

CITY OF LILBURN, GEORGIA

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

CITY OF LILBURN, GEORGIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
Of the City Council
City of Lilburn
Lilburn, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Lilburn, Georgia** (the "City") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparison for the General Fund and American Rescue Plan Act Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

**CITY OF LILBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's discussion and analysis of the financial performance of the City of Lilburn, Georgia (the "City") is intended to provide the readers of these financial statements with an overview of the City's financial activities for the year ended June 30, 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities and deferred inflows and outflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered governmental funds.

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 10-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-29 of this report.

**CITY OF LILBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Government-wide Financial Analysis

Summary of the City's Net Position
June 30, 2022 and 2021

	Governmental activities	
	2022	2021
Assets:		
Current and other assets	\$ 13,672,400	\$ 11,331,252
Capital assets	34,070,754	32,187,863
Total assets	47,743,154	43,519,115
Liabilities:		
Long-term liabilities	305,354	1,327,001
Other liabilities	2,793,440	767,625
Total liabilities	3,098,794	2,094,626
Net position:		
Net Investment in capital assets	33,724,041	30,996,432
Restricted	978,272	697,480
Unrestricted	9,942,047	9,730,577
Total net position	\$ 44,644,360	\$ 41,424,489

The net position of a governmental entity may serve as an indicator of the entity's financial position. The City's net position at June 30, 2022 was \$44,644,360 as compared to \$41,424,489 at June 30, 2021. At June 30, 2022, a total of \$33,724,041 of net position, or 76%, was invested in capital assets (e.g., land, buildings, infrastructure, equipment, etc.) net of related debt. At June 30, 2021, a total of \$30,996,432 of the net position, or 75%, was invested in capital assets net of related debt. The increase is primarily due to the construction on the park projects, splash pad, Main Street projects, and LMIG upgrades. Also at June 30, 2022, the City had restricted net position of \$978,272 which was restricted for capital projects and public safety based on intergovernmental and other agreements. This balance was \$697,480 at June 30, 2021 and the increase results primarily from increased 2017 SPLOST collections. The remaining balances of net position, \$9,942,047 at June 30, 2022 and \$9,730,577 at June 30, 2021, are considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF LILBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Changes in the City's Net Position
Years Ended June 30, 2022 and 2021

	Governmental activities	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 3,067,561	\$ 2,274,017
Capital grants and contributions	3,963,137	5,137,164
Operating grants and contributions	-	1,464,383
General revenues:		
Property taxes	3,469,445	2,926,637
Franchise taxes	964,341	863,934
Alcoholic beverage taxes	719,110	737,488
Other taxes	1,751,195	1,659,755
Unrestricted investment earnings	17,427	2,748
Miscellaneous	139,453	217,469
Total revenues	<u>14,091,669</u>	<u>15,283,595</u>
Expenses:		
General government	2,954,266	2,552,805
Police	4,351,026	4,103,844
Courts	705,969	319,987
Streets	1,833,395	1,353,031
Recreation	220,770	72,625
Planning and zoning	421,716	477,553
Economic development	52,500	74,415
Marketing & Events	316,664	231,147
Interest	15,492	41,834
	<u>10,871,798</u>	<u>9,227,241</u>
Change in net position	3,219,871	6,056,354
Net position, beginning of year	41,424,489	35,368,135
Net position, end of year	<u>\$ 44,644,360</u>	<u>\$ 41,424,489</u>

Net position of the City increased by \$3,219,871 in 2022 and \$6,056,354 in 2021. Revenues decreased from 2021 to 2022 with the majority of the decrease from capital grants and contributions and operating grants and contributions. The capital grants and contributions decreased primarily from CDBG funding from Gwinnett County and transfer from the Downtown Development Authority from properties sold in fiscal year 2021. Operating grants decreased due to one-time COVID-19 grant funding in 2021. These decreases in revenues were offset by increased property taxes and sales tax collections. Expenses saw a slight increase from 2021 mostly due to payroll increases.

Analysis of the City's Funds

The net change in fund balance for the City's governmental funds was an increase from the prior year of \$229,379. This increase was the result of increased property tax revenues and a full year of collections in the School Zone Safety Fund. The increases in revenue was offset by capital outlay in the 2017 SPLOST and Capital Project Funds.

The General Fund saw an increase of fund balance of \$495,533 due to property tax and fines and forfeitures increases. Fines and forfeitures increased due to a full year of court activity. The fund has a fund balance of \$8,178,185 at June 30, 2022.

**CITY OF LILBURN, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The American Rescue Plan Fund recognized \$424,589 of intergovernmental revenues for allowable expenditures on the program. The fund currently has cash and a matching liability of \$2,033,964 to spend once allowable expenditures are identified.

