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✓
CITY OF LAWRENCEVILLE, GEORGIA

FINANCIAL STATEMENTS

For the Fiscal Year Ended August 31, 2009 ✓

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Robert A. McAlister, CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lawrenceville, Georgia, as of and for the year ended August 31, 2009 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, each major fund and the aggregate remaining fund information of the City of Lawrenceville, Georgia, as of August 31, 2009, and the respective changes in financial position, cash flows of its proprietary funds and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 4 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lawrenceville, Georgia's basic financial statements. The combining and individual non-major fund financial statements, schedules and schedule of project expenditures with Special Option Sales Tax are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, schedules and schedule of project expenditures with Special Option Sales Tax have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2010, 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.

Robert A. McAlister, CPA, PC

Johns Creek, Georgia
February 24, 2010

CITY OF LAWRENCEVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended August 31, 2009

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

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, 2009. 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 \$256,986,827 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$246,910,931.

Total net assets are comprised of the following:

- (1) Capital assets of \$222,854,111 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 \$267,640 are restricted by constraints imposed from outside the City such as grantors, laws, or regulations.
- (3) Unrestricted net assets of \$34,132,716 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 \$30,896,163 this year. This compares to the prior year ending fund balance of \$27,559,198 showing an increase of \$3,336,965 during the current year. Unreserved fund balance of \$30,628,523 for the fiscal year 2009 shows an \$3,307,032 increase over the prior year.

At the end of the fiscal year, unreserved fund balance for the General Fund was \$24,214,048 or 123.9% of total General Fund expenditures including transfers and 106.9% of total General Fund revenues including transfers.

Total liabilities of the City increased by \$1,786,920 to \$14,744,056 during the fiscal year. The City had no long-term debt as of August 31, 2009.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

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, 2009

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

Notes to the Financial Statements

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

Other information

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

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

Financial Analysis of the City as a Whole

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

The City's net assets at fiscal year-end are \$256,986,827. This is a \$10,075,896 increase over last year's net assets of \$246,910,931. The following table provides a summary of the City's net assets:

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 41,979	\$ 36,783	\$ 6,898	\$ 4,412	\$ 48,877	\$ 41,195
Capital assets	176,609	172,507	46,245	46,166	222,854	218,673
Total assets	<u>\$ 218,588</u> ✓	<u>\$ 209,290</u> ✓	<u>\$ 53,143</u> ✓	<u>\$ 50,578</u> ✓	<u>\$ 271,731</u>	<u>\$ 259,868</u>
Long-term Liabilities outstanding	\$ 533	\$ 511	\$ -	\$ -	\$ 533	\$ 511
Other liabilities	9,728	8,196	4,483	4,250	14,211	12,446
Total Liabilities	<u>10,261</u> ✓	<u>8,707</u> ✓	<u>4,483</u> ✓	<u>4,250</u> ✓	<u>14,744</u>	<u>12,957</u>
Net assets:						
Invested in capital assets	176,609	172,507	46,245	46,166	222,854	218,673
Unrestricted	31,718	28,076	2,415	162	34,133	28,238
Total net assets	<u>208,327</u> ✓	<u>200,583</u> ✓	<u>48,660</u> ✓	<u>46,328</u> ✓	<u>256,987</u>	<u>246,911</u>
Total liabilities and net assets	<u>\$ 218,588</u> ✓	<u>\$ 209,290</u> ✓	<u>\$ 53,143</u> ✓	<u>\$ 50,578</u> ✓	<u>\$ 271,731</u>	<u>\$ 259,868</u>

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

The City reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$7,743,825 for governmental activities and increased \$2,332,071 for business-type activities. The City's overall financial position improved during fiscal year 2009.

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	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 4,649 ✓	\$ 4,109	\$ 71,446 ✓	\$ 73,833	\$ 76,095	\$ 77,942
Capital grants and contributions	238 ✓	154	-	-	238	154
General revenues:						
Sales tax	3,511 ✓	4,247	-	-	3,511	4,247
Property tax	2,160 ✓	2,108	-	-	-	-
Franchise tax	1,030 ✓	856	-	-	1,030	856
Alcohol beverage tax	595 ✓	610	-	-	-	-
Insurance premium tax	1,254 ✓	1,224	-	-	-	-
Hotel/motel & MV rental taxes	291 ✓	331	-	-	291	331
Other	1,370 ✓	1,900	531 ✓	902	1,901	2,802
Total revenues	15,098 ✓	15,539 ✓	71,977 ✓	74,735 ✓	83,066	86,332
Expenses (net of indirect costs):						
General government	8,165	6,185	-	-	8,165	6,185
Planning & zoning	500	2,319	-	-	500	2,319
Public safety	10,330	9,344	-	-	10,330	9,344
Public works	887	301	-	-	887	301
Electric	-	-	19,201	20,754	19,201	20,754
Gas	-	-	31,865	35,991	31,865	35,991
Water	-	-	4,224	4,111	4,224	4,111
Solid waste	-	-	1,617	1,576	1,617	1,576
Stormwater utility	-	-	210	158	210	158
Total expenses	19,882 ✓	18,149 ✓	57,117 ✓	62,590 ✓	76,999	80,739
Increase in net assets						
before transfers	(4,784)	(2,610) ✓	14,860	12,145 ✓	10,076	9,535
Transfers	12,528 ✓	20,562 †	(12,528) ✓	(20,562) †	-	-
Increase in net assets	7,744 ✓	17,952 †	2,332 ✓	(8,417) †	10,076	9,535
Net assets - September 1	200,583 ✓	182,631 ✓	46,328 ✓	54,745 ✓	246,911	237,376
Capital transfers	-	-	-	-	-	-
Net assets - August 31	\$ 208,327 ✓	\$ 200,583 ✓	\$ 48,660 ✓	\$ 46,328 ✓	\$ 256,987	\$ 246,911

City of Lawrenceville, Georgia
 Management's Discussion and Analysis
 For the Fiscal Year Ended August 31, 2009

GOVERNMENTAL REVENUES

Taxes are the main source of revenues for the operations of the City. Taxes provided 40.8% of the City's total governmental revenues during the current fiscal year. Business-type activities subsidize governmental activities to cover the cost of governmental activities without substantial increases in taxes.

GOVERNMENTAL FUNCTIONAL EXPENSES

Total governmental activities cost for the current fiscal year was \$19,881,594. Of this amount, public safety with \$10,329,891 was the largest operating cost, at 52.0% of the total cost for services in 2009.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Fiscal Year Ended August 31, 2009

	Revenues	Expenses
Electric System	24,624,574	19,200,601
Gas System	41,531,339	31,864,685
Water System	4,076,794	4,224,540
Solid Waste Disposal/Management	1,053,106	1,616,906
Stormwater Utility	691,214	210,392

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 \$30,896,163. Of this year-end total, \$30,628,523 is unreserved indicating availability for continuing City service requirements. Reserved fund balances include \$267,640 for prepaid insurance.

