	32,670	1,630,152	1,662,822	66%
PUBLIC WORKS WATER						
Waterlines - New Hope, Clayton	2,338,353	1,176,856	1,176,856	-	1,176,856	100%
Rhodes Jordan Plant Painting	70,000	-	-	-	-	100%
Waterline - Burson Plant	-	1,231,497	221	477,271	477,492	39%
	\$ 25,042,803	\$ 25,042,803	\$ 9,086,220	\$ 3,677,927	\$ 12,764,147	

The SPLOST expenditures above include the interfund transfers as they were reimbursements to other funds for SPLOST projects which were funded in advance of receiving the SPLOST funds. The original waterline projects were combined into the Waterlines – New Hope, Clayton project.

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, 2012, which collectively comprise the City of Lawrenceville, Georgia's basic financial statements and have issued our report thereon dated February 22, 2013. 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 22, 2013

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, 2012. 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, 2012.

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 22, 2013

CITY OF LAWRENCEVILLE, GEORGIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended August 31, 2012

Federal Grant/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Number	Expenditures
U.S. Department of Justice Equitable Sharing for State and Local Law Enforcement Agencies	16.922		<u>\$ 1,317,289</u>

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, 2012. 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, 2012

Section 1 - 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
Any audit findings disclosed that are required to be reported in accordance accordance with Circular A-133, Section .510(a)?	None reported

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
16.922 U.S. Department of Justice	Equitable Sharing for State and Local Law Enforcement Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
---	------------

Auditee qualified as low risk auditee?	No
--	----