The 2017 SPLOST Fund saw a decrease in fund balance as capital outlay and debt service requirements exceeded SPLOST collections. The fund has a fund balance of \$60,990 at June 30, 2022.

The Capital Projects Fund is collecting revenues from Intergovernmental agreements with the County and transfers of Title Ad Valorem Tax from the General Fund, to fund various capital construction projects within the City limits. The City saw a decrease in fund balance as there was a decrease in grant activity. The fund has a fund balance of \$1,765,258 at June 30, 2022.

The Confiscated Assets Fund is collecting revenue from cash confiscations and federal seizures to support police operations. The fund has \$101,560 of fund balance at June 30, 2022.

The School Zone Safety Fund is collecting revenues from fines and forfeitures relating to red speed fines in school zones to support public safety operations. The fund has \$269,946 of fund balance at June 30, 2022.

The TAD fund began collecting incremental revenues on properties in the district in 2018. The fund has a fund balance of \$345,665, at June 30, 2022.

Budgetary Highlights

The City adopts an annual budget for the General Fund, American Rescue Plan Fund, Confiscated Assets Fund, and School Zone Safety Fund. The budget, as originally adopted, for the General Fund included expenditures of \$9,215,408 with budget amendments bringing final expenditure budgets of \$9,433,345. Overall actual results had expenditures of \$537,854 less than what was budgeted due to fewer expenditures in all functional areas. The budget, as originally adopted, for the American Rescue Plan Fund included expenditures of \$2,366,860 with no budget amendments. Overall actual results had expenditures of \$1,950,601 less than what was budgeted due to fewer expenditures in all functional areas (except for recreation). The budget, as originally adopted, for the Confiscated Asset Fund included expenditures of \$50,011 with no budget amendments. Overall actual results had expenditures of \$45,006 less than what was budgeted. The budget, as originally adopted, for the School Zone Safety Fund included expenditures of \$175,000 with budget amendments bringing the final expenditure budget to \$250,000. Overall actual results had expenditures of \$118,626 less than what was budgeted due to fewer expenditures in the public Safety function than expected.

Capital Assets and Related Liabilities

The City's investment in capital assets for its governmental activities as of year-end amounts to \$34,070,754 (net of accumulated depreciation). The investment in capital assets includes land, construction in process, land improvements, buildings and improvements, infrastructure, machinery and equipment. Among the significant activities in 2022 was the Splash Pad, LMIG upgrades, and Main Street Projects.

Readers should refer to Note 6 of the financial statements for more information on capital asset activity.

The City issued a \$4,000,000 Sales Tax Note Payable for the purpose of financing construction of the police headquarters in fiscal year 2019. Payments of principal and interest were made monthly during fiscal year 2022 reducing the principal balance by \$1,000,000. Please refer to note 7 of the financial statements for additional details.

Requests for Information

The annual financial statements are designed to provide a general overview of the City's finances. Questions concerning any of the information provided should be addressed to the City Manager, City of Lilburn, 340 Main Street, Lilburn, Georgia 30047.

CITY OF LILBURN, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Cash and cash equivalents	\$ 10,625,400	\$ 655,116
Other assets	-	2,994,219
Receivables, net of allowance for uncollectible accounts	197,328	-
Intergovernmental receivable	798,288	-
Advance to component unit	2,051,384	-
Capital assets, nondepreciable	7,539,332	4,120
Capital assets, depreciable, net of accumulated depreciation	<u>26,531,422</u>	<u>-</u>
Total assets	<u>47,743,154</u>	<u>3,653,455</u>
LIABILITIES		
Accounts payable	663,667	4,000
Accrued liabilities	162,502	-
Unearned revenue	1,967,271	-
Advance from primary government	-	2,051,384
Long-term liabilities:		
Note payable, due within one year	83,333	-
Compensated absences due within one year	<u>222,021</u>	<u>-</u>
Total liabilities	<u>3,098,794</u>	<u>2,055,384</u>
NET POSITION		
Net investment in capital assets	33,724,041	4,120
Restricted for:		
Capital projects	606,766	-
Public safety	371,506	-
Unrestricted	<u>9,942,047</u>	<u>1,593,951</u>
Total net position	<u>\$ 44,644,360</u>	<u>\$ 1,598,071</u>