The total ending fund balances of governmental funds show an increase of \$3,336,965 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 \$3,106,266. Key factors contributing to this increase were operating transfers from enterprise funds.

The Capital Project Fund accumulates resources and disbursements for major capital projects. The fund balance of the Capital Projects Fund decreased by \$85,874 primarily due to expenditures of special option sales tax.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

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 2009 was \$20,081,196. This was a decrease of \$1,132,983 over the previous year amended budget. Except as noted, these amendments were to be substantially funded with unappropriated fund balance. The prior year fund balance for the City's capital plan was incorporated in the budget amendments as well as revenue and expenditure revisions. The City did not use any of the prior year fund balance.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of August 31, 2009, was \$176,609,278 and \$46,244,833, respectively. The total increase in this net investment was 2.4% for governmental and 0.2% for business-type activities. The overall increase was 1.9% for the City as a whole. Major capital asset additions during the current year included land acquisitions in the amount of \$560,877, construction in progress of \$2,459,971 and acquisition of capital assets for \$2,626,547. Expansion and improvements by the City's business-type activities in the amount of \$2,134,515 also contributed significantly to changes in the City's investment in capital assets.

City of Lawrenceville, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended August 31, 2009

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Non-depreciable Assets						
Land	\$ 11,605	\$ 11,045	\$ 804	\$ 802	\$ 12,409	\$ 11,847
Construction in progress	2,859	399	5,986	5,890	8,845	6,289
Depreciable Assets						
Buildings	22,331	21,840	8,588	8,588	30,919	30,428
Improvements	4,381	4,244	-	-	4,381	4,244
Vehicles	3,991	3,427	2,987	2,778	6,978	6,205
Machinery & equipment	5,393	5,127	1,269	1,177	6,662	6,304
Infrastructure	263,284	262,444	53,574	51,945	316,858	314,389
Less accumulated depreciation	<u>(137,235)</u>	<u>(136,019)</u>	<u>(26,963)</u>	<u>(25,014)</u>	<u>(164,198)</u>	<u>(161,033)</u>
Total	<u>\$ 176,609</u>	<u>\$ 172,507</u>	<u>\$ 46,245</u>	<u>\$ 46,166</u>	<u>\$ 222,854</u>	<u>\$ 218,673</u>

Long-term Debt

The City had no long-term debt as of August 31, 2009.

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 2008-09, the City Council approved a total budget of \$96.4 million. This budget includes operating and non-operating funds. The General Fund budget is \$20.1 million, which includes approximately \$8.4 million operating subsidy from business-type activities (Proprietary Funds). The City's budgets and relative fund balances are maintained in compliance with the City's adopted financial policies.

Contacting the City's Financial Management

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

CITY OF LAWRENCEVILLE, GEORGIA
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended August 31, 2009

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS
August 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 25,019,367	\$ 12,468,026	\$ 37,487,393	\$ 108,999
Investments	5,181,946	-	5,181,946	-
Receivables				
Property taxes	2,316,769	-	2,316,769	-
Other	961,924	2,661,100	3,623,024	-
Intergovernmental	-	-	-	-
Prepaid expenses	267,640	-	267,640	7,753
Internal balances	8,230,620	(8,230,620)	-	-
Capital Assets:				
Land & construction in progress	14,464,338	6,790,055	21,254,393	-
Capital assets, net	162,144,940	39,454,778	201,599,718	1,284
TOTAL ASSETS	\$ 218,587,544	\$ 53,143,339	\$ 271,730,883	\$ 118,036
LIABILITIES				
Accounts payable	\$ 1,648,671	\$ 4,142,616	\$ 5,791,287	\$ 3,038
Accrued expenses	762,283	337,599	1,099,882	-
Loan payable	-	-	-	73,850
Refundable deposits	7,317,044	3,075	7,320,119	-
Compensated absences	532,768	-	532,768	-
Total current liabilities	10,260,766	4,483,290	14,744,056	76,888
TOTAL LIABILITIES	10,260,766	4,483,290	14,744,056	76,888
NET ASSETS				
Invested in capital assets	176,609,278 ✓	46,244,833 ✓	222,854,111 ✓	1,284 ✓
Unrestricted	31,717,500	2,415,216	34,132,716	39,864
TOTAL NET ASSETS	208,326,778	48,660,049	256,986,827	41,148
TOTAL LIABILITIES AND NET ASSETS	\$ 218,587,544	\$ 53,143,339	\$ 271,730,883	\$ 118,036

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
					Business-type Activities	Total	
Primary government							
Governmental activities							
General government	\$ 8,164,765	\$ -	\$ 238,260	\$ (7,086,524)	\$ -	\$ (7,086,524)	\$ -
Planning & Zoning	499,549	-	-	(161,575)	-	(161,575)	-
Public Safety	10,329,891	-	-	(6,859,182)	-	(6,859,182)	-
Public Works	887,389	-	-	(887,389)	-	(887,389)	-
Total governmental activities	19,881,594	-	238,260	(14,994,670)	-	(14,994,670)	-
Business-type activities							
Electric	19,200,601	-	-	-	5,306,498	5,306,498	-
Gas	31,864,685	-	-	-	9,570,932	9,570,932	-
Water	4,224,540	-	-	-	(451,669)	(451,669)	-
Solid Waste	1,616,906	-	-	-	(577,702)	(577,702)	-
Stormwater Utility	2,103,392	-	-	-	480,822	480,822	-
Total business-type activities	57,117,124	-	-	-	14,328,881	14,328,881	-
Total Primary government	\$ 76,998,718	\$ -	\$ 238,260	\$ (14,994,670)	\$ 14,328,881	\$ (665,789)	\$ -
Component units							
Lawrenceville Tourism & Trade Assoc	\$ 397,850	\$ 10,399	\$ -	\$ -	\$ -	\$ -	\$ (310,596)
Downtown Development Authority	38,023	-	-	-	-	-	(37,423)
Lawrenceville Development Authority	-	-	-	-	-	-	-
Total Component Units	\$ 435,873	\$ 10,399	\$ -	\$ -	\$ -	\$ -	\$ (348,019)
General revenues							
Taxes							
Sales & Use Taxes - Special Option				3,510,805	-	3,510,805	-
Property Taxes				2,159,932	-	2,159,932	-
Franchise tax				1,029,779	-	1,029,779	-
Alcohol Beverage Taxes				595,516	-	595,516	-
Insurance premium tax				1,253,520	-	1,253,520	-
Hotel/Motel & Motor Vehicle Rental Taxes				291,002	-	291,002	236,348
Other tax				519,048	-	519,048	-
Interest & Investment Earnings				679,349	-	679,349	3,863
Miscellaneous				171,712	531,022	702,734	-
Transfers				12,527,832	(12,527,832)	-	-
Total general revenues	22,738,495	10,399	-	22,738,495	(11,996,810)	10,741,685	240,211
Change in net assets	7,743,825	10,399	-	7,743,825	2,332,071	10,075,896	(107,808)
Net assets, beginning	200,582,953	-	-	200,582,953	46,327,978	246,910,931	148,956
Net assets, ending	\$ 208,326,778	\$ 10,399	\$ -	\$ 208,326,778	\$ 48,660,049	\$ 256,986,827	\$ 41,148

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
BALANCE SHEET
 GOVERNMENTAL FUND
August 31, 2009

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	General Fund	Capital Projects Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,552,320	\$ 7,006,808	\$ 460,239	\$ 25,019,367
Investments	5,181,946	-	-	5,181,946
Receivables				
Property taxes	2,316,769	-	-	2,316,769
Other accounts	893,588	-	-	893,588
Intergovernmental	-	-	-	-
Receivable from other funds	8,725,188	-	-	8,725,188
Prepaid insurance	267,640	-	-	267,640
TOTAL ASSETS	\$ 34,937,451	\$ 7,006,808	\$ 460,239	\$ 42,404,498
LIABILITIES				
Accounts payable	\$ 1,090,667	\$ 558,004	\$ -	\$ 1,648,671
Accrued expenses	762,283	-	-	762,283
Refundable deposits	7,317,044	-	-	7,317,044
Deferred tax revenue	1,285,769	-	-	1,285,769
Payable to other funds	-	494,568	-	494,568
TOTAL LIABILITIES	\$ 10,455,763	\$ 1,052,572	\$ -	\$ 11,508,335
FUND BALANCE				
Reserved for prepaids	\$ 267,640	\$ -	\$ -	\$ 267,640
Unreserved - general fund	24,214,048	-	-	24,214,048
Unreserved - capital projects fund	-	5,954,236	-	5,954,236
Unreserved - special revenue fund	-	-	460,239	460,239
TOTAL FUND BALANCE	\$ 24,481,688	\$ 5,954,236	\$ 460,239	\$ 30,896,163 ✓
TOTAL LIABILITIES & FUND BALANCE	\$ 34,937,451	\$ 7,006,808	\$ 460,239	\$ 42,404,498

The accompanying notes are an integral part of this statement

City of Lawrenceville.

Please replace the page you
have with this one as there
was a formula issue which
has been corrected in the
General Fund column. Thank you.

Bob

CITY OF LAWRENCEVILLE, GEORGIA
 RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 August 31, 2009

Total Fund Balance for Governmental Fund \$ 30,896,163 ✓

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, 2008 are:

Accrued interest receivable 68,336 ✓

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds, net of
 accumulated depreciation of \$137,234,876 176,609,278 ✓

Because some property taxes will not be collected for several
 months after the City's year ends, they are not considered
 as "available" revenues in the governmental funds 1,285,769 ✓

Some liabilities are not due and payable in the current period and
 therefore are not reported in the funds. Balances at
 August 31, 2008 are:
 Compensated absences (532,768) ✓

Net assets of governmental activities \$ 208,326,778 ✓

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, 2009

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,255,065	\$ 3,510,805	\$ 291,002	\$ 9,056,872
Licenses and permits	337,974	-	-	337,974
Intergovernmental	238,260	-	-	238,260
Fines and forfeitures	2,705,158	-	765,551	3,470,709
Interest Income	528,060	126,453	1,204	655,717
Charges for services	839,981	-	-	839,981
Other Income	171,712	-	-	171,712
TOTAL REVENUE	10,076,210	3,637,258	1,057,757	14,771,225
EXPENDITURES				
Current Operations				
General government	7,263,127	* 1,195,052 ✓	170,819	8,628,998
Planning and zoning	493,370	-	-	493,370
Public safety	9,928,790	2,332,611 ✓	360,618	12,622,019
Public works	1,863,909	353,796 ✓	-	2,217,705
Total Expenditures	19,549,196	3,881,459	531,437	23,962,092
Excess (Deficiency) of Revenues over (under) Expenditures	(9,472,986)	(244,201)	526,320	(9,190,867)
OTHER FINANCING SOURCES (USES)				
Transfers	12,579,252	158,327	(209,747)	12,527,832
Total Other Financing Sources (Uses)	12,579,252	158,327	(209,747)	12,527,832
Net Change in Fund Balance	3,106,266	(85,874)	316,573	3,336,965 ✓
Fund Balance - Beginning of Year	21,375,422 ✓	6,040,110 ✓	143,666 ✓	27,559,198 ✓
Fund Balance - End of Year	<u>\$ 24,481,688</u> ✓	<u>\$ 5,954,236</u> ✓	<u>\$ 460,239</u> ✓	<u>\$ 30,896,163</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, 2009

Net change in fund balance - total governmental fund \$ 3,336,965 ✓

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

Interest accrued on certificates of deposit that do not provide
 current financial resources are not reported as revenues
 in the funds 23,632 ✓

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

Capital outlays	5,647,395 ✓
Depreciation	(1,544,667) ✓

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 302,730 ✓

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.

Compensated absences	<u>(22,230) ✓</u>
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Change in net assets of governmental activities	<u><u>\$ 7,743,825 ✓</u></u>
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The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE – BUDGET (BUDGETARY BASIS) TO ACTUAL
For the Year Ended August 31, 2009

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Taxes				
Property taxes	\$ 2,150,429	\$ 2,150,429	\$ 1,857,202	\$ (293,227)
Franchise taxes	785,800	785,800	1,029,779	243,979
Alcohol beverage taxes	606,350	606,350	595,516	(10,834)
Insurance premium taxes	1,190,000	1,190,000	1,253,520	63,520
Other taxes	493,845	493,845	519,048	25,203
Total Taxes	5,226,424	5,226,424	5,255,065	28,641
Licenses and permits	375,825	375,825	337,974	(37,851)
Intergovernmental	60,000	60,000	238,260	178,260
Fines and forfeitures	3,917,832	3,917,832	2,705,158	(1,212,674)
Charges for services	802,809	802,809	839,981	37,172
Other income	76,199	76,199	171,712	95,513
Interest earned	1,214,520	1,214,520	528,060	(686,460)
Total Revenues	\$ 11,673,609	\$ 11,673,609	\$ 10,076,210	\$ (1,597,399)
EXPENDITURES				
General Government				
Personal services	\$ 3,506,732	\$ 4,161,223	\$ 4,161,020	\$ 203
Purchased/contracted services	1,256,200	1,716,200	1,715,538	662
Supplies	181,412	181,412	167,704	13,708
Other costs	3,131,087	517,965	517,084	881
Capital outlay	3,115	702,115	701,781	334
Total General Government	\$ 8,078,546	\$ 7,278,915	\$ 7,263,127	\$ 15,788
Planning and Zoning				
Personal services	\$ 268,435	\$ 297,271	\$ 296,368	\$ 903
Purchased/contracted services	99,775	193,775	193,264	511
Supplies	3,000	3,000	2,748	252
Other costs	200	1,000	990	10
Capital outlay	7,800	7,800	-	7,800
Total Planning and Zoning	\$ 379,210	\$ 502,846	\$ 493,370	\$ 9,476