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

CITY OF LILBURN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS	<u>General</u>	<u>American Rescue Plan</u>	<u>2017 SPLOST</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 6,472,839	\$ 2,033,964	\$ 220,382	\$ 1,239,927	\$ 658,288	\$ 10,625,400
Receivables, net of allowance for uncollectable amounts	166,939	-	-	-	30,389	197,328
Intergovernmental receivable	150,524	-	552,295	95,469	-	798,288
Due from other funds	515,000	-	-	-	32,197	547,197
Advance to component unit	<u>1,621,522</u>	<u>-</u>	<u>-</u>	<u>429,862</u>	<u>-</u>	<u>2,051,384</u>
Total assets	<u>\$ 8,926,824</u>	<u>\$ 2,033,964</u>	<u>\$ 772,677</u>	<u>\$ 1,765,258</u>	<u>\$ 720,874</u>	<u>\$ 14,219,597</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 400,008	\$ 61,693	\$ 196,687	\$ -	\$ 279	\$ 658,667
Accrued liabilities	162,428	-	-	-	-	162,428
Retainage payable	-	5,000	-	-	-	5,000
Unearned revenue	-	1,967,271	-	-	-	1,967,271
Due to other funds	<u>32,197</u>	<u>-</u>	<u>515,000</u>	<u>-</u>	<u>-</u>	<u>547,197</u>
Total liabilities	<u>594,633</u>	<u>2,033,964</u>	<u>711,687</u>	<u>-</u>	<u>279</u>	<u>3,340,563</u>
Deferred inflows of resources:						
Unavailable revenue-property taxes	<u>154,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,424</u>	<u>157,430</u>
Total deferred inflows of resources	<u>154,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,424</u>	<u>157,430</u>
Fund balances:						
Nonspendable:						
Advance to component unit	1,621,522	-	-	429,862	-	2,051,384
Restricted:						
Capital construction	-	-	60,990	-	345,665	406,655
Public safety	-	-	-	-	371,506	371,506
Assigned:						
Capital construction	-	-	-	1,335,396	-	1,335,396
Unassigned	<u>6,556,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,556,663</u>
Total fund balances	<u>8,178,185</u>	<u>-</u>	<u>60,990</u>	<u>1,765,258</u>	<u>717,171</u>	<u>10,721,604</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,926,824</u>	<u>\$ 2,033,964</u>	<u>\$ 772,677</u>	<u>\$ 1,765,258</u>	<u>\$ 720,874</u>	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.						
Capital assets, net of depreciation						34,070,754
Other assets - property taxes receivable not available to pay for current-period expenditures are deferred in the governmental funds.						
						157,430
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.						
Compensated absences						(222,021)
Note payable						(83,333)
Accrued interest						(74)
Net position of governmental activities						<u>\$ 44,644,360</u>

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

CITY OF LILBURN, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	American Rescue Plan	2017 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,126,647	\$ -	\$ -	\$ -	\$ 257,731	\$ 3,384,378
Franchise taxes	964,341	-	-	-	-	964,341
Alcoholic beverage taxes	719,110	-	-	-	-	719,110
Other taxes	1,751,195	-	-	-	-	1,751,195
Licenses and permits	1,024,820	-	-	-	-	1,024,820
Intergovernmental	106,122	424,589	2,814,385	605,144	12,897	3,963,137
Charges for services	776,767	-	-	-	-	776,767
Fines and forfeitures	1,001,394	-	-	-	264,580	1,265,974
Investment income	16,891	-	-	-	536	17,427
Miscellaneous	81,249	-	-	49,172	-	130,421
Total revenues	<u>9,568,536</u>	<u>424,589</u>	<u>2,814,385</u>	<u>654,316</u>	<u>535,744</u>	<u>13,997,570</u>
EXPENDITURES						
Current:						
General government	2,388,817	98,853	-	-	10,026	2,497,696
Police	3,559,174	-	-	-	136,379	3,695,553
Courts	706,839	-	-	-	-	706,839
Streets	1,487,551	-	-	-	-	1,487,551
Recreation	74,111	36,808	-	-	-	110,919
Planning and zoning	309,169	-	-	-	-	309,169
Economic development	53,166	-	-	-	-	53,166
Marketing and events	316,664	-	-	-	-	316,664
Capital outlay	-	280,598	2,047,708	1,254,981	-	3,583,287
Debt service:						
Principal	-	-	1,000,000	-	-	1,000,000
Interest	-	-	16,379	-	-	16,379
Total expenditures	<u>8,895,491</u>	<u>416,259</u>	<u>3,064,087</u>	<u>1,254,981</u>	<u>146,405</u>	<u>13,777,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>673,045</u>	<u>8,330</u>	<u>(249,702)</u>	<u>(600,665)</u>	<u>389,339</u>	<u>220,347</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of confiscated property	-	-	-	-	9,032	9,032
Transfers out to other funds	(207,000)	(8,330)	(67,871)	(2,893)	(117)	(286,211)
Transfers in from other funds	29,488	-	-	256,723	-	286,211
Total other financing sources (uses)	<u>(177,512)</u>	<u>(8,330)</u>	<u>(67,871)</u>	<u>253,830</u>	<u>8,915</u>	<u>9,032</u>
Net change in fund balances	495,533	-	(317,573)	(346,835)	398,254	229,379
FUND BALANCES, beginning of year,	<u>7,682,652</u>	<u>-</u>	<u>378,563</u>	<u>2,112,093</u>	<u>318,917</u>	<u>10,492,225</u>
FUND BALANCES, end of year	<u>\$ 8,178,185</u>	<u>\$ -</u>	<u>\$ 60,990</u>	<u>\$ 1,765,258</u>	<u>\$ 717,171</u>	<u>\$ 10,721,604</u>

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

**CITY OF LILBURN, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Net change in fund balances - total governmental funds	\$	229,379
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets		3,303,668
Depreciation expense		(1,420,777)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.		
		85,067
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,000,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest		887
Change in compensated absences		21,647
		21,647
Change in net position - governmental activities	\$	3,219,871

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

CITY OF LILBURN, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 2,895,290	\$ 3,136,445	\$ 3,126,647	\$ (9,798)
Franchise taxes	945,000	955,739	964,341	8,602
Alcoholic beverage taxes	738,000	713,000	719,110	6,110
Insurance premium taxes	960,000	966,843	966,843	-
Other taxes	723,100	752,600	784,352	31,752
Total taxes	<u>6,261,390</u>	<u>6,524,627</u>	<u>6,561,293</u>	<u>36,666</u>
Licenses and permits:				
Alcoholic beverage fees	208,250	278,250	245,490	(32,760)
Business licenses	67,900	65,900	49,473	(16,427)
Building permits	521,000	619,600	729,857	110,257
Total licenses and permits	<u>797,150</u>	<u>963,750</u>	<u>1,024,820</u>	<u>61,070</u>
Intergovernmental revenues:				
Federal grants	2,500	2,500	1,229	(1,271)
State grants	4,000	5,000	38,372	33,372
Local grants	102,278	102,278	66,521	(35,757)
Total intergovernmental revenues	<u>108,778</u>	<u>109,778</u>	<u>106,122</u>	<u>(3,656)</u>
Charges for services:				
Public safety services	85,470	67,880	65,835	(2,045)
Other charges	677,740	711,300	710,932	(368)
Total charges for services	<u>763,210</u>	<u>779,180</u>	<u>776,767</u>	<u>(2,413)</u>
Fines and forfeitures	<u>456,000</u>	<u>459,000</u>	<u>1,001,394</u>	<u>542,394</u>
Investment income	<u>10,000</u>	<u>5,000</u>	<u>16,891</u>	<u>11,891</u>
Miscellaneous revenue	<u>62,300</u>	<u>67,300</u>	<u>81,249</u>	<u>13,949</u>
Total revenues	<u>8,458,828</u>	<u>8,908,635</u>	<u>9,568,536</u>	<u>659,901</u>
EXPENDITURES				
Current:				
General government	2,406,417	2,606,459	2,388,817	217,642
Police	3,811,710	3,660,240	3,559,174	101,066
Courts	739,509	733,056	706,839	26,217
Streets	1,459,047	1,569,198	1,487,551	81,647
Recreation	26,379	91,799	74,111	17,688
Planning and zoning	369,931	360,181	309,169	51,012
Economic development	81,936	81,686	53,166	28,520
Marketing and events	320,479	330,726	316,664	14,062
Total expenditures	<u>9,215,408</u>	<u>9,433,345</u>	<u>8,895,491</u>	<u>537,854</u>
Excess (deficiency) of revenues over expenditures	<u>(756,580)</u>	<u>(524,710)</u>	<u>673,045</u>	<u>1,197,755</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	750,000	609,710	29,487	(580,223)
Transfers out	(13,420)	(100,000)	(207,000)	(107,000)
Proceeds from the sales of property	20,000	15,000	-	(15,000)
Total other financing uses	<u>756,580</u>	<u>524,710</u>	<u>(177,513)</u>	<u>(702,223)</u>
Net change in fund balances	-	-	495,532	495,532
FUND BALANCES, beginning of year	<u>7,682,652</u>	<u>7,682,652</u>	<u>7,682,652</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 7,682,652</u>	<u>\$ 7,682,652</u>	<u>\$ 8,178,184</u>	<u>\$ 495,532</u>

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

**CITY OF LILBURN, GEORGIA
 AMERICAN RESCUE PLAN FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 2,391,860	\$ 424,589	\$ (1,967,271)
Total revenues	-	2,391,860	424,589	(1,967,271)
EXPENDITURES				
Current:				
General government	-	2,066,860	98,853	1,968,007
Recreation	-	-	36,808	(36,808)
Capital outlay	-	300,000	280,598	19,402
Total expenditures	-	2,366,860	416,259	1,950,601
Excess of revenues over expenditures	-	25,000	8,330	(16,670)
OTHER FINANCING USES				
Transfers out	-	(25,000)	(8,330)	16,670
Total other financing uses	-	(25,000)	(8,330)	16,670
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	\$ -	\$ -	\$ -	\$ -

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

CITY OF LILBURN, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lilburn, Georgia, (the “City”) was incorporated in 1955 and operates under a Mayor-Council form of government and provides the following services to its citizens: public safety (police), public works (highways and streets), recreation and parks, planning and zoning, building inspection, code enforcement, municipal court services, and general and administrative services.