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, 2009

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Public Safety				
Personal services	\$ 7,097,547	\$ 8,281,857	\$ 8,281,330	\$ 527
Purchased/contracted services	474,650	474,150	466,410	7,740
Supplies	853,325	705,825	695,390	10,435
Other costs	32,500	103,500	103,424	76
Capital outlay	305,585	382,585	382,236	349
Total Public Safety	<u>\$ 8,763,607</u>	<u>\$ 9,947,917</u>	<u>\$ 9,928,790</u>	<u>\$ 19,127</u>
Public Works				
Personal services	\$ 786,976	\$ 1,076,946	\$ 1,076,635	\$ 311
Purchased/contracted services	1,021,572	811,572	389,739	421,833
Supplies	286,400	106,400	72,978	33,422
Other costs	3,600	10,600	10,562	38
Capital outlay	173,000	346,000	313,995	32,005
Total Public Works	<u>\$ 2,271,548</u>	<u>\$ 2,351,518</u>	<u>\$ 1,863,909</u>	<u>\$ 487,609</u>
TOTAL EXPENDITURES	\$ 19,492,911	\$ 20,081,196	\$ 19,549,196 ✓	\$ 532,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (7,819,302)	\$ (8,407,587)	\$ (9,472,986)	\$ (2,129,399)
OTHER FINANCING SOURCES (USES)				
Transfers	\$ 7,819,302	\$ 8,407,587	\$ 12,579,252	\$ (4,171,665)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 7,819,302</u>	<u>\$ 8,407,587</u>	<u>\$ 12,579,252</u>	<u>\$ (4,171,665)</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ 3,106,266 ✓	<u>\$ (6,301,064)</u>
Fund Balance - Beginning			<u>21,375,422</u> ✓	
Fund Balance - Ending			<u>\$ 24,481,688</u> ✓	

The accompanying notes are an integral part of this statement

CITY OF LAWRENCEVILLE, GEORGIA
STATEMENT OF NET ASSETS - PROPRIETARY FUND
August 31, 2009

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 5,863,809	\$ 6,184,878	\$ -	\$ -	\$ 419,339	\$ 12,468,026
Accounts receivable, net	1,639,238	523,783	405,466	55,930	36,683	2,661,100
Due from other funds	-	-	-	-	-	-
Total current assets	<u>7,503,047</u>	<u>6,708,661</u>	<u>405,466</u>	<u>55,930</u>	<u>456,022</u>	<u>15,129,126</u>
Capital Assets						
Land & construction in progress	26,816	269,422	5,935,414	-	558,403	6,790,055
Buildings, equipment and distribution system net of accumulated depreciation	15,412,445	16,401,027	7,454,499	186,807	-	39,454,778
Total capital assets	<u>15,439,261</u>	<u>16,670,449</u>	<u>13,389,913</u>	<u>186,807</u>	<u>558,403</u>	<u>46,244,833</u>
TOTAL ASSETS	<u>\$ 22,942,308</u>	<u>\$ 23,379,110</u>	<u>\$ 13,795,379</u>	<u>\$ 242,737</u>	<u>\$ 1,014,425</u>	<u>\$ 61,373,959</u>
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 2,334,168	\$ 1,140,940	\$ 572,758	\$ 45,779	\$ 48,971	\$ 4,142,616
Accrued expenses	63,134	181,869	33,671	58,925	-	337,599
Refundable deposits	3,075	-	-	-	-	3,075
Due to other funds	-	-	7,177,312	1,053,308	-	8,230,620
TOTAL LIABILITIES	<u>\$ 2,400,377</u>	<u>\$ 1,322,809</u>	<u>\$ 7,783,741</u>	<u>\$ 1,158,012</u>	<u>\$ 48,971</u>	<u>\$ 12,713,910</u>
NET ASSETS						
Invested in capital assets	\$ 15,439,261	\$ 16,670,449	\$ 13,389,913	\$ 186,807	\$ 558,403	\$ 46,244,833
Unrestricted	5,102,670	5,385,852	(7,378,275)	(1,102,082)	407,051	2,415,216
Total net assets	<u>20,541,931</u>	<u>22,056,301</u>	<u>6,011,638</u>	<u>(915,275)</u>	<u>965,454</u>	<u>48,660,049</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,942,308</u>	<u>\$ 23,379,110</u>	<u>\$ 13,795,379</u>	<u>\$ 242,737</u>	<u>\$ 1,014,425</u>	<u>\$ 61,373,959</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, 2009

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
OPERATING REVENUES						
Charges for services	\$ 24,507,099	\$ 41,435,617	\$ 3,772,871	\$ 1,039,204	\$ 691,214	\$ 71,446,005
Other income	117,475	95,722	303,923	13,902	-	531,022
Total operating revenues	<u>24,624,574</u>	<u>41,531,339</u>	<u>4,076,794</u>	<u>1,053,106</u>	<u>691,214</u>	<u>71,977,027</u>
OPERATING EXPENSES						
Personal services & benefits	1,111,419	2,602,668	655,664	810,660	969	5,181,380
Purchased/contracted services	443,122	352,248	222,399	706,418	203,313	1,927,500
Purchased utilities	16,735,663	27,651,639	2,772,945	-	-	47,160,247
Depreciation	837,541	757,370	398,070	62,279	-	2,055,260
Supplies	52,583	436,820	171,535	35,682	6,110	702,730
Other	20,273	63,940	3,927	1,867	-	90,007
Total operating expenses	<u>19,200,601</u>	<u>31,864,685</u>	<u>4,224,540</u>	<u>1,616,906</u>	<u>210,392</u>	<u>57,117,124</u>
Operating income (loss)	5,423,973	9,666,654	(147,746)	(563,800)	480,822	14,859,903
OTHER FINANCING SOURCES (USES)						
Transfers	(3,500,000)	(9,000,000)	9,000	-	(36,832)	(12,527,832)
Total other financing sources (uses)	<u>(3,500,000)</u>	<u>(9,000,000)</u>	<u>9,000</u>	<u>-</u>	<u>(36,832)</u>	<u>(12,527,832)</u>
Change in net assets	1,923,973	666,654	(138,746)	(563,800)	443,990	2,332,071
Total net assets - beginning of year	18,617,958	21,389,647	6,150,384	(351,475)	521,464	46,327,978
Total net assets - end of year	<u>\$ 20,541,931</u>	<u>\$ 22,056,301</u>	<u>\$ 6,011,638</u>	<u>\$ (915,275)</u>	<u>\$ 965,454</u>	<u>\$ 48,660,049</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, 2009