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the “primary government”) and its component unit. The component unit discussed below is included in the City’s reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, the financial statements of the component unit are presented as a discretely presented component unit. The City of Lilburn Downtown Development Authority (the “DDA”) is the discretely presented component unit of the City. The seven members of the Board of Directors of the DDA are appointed by the City Council. The City also has the ability to impose its will on the DDA as the City Council can remove appointed members of the Board of Directors at will; approve the budget of the DDA; and has the ability to hire and dismiss the personnel responsible for the daily operations of the DDA. The City of Lilburn Downtown Development Authority’s financial information is maintained by the City’s Finance Department. However, separate financial statements are not prepared.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund, but aggregate the City’s governmental activities. Governmental activities are normally supported by taxes and intergovernmental revenues. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in a different fund.

The **American Rescue Plan Fund** is a special revenue fund and accounts for the amounts awarded to the City under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

The **2017 SPLOST Fund** is a capital project fund the City established to account for the financial resources provided from a one cent special purpose local option sales tax approved by voters in 2017.

The **Capital Projects Fund** accounts for capital projects with financing other than SPLOST.

The City aggregates the non-major governmental funds into a single column in the fund financial statements. This includes special revenue funds to account for the activity related to specific revenue streams and a Tax Allocation District (capital project) Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized predominately when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for current obligations. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue related to reimbursement basis grants are recognized as allowable expenditures are incurred. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Assets

The City's other assets consist of real estate properties held by the Downtown Development Authority. These properties are held with the intention of future development within the City's downtown area and are not held for income or profit purposes. As such, these assets are recorded at cost.

F. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

Activity between the City and its component unit that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "advance to component unit" and "advance from primary government" as it is not expected to be repaid within the current period.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Land improvements	30
Buildings and improvements	20-40
Machinery and equipment	3-10
Infrastructure (roads)	10-50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Net Position and 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 position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment, also by resolution.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position and Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no financial items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, and deferred outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting

The City of Lilburn, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipation is designed to help insure fiscal responsibility and maintain a balanced budget. Budgeting is the responsibility of the Mayor and the City Council members, with assistance provided by the City Manager and his designated staff persons.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted by passage of an ordinance.
4. The level of legal budgetary control is the department level. Council approval is required to increase or decrease the total budget of any department.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. A project length budget is adopted for all Capital Projects Funds.

No significant supplementary budgetary appropriations related to expenditures were made during the current year.

The following funds had departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2022:

General Fund - Transfers out	\$ 107,000
American Rescue Plan Fund - Recreation	36,808
School Zone Safety Fund - Transfers out	117

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND OTHER ASSETS

Governmental fund balances in excess of amounts required for the City's daily operating activities were invested in the Georgia Fund 1 during the year. Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states;
2. Obligations issued by the United States;
3. Obligations fully insured or guaranteed by the United States Government or governmental agency;
4. Obligations of any corporation of the United States Government;
5. Prime bankers' acceptances;
6. Georgia Fund I state investment pool;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

Any bank deposit in excess of the total FDIC insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations or the bank is required to participate in the State's pledging pool.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND OTHER ASSETS (Continued)

Investments, with a fair value of \$3,887,666 consist of an investment in the Georgia Fund 1, a local government investment pool managed by the State of Georgia Office of the State Treasurer. As the investment in the Georgia Fund 1 represents ownership of a portion of a large pool of investments these amounts are not categorizable for custodial risk disclosure. The City's investment in the Georgia Fund 1 has been valued at fair value.

Credit Risk:

At June 30, 2022, the City's investment in the Georgia Fund 1 was rated AAf/S1 by Standard & Poor's and had the following weighted average maturity:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Georgia Fund 1	43 day weighted average	<u>\$ 3,887,666</u>

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The City manages interest rate risk by limiting maturities to three years.

Fair Value Measurements:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND OTHER ASSETS (Continued)

Custodial Credit Risk - Deposit:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations back by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2022, the financial institutions holding the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State.

NOTE 4. RECEIVABLES

The City receives property tax assessments from Gwinnett County, Georgia. Tax bills were levied on all real and personal property as of January 1, 2021 and were mailed to taxpayers in August 2021. The due date for these taxes was October 15, 2021, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2022. Receivables are recorded when taxes are levied and billed (October 1).