	Enterprise Funds					Totals
	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 24,616,246	\$ 41,737,977	\$ 3,739,045	\$ 1,042,359	\$ 694,073	\$ 71,829,700
Payments to suppliers	(16,568,759)	(27,870,250)	(2,886,916)	18,536	-	(47,307,389)
Payments to employees	(1,111,419)	(2,602,668)	(655,664)	(810,660)	(969)	(5,181,380)
Other receipts (payments)	(335,369)	(575,417)	324,968	(140,751)	(166,556)	(893,125)
Net cash provided by (used in) operating activities	6,600,699	10,689,642	521,433	109,484	526,548	18,447,806
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(455,713)	(594,832)	(530,433)	(109,484)	(444,053)	(2,134,515)
Repayment on loan receivable	111,359	-	-	-	-	111,359
Total cash provided by (used in) capital and related financing activities	(344,354)	(594,832)	(530,433)	(109,484)	(444,053)	(2,023,156)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies and transfers from other funds	(3,500,000)	(9,000,000)	9,000	-	(36,832)	(12,527,832)
Net cash provided by (used in) noncapital financing activities	(3,500,000)	(9,000,000)	9,000	-	(36,832)	(12,527,832)
Net increase (decrease) in cash and cash equivalents	2,756,345	1,094,810	-	-	45,663	3,896,818
Balances - beginning of year	3,107,464	5,090,068	-	-	373,676	8,571,208
Balances - end of year	\$ 5,863,809	\$ 6,184,878	\$ -	\$ -	\$ 419,339	\$ 12,468,026

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, 2009

	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)	\$ 5,423,973 ✓	\$ 9,666,654 ✓	\$ (147,746) ✓	\$ (563,800) ✓	\$ 480,822 ✓	\$ 14,859,903 ✓
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	837,541	757,370	398,070	62,279	-	2,055,260
Change in assets and liabilities:						
Receivables, net	109,147	302,360	(33,826)	3,155	2,859	383,695
Accounts payables	166,904	(218,611)	(113,971)	18,536	42,867	(104,275)
Accrued expenses	63,134	181,869	33,671	58,925	-	337,599
Due from other funds	-	-	-	-	-	-
Due to other funds	-	-	385,235	530,389	-	915,624
Net cash provided by operating activities	<u>\$ 6,600,699 ✓</u>	<u>\$ 10,689,642 ✓</u>	<u>\$ 521,433 ✓</u>	<u>\$ 109,484 ✓</u>	<u>\$ 526,548 ✓</u>	<u>\$ 18,447,806 ✓</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, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

B. Financial Reporting Entity – Basis of Presentation

I. Primary Government and Component Units

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

In conformity with GASB Statement 14, the City has three 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, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

2. Related Organizations

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

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

3. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

3. Government-wide and Fund Financial Statements

Fund Financial Statements

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

Fund Accounting

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

Governmental Fund Types

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

Proprietary Fund Types

Proprietary fund financial statements report using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position, and cash flows. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are costs of providing goods or services and includes administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements. Proprietary fund types utilized by the City are Electric, Gas, Water and Solid Waste 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, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Basis of Presentation – continued

4. Measurement Focus

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

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

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

C. Basis of Accounting

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

D. Assets, Liabilities, Net Assets or Fund Equity

Cash, Cash Equivalents and Investments

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

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Receivables

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

Inventory

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

Prepaid Items

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

Capital Assets

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

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

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

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Interest Capitalization

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

Compensated Absences

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

Accrued Liabilities and Long-term Obligations

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

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

The City had no long-term debt.

Fund Equity

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

Fund Balance

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

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Fund Equity - continued

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or contractual by creditors, grantors, or laws or regulations of other governments. All other net assets are reported as unrestricted.

Operating Revenues and Expenses

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

Contributed Capital

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

Interfund Activity

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

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

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

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 \$915,275^J as of August 31, 2009.

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, 2009

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	\$ 38,093,218	\$ -	\$ -	\$ 38,093,218	\$ 37,487,393
Total	<u>\$ 38,093,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,093,218</u>	<u>\$ 37,487,393</u>

Investments

The City's authorized investments are United States Treasury securities, Federally insured investments and State of Georgia insured funds. The City's only investments at August 31, 2009, 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.

Fund Reporting Level	Cash	Investments
Governmental funds	\$ 25,019,367	\$ 5,181,946
Proprietary fund types	12,468,026	-
TOTAL	<u>\$ 37,487,393</u>	<u>\$ 5,181,946</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

B. Receivables

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

	<u>Taxes</u>	<u>Accounts</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General fund	\$ 2,517,517	\$ 1,908,238	\$ (1,215,398)	\$ 3,210,357
Electric fund	-	1,655,029	(15,791)	1,639,238
Gas fund	-	528,816	(5,033)	523,783
Water fund	-	409,562	(4,096)	405,466
Solid waste fund	-	56,350	(420)	55,930
Stormwater utility	-	37,054	(371)	36,683
	<u>\$ 2,517,517</u>	<u>\$ 4,595,049</u>	<u>\$ (1,241,109)</u>	<u>\$ 5,871,457</u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Capital Assets

A summary of changes in Capital Assets follows:

	Balance 09/01/08	Additions	Deletions	Balance 08/31/09
Governmental activities				
Not being depreciated				
Land	\$ 11,044,563	\$ 560,877	\$ -	\$ 11,605,440
Construction in progress	398,927	3,927,985	(1,468,014)	2,858,898
Subtotal	<u>\$ 11,443,490</u> ✓	<u>\$ 4,488,862</u>	<u>\$ (1,468,014)</u>	<u>\$ 14,464,338</u> ✓
Depreciable capital assets				
Buildings	\$ 21,840,391	\$ 490,845	\$ -	\$ 22,331,236
Improvements	4,243,997	136,904	-	4,380,901
Vehicles	3,426,421	893,370	(328,546)	3,991,245
Equipment	5,127,266	265,163	-	5,392,429
Infrastructure	262,443,740	840,265	-	263,284,005
Subtotal	<u>\$ 297,081,815</u> ✓	<u>\$ 2,626,547</u>	<u>\$ (328,546)</u>	<u>\$ 299,379,816</u>
Accumulated depreciation				
Buildings	\$ 1,834,863	\$ 307,388	\$ -	\$ 2,142,251
Improvements	453,293	127,244	-	580,537
Vehicles	2,348,621	494,963	(328,546)	2,515,038
Equipment	2,298,679	522,443	-	2,821,122
Infrastructure	129,083,299	92,629	-	129,175,928
Subtotal	<u>\$ 136,018,755</u> ✓	<u>\$ 1,544,667</u> ✓	<u>\$ (328,546)</u>	<u>\$ 137,234,876</u>
Net capital assets	<u>\$ 172,506,550</u> ✓	<u>\$ 5,570,742</u>	<u>\$ (1,468,014)</u>	<u>\$ 176,609,278</u> ✓

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Capital Assets – Continued

	Balance 09/01/08	Additions	Deletions	Balance 08/31/09
Business-type activities				
Not being depreciated				
Land	\$ 801,833	\$ 2,000	\$ -	\$ 803,833
Construction in progress	5,889,500	950,061	(853,339)	5,986,222
Subtotal	<u>\$ 6,691,333</u>	<u>\$ 952,061</u>	<u>\$ (853,339)</u>	<u>\$ 6,790,055</u>
Depreciable capital assets				
Plants/buildings	\$ 8,587,478	\$ -	\$ -	\$ 8,587,478
Transmission/distribution	51,945,126	1,629,310	-	53,574,436
Vehicles	2,778,088	315,127	(105,785)	2,987,430
Machinery & equipment	1,177,184	91,356	-	1,268,540
Subtotal	<u>\$ 64,487,876</u>	<u>\$ 2,035,793</u>	<u>\$ (105,785)</u>	<u>\$ 66,417,884</u>
Accumulated depreciation				
Plants/buildings	\$ 2,892,337	\$ 218,810	\$ -	\$ 3,111,147
Transmission/distribution	18,835,673	1,553,786	-	20,389,459
Vehicles	2,288,277	201,962	(105,785)	2,384,454
Machinery & equipment	997,344	80,702	-	1,078,046
Subtotal	<u>\$ 25,013,631</u>	<u>\$ 2,055,260</u>	<u>\$ (105,785)</u>	<u>\$ 26,963,106</u>
Net capital assets	<u>\$ 46,165,578</u>	<u>\$ 932,594</u>	<u>\$ (853,339)</u>	<u>\$ 46,244,833</u>

Combining schedule of enterprise funds capital assets follows:

	Electrical System	Gas System	Water System	Solid Waste	Stormwater Utility	Totals
Land	\$ 11,316	\$ 269,422	\$ 523,095	\$ -	\$ -	\$ 803,833
Plants	126,794	2,943,964	5,479,420	37,300	-	8,587,478
Transmission/distribution	24,195,137	21,807,009	7,572,289	-	-	53,574,435
Vehicles	1,068,924	914,056	232,985	771,466	-	2,987,431
Machinery & equipment	239,469	759,855	269,216	-	-	1,268,540
Construction in progress	15,500	-	5,412,319	-	558,403	5,986,222
Totals	25,657,140	26,694,306	19,489,324	808,766	558,403	73,207,939
Less: accum depreciation	(10,217,879)	(10,023,857)	(6,099,411)	(621,959)	-	(26,963,106)
Net	<u>15,439,261</u>	<u>16,670,449</u>	<u>13,389,913</u>	<u>186,807</u>	<u>558,403</u>	<u>46,244,833</u>

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

D. Capital Assets – Continued

Depreciation Expense

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

Governmental activities		Business-type activities	
General government	\$ 701,278 ✓	Electric system	\$ 837,541 ✓
Planning & zoning	6,179 ✓	Gas system	757,370 ✓
Public safety	571,527 ✓	Water system	398,070 ✓
Public works	265,683 ✓	Solid waste	62,279 ✓

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, 2009, 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	\$ 8,725,188 ✓	\$ -
Capital projects fund	-	494,568 ✓
 Business-type activities		
<i>Major enterprise funds</i>		
Water fund	-	7,177,312 ✓
Solid waste	-	1,053,308 ✓
	-	-
Totals	\$ 8,725,188 ✓	\$ 8,725,188 ✓

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2009

D. Interfund Balances and Transfers – Continued

Transfers

	Transfer to	Transfer from
Governmental activities		
<i>Major governmental funds</i>		
General fund	\$ 12,579,252 ✓	\$ -
Capital projects fund	158,327 ✓	-
Hotel/motel tax fund	-	89,564 ✓
Motor vehicle rental tax fund	-	120,183 ✓
Business-type activities		
<i>Major enterprise funds</i>		
Electric fund	-	3,500,000 ✓
Gas fund	-	9,000,000 ✓
Water fund	9,000 ✓	-
Stormwater utility fund	-	36,832 ✓
Totals	\$ 12,746,579 ✓	\$ 12,746,579 ✓

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Property Tax Calendar

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

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

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

G. Long-term Debt

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

	09/01/08 Balance	Additions	Retirements	08/31/09 Balance
Compensated absences	\$ 510,538 ✓	\$ 22,230		\$ 532,768 ✓

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.

H. 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.

I. Litigation

The City Attorney advised that no legal actions were in progress by or against the City at August 31, 2009, 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, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

J. 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 \$170,819 and expenditures were \$170,819 (100% of the tax receipts). Prior year expenditures were 102% 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 \$120,183 and expended for Police operations and maintenance.

Special Local Option Sales Tax – The City expended \$3,890,459 special option sales tax on recreation \$489,960, public safety \$2,112,611 and \$1,287,888 on public works during the current fiscal year.