Receivables at June 30, 2022, along with the allowance for uncollectible accounts, are as follows.

	<u>General</u>	<u>2017 SPLOST</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>
Receivables:				
Property taxes	\$ 176,782	\$ -	\$ -	\$ -
Intergovernmental	150,524	552,295	95,469	-
Accounts	-	-	-	30,389
Less allowance				
for uncollectible	(9,843)	-	-	-
Net total receivable	<u>\$ 317,463</u>	<u>\$ 552,295</u>	<u>\$ 95,469</u>	<u>\$ 30,389</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. NOTES RECEIVABLE

The Downtown Development Authority sold a property during fiscal year 2018 and issued a note receivable (loan) for the sales price. The primary purpose of the note is to transfer the property to a developer and start the planned development of the downtown area. A loan for \$588,750 was issued to Superior Design Group on December 22, 2017. The note was paid in full on December 31, 2021.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,317,662	\$ 320,000	\$ -	\$ -	\$ 4,637,662
Construction in process	3,263,442	2,361,031	-	(2,722,803)	2,901,670
	<u>7,581,104</u>	<u>2,681,031</u>	<u>-</u>	<u>(2,722,803)</u>	<u>7,539,332</u>
Capital assets, being depreciated:					
Land improvements	7,559,361	-	-	2,125,519	9,684,880
Buildings and improvements	15,365,226	-	-	-	15,365,226
Machinery and equipment	3,991,283	622,637	-	-	4,613,920
Infrastructure	7,696,727	-	-	597,284	8,294,011
Total	<u>34,612,597</u>	<u>622,637</u>	<u>-</u>	<u>2,722,803</u>	<u>37,958,037</u>
Less accumulated depreciation for:					
Land improvements	3,396,329	375,214	-	-	3,771,543
Buildings and improvements	1,596,829	440,846	-	-	2,037,675
Machinery and equipment	2,819,274	217,491	-	-	3,036,765
Infrastructure	2,193,406	387,226	-	-	2,580,632
Total	<u>10,005,838</u>	<u>1,420,777</u>	<u>-</u>	<u>-</u>	<u>11,426,615</u>
Total capital assets, being depreciated, net	<u>24,606,759</u>	<u>(798,140)</u>	<u>-</u>	<u>2,722,803</u>	<u>26,531,422</u>
Governmental activities capital assets, net	<u>\$ 32,187,863</u>	<u>\$ 1,882,891</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,070,754</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 426,232
Police	639,350
Streets	213,117
Recreation	28,416
Planning and zoning	<u>113,662</u>
Total depreciation expense - governmental activities	<u>\$ 1,420,777</u>

NOTE 7. LONG-TERM LIABILITIES

Activity of the long-term liabilities of the City for the year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 243,668	\$ 399,208	\$ 420,855	\$ 222,021	\$ 222,021
Note payable from direct borrowing	1,083,333	-	1,000,000	83,333	83,333
Governmental activity Long-term liabilities	<u>\$ 1,327,001</u>	<u>\$ 399,208</u>	<u>\$ 1,420,855</u>	<u>\$ 305,354</u>	<u>\$ 305,354</u>

The General Fund typically is the funding source of payment for the compensated absences payable. The 2017 SPLOST fund is the funding source for payment of the note payable.

The City has reported 100% of the compensated absences liability as due in one year as historical usage patterns show employees use earned vacation within one year.

In July 2018, the City issued a \$4,000,000 Sales Tax Note Payable for the purpose of financing construction of the police headquarters. The issuance of this note was approved by a Special Purpose Local Option Sales Tax (SPLOST) referendum in November 2016. Pursuant to Georgia Law, this note will be repaid with the proceeds of a one percent sales tax. Principal and interest are due monthly commencing on August 18, 2018 until maturity July 18, 2022. The note carries an interest rate of 2.66%.

The total debt service requirements to maturity for the City's note payable is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30, 2023	\$ 83,333	\$ 185	\$ 83,518

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2017 SPLOST Fund	\$ 515,000
Nonmajor Governmental Funds	General Fund	32,197
		<u>\$ 547,197</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amount payable from the SPLOST fund relates to allowable 2017 SPLOST projects which were originally paid for by the General Fund.

Advance to component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	DDA	\$ 1,621,522
Capital Projects Fund	DDA	429,862
		<u>\$ 2,051,384</u>

The General Fund and Capital Projects Fund (primary government) advanced funds to the Downtown Development Authority (DDA) which will not be repaid within the next fiscal year. Amounts are shown as an advance (long-term). Amounts were for the DDA to purchase real estate properties within the City and the advance will be repaid when properties are sold as part of redevelopment of the City.

The composition of interfund transfers for the year ended June 30, 2022 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 207,000
Capital Projects Fund	American Rescue Plan Fund	8,203
General Fund	American Rescue Plan Fund	127
General Fund	Nonmajor Governmental Funds	117
General Fund	Capital Projects Fund	2,893
Capital Projects Fund	2017 SPLOST	41,520
General Fund	2017 SPLOST	26,351
		<u>\$ 286,211</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the 2017 SPLOST Fund to the Capital Project Fund and General Fund were to reimburse the fund for allowable SPLOST expenditures originally paid for by these funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. JOINT VENTURE

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 and is required to pay annual dues thereto. During its fiscal year ended June 30, 2022, the City's membership dues were paid by Gwinnett County, Georgia. The City did not pay any annual dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia.

The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Atlanta Regional Commission
229 Peachtree St NE
Suite 100
Atlanta, Georgia 30303

NOTE 10. PENSION PLAN

The City's supplemental pension plan, City of Lilburn Money Purchase Pension Plan, a defined contribution plan is administered by an insurance company, Citistreet. All full-time employees are covered after one year of service. The City is required to contribute 10% of annual covered payroll, with 100% of these funds going into a fixed-rate savings account. The City's total payroll for the fiscal year was \$4,393,972, including \$3,737,497 of payroll covered by the plan. Contributions by the City totaled \$333,295 for the fiscal year ended June 30, 2022 and no employees contributed to the Plan. Plan provisions and contribution requirements are established by City ordinance and may be amended by the Lilburn City Council.

Effective January 1, 2009, the City has a five year vesting schedule as follows:

Less than 2 years	0%
At two years	25%
At three years	50%
At four years	75%
At five years	100%

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three (3) years have not exceeded insurance coverage.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is involved in pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

The City has received grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Construction Commitments:

At June 30, 2022, construction commitments on uncompleted contracts were \$1,090,486. These commitments relate to construction on the Main Street Project.

CITY OF LILBURN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

ASSETS	Special Revenue Funds		Capital Project Fund TAD Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	School Zone Safety Fund		
Cash and cash equivalents	\$ 101,839	\$ 243,832	\$ 312,617	\$ 658,288
Accounts Receivable	-	26,114	4,275	30,389
Due from other funds	-	-	32,197	32,197
Total assets	\$ 101,839	\$ 269,946	\$ 349,089	\$ 720,874
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 279	\$ -	\$ -	\$ 279
Total liabilities	279	-	-	279
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	3,424	3,424
Total deferred inflows of resources	-	-	3,424	3,424
FUND BALANCES				
Restricted:				
Capital construction	-	-	345,665	345,665
Public safety	101,560	269,946	-	371,506
Total fund balances	101,560	269,946	345,665	717,171
Total liabilities, deferred inflows of resources, and fund balances	\$ 101,839	\$ 269,946	\$ 349,089	\$ 720,874

**CITY OF LILBURN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	School Zone Safety Fund	TAD Fund	
Revenues				
Property taxes	\$ -	\$ -	\$ 257,731	\$ 257,731
Investment income	536	-	-	536
Fines and Forfeitures	-	264,580	-	264,580
Intergovernmental	12,897	-	-	12,897
Total revenues	<u>13,433</u>	<u>264,580</u>	<u>257,731</u>	<u>535,744</u>
Expenditures				
Current:				
General government	-	-	10,026	10,026
Police	5,005	131,374	-	136,379
Total expenditures	<u>5,005</u>	<u>131,374</u>	<u>10,026</u>	<u>146,405</u>
Excess of revenues over expenditures	<u>8,428</u>	<u>133,206</u>	<u>247,705</u>	<u>389,339</u>
Other Financing Sources (Uses)				
Proceeds from the sale of confiscated property	9,032	-	-	9,032
Transfers out	-	(117)	-	(117)
Total other financing sources (uses)	<u>9,032</u>	<u>(117)</u>	<u>-</u>	<u>8,915</u>
Net change in fund balances	17,460	133,089	247,705	398,254
Fund balances, beginning of year	<u>84,100</u>	<u>136,857</u>	<u>97,960</u>	<u>318,917</u>
Fund balances, end of year	<u>\$ 101,560</u>	<u>\$ 269,946</u>	<u>\$ 345,665</u>	<u>\$ 717,171</u>