K. Contingent Liabilities

The City participates in both federal and state assistance programs which are subject to program compliance audits by the grantors or their representatives. The City's Electric Fund is a participant in Municipal Electric Authority of Georgia (MEAG). The City's Gas Fund is a participant in Municipal Gas Authority of Georgia (MGAG). Both are public corporations and instrumentalities of the State of Georgia. Utility Participants have contracted with MEAG for bulk electric power supply needs and MGAG for bulk natural gas needs. Each participant is obligated to pay its share of operating and debt service costs. The City's contingent liability for its share of MEAG's debt was (99.8 less reserves of 30.7) for 69.1 million and MGAG's debt was (11.1 less reserves of 1.0) for 10.1 million as of August 31, 2009.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

L. Related Parties

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

M. Retirement/Pension Plans

The City's employees are covered under the Social Security Act maintained by the Federal Government. The City also participates in a defined contribution pension plan (IRC Section 401a) and a deferred compensation plan (IRC Section 457) for all full-time City employees, excluding elected officials. Employees are eligible to participate in the plan after one year and having at least 1,000 hours continuous service. The City contributes four percent (4.0%) of the salary of covered employees in the (401a) plan. Employees are not required to participate in the (457) plan; however, the City provides substantial incentives for participation. Employees participating in the (457) plan are required to contribute four percent (4.0%) of their base salary in the deferred compensation plan and the City will contribute an 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 (401 A) plan. Employees are fully vested after six years of continuous service. Employee contributions to the (457) plan were \$621,623 and the City contributed \$1,250,819 in the (401a) plan for the current fiscal year.

The City's pension plans, City of Lawrenceville Money Purchase Pension Plans, were authorized by the City Council by passage of an ordinance and is administered by a third party administrator. The City pension plans are managed by the Government Employees Benefit Corporation (GEBCORP), a securities company. The City's total payroll for the fiscal year was \$11,664,846 including \$10,039,699 payroll covered by the plan.

There were two hundred thirty-eight (276) participants in the plans and the plans had \$12,692,793 of assets and reserves as of August 31, 2009.

N. Loan Receivable

On May 21, 2008, the City entered into an agreement with the Municipal Electric Authority of Georgia (MEAG) to commit to contribute, to the extent called upon by MEAG Power at its discretion, a contribution for the purpose of funding MEAG Power's Initial Percentage Interest of the Cost of Construction, including carrying costs, for the Plant Vogtle Additional Units in the amount of \$2,000,000. The term of the contract is fifty (50) years or until the reimbursement of the City's contributions. The annual percentage rate associated with these contributions is 11.25% per annum. As of August 31, 2009, the City had been reimbursed for all contributions.

CITY OF LAWRENCEVILLE, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended August 31, 2009

3. DETAILED NOTES ON ALL FUNDS – CONTINUED

N. Net Assets

Net assets of the government-wide statement of net assets as of August 31, 2009 are as follows:

	Governmental Activities	Business-type Activities
Investments in capital assets		
Cost of capital assets	\$ 313,844,154	\$ 73,207,939
Less: accumulated depreciation	(137,234,876)	(26,963,106)
Book value	\$ 176,609,278	\$ 46,244,833

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

4. OTHER NOTES

A. Joint Ventures

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

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

B. Other Post-Employment Benefits

In addition to pension benefits in Note 3.M., the City provides post-retirement health, dental and vision care benefits for certain retirees and their dependents. The benefits and contributions are provided in accordance with City ordinances. The criteria to determine eligibility include: years of service and employee age. An employee must have twenty (20) years of continual full-time service and reached the age of fifty-five (55) to be eligible for this benefit. The City funds the benefits on a pay-as-you-go basis. The City had nine (9) participants currently eligible and receiving this benefit. For the year ended August 31, 2009, the City paid \$128,706 for these benefits.

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

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, 2009, employee membership data relative to the OPEB plan consist of the following:

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

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, 2009 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 \$1,240,275 if reduced by the current year contributions in the amount of \$145,953.

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:

Net OPEB Obligation - beginning of year	\$ -
Annual Required Contribution	\$ 1,240,275
Interest on Net OPEB Obligation	-
Adjustments to Annual Required Contribution	-
Annual OPEB Cost	<u>\$ 1,240,275</u>
Actual Contribution Amount	\$ 145,953
Increase in Net OPEB Obligation	<u>\$ 1,094,322</u>
Net OPEB Obligation - end of year	<u><u>\$ 1,094,322</u></u>

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

4. OTHER NOTES – CONTINUED

C. Component Units

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity", and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists. The City has three discretely presented component units, Lawrenceville Tourism & Trade Association, 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, 2009:

Combining Statement of Net Assets

	Lawrenceville Tourism & Trade Association	Downtown Development Authority	Development Authority of Lawrenceville	Totals
ASSETS				
Cash & cash equivalents	\$ 61,712	\$ 31,175	\$ 16,112	\$ 108,999
Prepaid expenses	5,113	-	-	5,113
Security deposits	2,640	-	-	2,640
Capital assets, net	1,284	-	-	1,284
TOTAL ASSETS	\$ 70,749	\$ 31,175	\$ 16,112	\$ 118,036
LIABILITIES				
Accounts payable	\$ 3,038	\$ -	\$ -	\$ 3,038
Loan payable	73,850	-	-	73,850
TOTAL LIABILITIES	76,888	-	-	76,888
NET ASSETS				
Invested in capital assets	\$ 1,284	\$ -	\$ -	\$ 1,284
Unrestricted	(7,423)	31,175	16,112	39,864
TOTAL NET ASSETS	(6,139)	31,175	16,112	41,148
TOTAL LIABILITIES AND FUND BALANCE	\$ 70,749	\$ 31,175	\$ 16,112	\$ 118,036

CITY OF LAWRENCEVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended August 31, 2009

4. OTHER NOTES – CONTINUED

C. Component Units - Continued

Combining Statement of Activities

	Lawrenceville Tourism & Trade Association	Downtown Development Authority	Development Authority of Lawrenceville	Totals
REVENUES				
Tax revenues	\$ 170,819	\$ 65,529	\$ -	\$ 236,348
Event sponsorship	55,098	-	-	55,098
Membership dues	14,275	-	-	14,275
Event revenues	11,906	-	-	11,906
Other	5,975	600	-	6,575
Interest earned	3,806	29	28	3,863
Total Revenues	261,879	66,158	28	328,065
EXPENDITURES				
Purchased/contract services	380,054	27,607	-	407,661
Supplies	8,086	17	-	8,103
Other costs	9,710	10,399	-	20,109
Total Expenditures	397,850	38,023	-	435,873
Net Change in Net Assets	(135,971)	28,135	28	(107,808)
Net Assets-Beginning of Year	129,832	3,040	16,084	148,956
Net Assets-End of Year	\$ (6,139)	\$ 31,175	\$ 16,112	\$ 41,148

CITY OF LAWRENCEVILLE, GEORGIA
SUPPLEMENTAL STATEMENTS AND SCHEDULES
For the Year Ended August 31, 2009

CITY OF LAWRENCEVILLE, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 For the Year Ended August 31, 2009

	Special Revenue Funds			
	Confiscated Assets	Hotel/Motel Tax	Motor Vehicle Rental Tax	Totals
ASSETS				
Cash & cash equivalents	\$ 460,239	\$ -	\$ -	\$ 460,239
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 460,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,239</u>
LIABILITIES				
Accounts payable	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE	<u>460,239</u>	<u>-</u>	<u>-</u>	<u>460,239</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 460,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,239</u>

CITY OF LAWRENCEVILLE, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Year Ended August 31, 2009

	Special Revenue Funds				Totals
	Confiscated Assets	Hotel/Motel Tax	Motor Vehicle Rental Tax		
REVENUES					
Fines & forfeitures	\$ 765,551	\$ -	\$ -	\$ 765,551	
Excise taxes	-	170,819	120,183	291,002	
Interest earned	1,204	-	-	1,204	
Total Revenues	766,755	170,819	120,183	1,057,757	
EXPENDITURES					
General government	-	170,819	-	170,819	
Police - current operations	-	-	-	-	
Police - capital outlay	360,618	-	-	360,618	
Total Expenditures	360,618	170,819	-	531,437	
Excess (Deficiency) of Revenues over (under) Expenditures	406,137	-	120,183	526,320	
OTHER FINANCING (USES)					
Transfers	-	(89,564)	(120,183)	(209,747)	
Total Other Financing (Uses)	-	(89,564)	(120,183)	(209,747)	
Net Change in Fund Balance	406,137	(89,564)	-	316,573	
Fund Balance-Beginning of Year	54,102	89,564	-	143,666	
Fund Balance-End of Year	\$ 460,239	\$ -	\$ -	\$ 460,239	

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, 2009

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 212,474	\$ 212,474	\$ 170,819	\$ (41,655)
Total Revenues	<u>\$ 212,474</u>	<u>\$ 212,474</u>	<u>\$ 170,819</u> ✓	<u>\$ (41,655)</u>
EXPENDITURES				
General Government				
Other costs	\$ 212,474	\$ 212,474	\$ 170,819	\$ 41,655
Total Expenditures	<u>\$ 212,474</u>	<u>\$ 212,474</u>	<u>\$ 170,819</u> ✓	<u>\$ 41,655</u>
OTHER FINANCING SOURCES (USES)				
Transfers	\$ -	\$ -	\$ (89,564)	\$ 89,564
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	\$ (89,564) ✓	<u>\$ -</u>
Fund Balance - Beginning			<u>89,564</u> ✓	
Fund Balance - Ending			<u>\$ -</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, 2009

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Excise taxes	\$ 128,600	\$ 128,600	\$ 120,183	\$ (8,417)
Total Revenues	\$ 128,600	\$ 128,600	\$ 120,183 ✓	\$ (8,417)
EXPENDITURES				
General Government				
Police - purchased/contract services	\$ 128,600	\$ 128,600	\$ 120,183	\$ 8,417
Total Expenditures	\$ 128,600	\$ 128,600	\$ 120,183 †	\$ 8,417
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, 2009

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
RENTAL MOTOR VEHICLE EXCISE TAX REVENUE
For the Year Ended August 31, 2009

<u>Project</u>	<u>Expenditures</u>
Public Safety	
Police Department - Maintenance & Operation	\$ 120,183

CITY OF LAWRENCEVILLE, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SPECIAL OPTION SALES TAX REVENUE
For the Year Ended August 31, 2009

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		Total	% of Completion
			Prior Years	Current Year		
PUBLIC WORKS						
Road Improvements - Paving	\$ 5,089,231 ✓	\$ 4,562,438	\$ 1,760,997 ✓	\$ 705,092 ✓	\$ 2,466,089	54%
Sidewalk Improvements	200,000 ✓	-	-	-	-	100%
Walking/Biking Trails	200,000 ✓	677,604	199,039 ✓	353,796 ✓	552,835	82%
Water Quality System	1,324,618 ✓	1,324,618	-	-	-	0%
Drainage Improvements	1,506,449 ✓	1,357,592	299,713 ✓	-	299,713	22%
College Connectivity	2,114,450	2,114,450	-	-	-	0%
LCI Project	2,000,000	2,000,000	-	-	-	0%
Paving	5,000,000	5,000,000	-	-	-	0%
Stormwater Curb & Gutter	2,000,000	2,000,000	-	-	-	0%
Truck for cleaning culverts	220,000	220,000	-	220,000	220,000	100%
PUBLIC SAFETY						
Building & Improvements	3,000,000 ✓	3,415,547	142,695 ✓	2,112,611	2,255,306	66%
Vehicles	240,000 ✓	122,650	122,650 ✓	-	122,650	100%
Building	6,000,000	6,000,000	-	-	-	0%
Vehicles	550,000	550,000	-	-	-	0%
Software	350,000	350,000	-	-	-	0%
RECREATION						
Building & Improvements	5,947,101 ✓	8,200,859	7,710,899 ✓	489,960 ✓	8,200,859	100%
Recreation Improvements	1,709,496 ✓	494,636	494,636 ✓	-	494,636	100%
Walking Trails	680,000	680,000	-	-	-	0%
Baggett Park	200,000	200,000	-	-	-	0%
Convention Center Feasibility	20,000	20,000	-	-	-	0%
Trails/TE Match	1,000,000	1,000,000	-	-	-	0%
Park	2,500,000	2,500,000	-	-	-	0%
PUBLIC WORKS WATER						
Waterline - New Hope Rd	1,000,000	1,000,000	-	-	-	0%
Rhodes Jordan Plant Painting	70,000	70,000	-	-	-	0%
Waterline - Clayton to Luckie	162,000	162,000	-	-	-	0%
Waterline - Stanley Court	442,000	442,000	-	9,000 *	9,000	2%
Waterline - Paper Mill	216,000	216,000	-	-	-	0%
Waterline - RR Bridge	336,000	336,000	-	-	-	0%
Waterline - Somerset to Charleston	182,353	182,353	-	-	-	0%
	<u>\$ 44,259,698</u> ✓	<u>\$ 45,198,747</u>	<u>\$ 10,730,629</u> ✓	<u>\$ 3,890,459</u>	<u>\$ 14,621,088</u>	

The original estimated cost balances changed due to the total SPLOST contracts not being recorded at full value in the prior year. The expenditure categories were adjusted to more accurately reflect actual use of SPLOST funds.

Robert A. McAlister, CPA, P.C.

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, each major fund and the aggregate remaining fund information of City of Lawrenceville, Georgia, as of and for the year ended August 31, 2009, which collectively comprise the City of Lawrenceville, Georgia's basic financial statements and have issued our report thereon dated February 24, 2010. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies over internal control or financial reporting which would be considered material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Lawrenceville, Georgia's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lawrenceville, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Lawrenceville, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lawrenceville, Georgia's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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.

As part of obtaining reasonable assurance about whether the City of Lawrenceville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, 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 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

Johns Creek, Georgia
February 24, 2010