**CITY OF LILBURN, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Investment income	\$ 11	\$ 411	\$ 536	\$ 125
Intergovernmental	50,000	48,600	12,897	(35,703)
Total revenues	<u>50,011</u>	<u>49,011</u>	<u>13,433</u>	<u>(35,578)</u>
Expenditures:				
Current:				
Police	50,011	50,011	5,005	45,006
Total expenditures	<u>50,011</u>	<u>50,011</u>	<u>5,005</u>	<u>45,006</u>
Excess deficiency of revenues over (under) expenditures	<u>-</u>	<u>(1,000)</u>	<u>8,428</u>	<u>9,428</u>
Other financing sources:				
Proceeds from sale of confiscated property	-	1,000	9,032	8,032
Total other financing sources	<u>-</u>	<u>1,000</u>	<u>9,032</u>	<u>8,032</u>
Net change in fund balances	-	-	17,460	17,460
Fund balance, beginning of year	<u>84,100</u>	<u>84,100</u>	<u>84,100</u>	<u>-</u>
Fund balance, end of year	<u>\$ 84,100</u>	<u>\$ 84,100</u>	<u>\$ 101,560</u>	<u>\$ 17,460</u>

**CITY OF LILBURN, GEORGIA
SCHOOL ZONE SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Fines and Forfeitures	\$ 145,000	\$ 220,000	\$ 264,580	\$ 44,580
Investment income	10	10	-	(10)
Total revenues	<u>145,010</u>	<u>220,010</u>	<u>264,580</u>	<u>44,570</u>
Expenditures:				
Current:				
Public Safety	-	250,000	131,374	118,626
Total expenditures	<u>-</u>	<u>250,000</u>	<u>131,374</u>	<u>118,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>145,010</u>	<u>(29,990)</u>	<u>133,206</u>	<u>163,196</u>
Other financing uses:				
Transfers out to other funds	(175,000)	-	(117)	(117)
Total other financing uses	<u>(175,000)</u>	<u>-</u>	<u>(117)</u>	<u>(117)</u>
Net change in fund balances	(29,990)	(29,990)	133,089	163,079
Fund balance, beginning of year	<u>136,857</u>	<u>136,857</u>	<u>136,857</u>	<u>-</u>
Fund balance, end of year	<u>\$ 106,867</u>	<u>\$ 106,867</u>	<u>\$ 269,946</u>	<u>\$ 163,079</u>

CITY OF LILBURN, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
2017 SPLOST
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	(Unaudited) Original Estimated Cost	(Unaudited) Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
2017 SPLOST					
Roads & Bridges Improvements	\$ 4,407,530	\$ 4,783,547			
Misc. Projects - Consulting			\$ 1,279,450	\$ 101,225	\$ 1,380,675
Repaving Program			22,247	18,788	41,035
LMIG			337,854	56,740	394,594
Main Street Realignment and Improvements			51,923	923,981	975,904
Equipment			105,001	34,870	139,871
Vehicles			53,422	320,820	374,242
Jackson Creek Multi Use Path Facility			5,815 100	-	5,815 100
Greenway Bridge Replacement			155,897	-	155,897
Greenway Trail Improvements			105,798	6,082	111,880
Misc. Projects - Repair and Maintenance			69,409	73,558	142,967
Signage			91,829	45,271	137,100
Intersection Improvements			617,706	-	617,706
RailRoad Ave. Parking			269,986	-	269,986
Police Headquarters Parking Lot			61,825	-	61,825
	<u>4,407,530</u>	<u>4,783,547</u>	<u>3,228,262</u>	<u>1,581,335</u>	<u>4,809,597</u>
Recreational Facilities & Equipment	811,914	959,738			
Misc. Projects - Consulting			954	1,559	2,513
Park Improvements			38,429	12,756	51,185
Equipment			58,846	6,250	65,096
Playground			340,115	-	340,115
Park Restroom			490,685	-	490,685
Greenway Trail			30,709	100,877	131,586
	<u>811,914</u>	<u>959,738</u>	<u>959,738</u>	<u>121,442</u>	<u>1,081,180</u>
Public Safety Facilities & Equipment	6,379,320	6,599,340			
K-9 Unit			1,520	15,564	17,084
Miscellaneous Public Safety			150	-	150
Vehicles			428,733	372,044	800,777
Police Headquarters			2,630,354	-	2,630,354
Police Headquarters(Debt Service)			2,112,003	1,016,379	3,128,382
Equipment			203,704	25,194	228,898
Security Equipment			45,416	-	45,416
Total Public Safety Facilities & Equipment	<u>6,379,320</u>	<u>6,599,340</u>	<u>5,421,880</u>	<u>1,429,181</u>	<u>6,851,061</u>
Total 2017 SPLOST Expenditures	<u>\$ 11,598,764</u>	<u>\$ 12,342,625</u>	<u>\$ 9,609,880</u>	<u>\$ 3,131,958</u>	<u>\$ 12,741,838</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Honorable Mayor and Members
Of City Council
City of Lilburn
Lilburn, Georgia**

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lilburn, Georgia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 2, 2023

CITY OF LILBURN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2022 due to the total amount of federal awards expended being less than \$750,000.

CITY OF LILBURN, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings and Questioned Costs

Finding 2022-001 – Fiscal Year-End Financial Close and Reporting Controls

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are reported in accordance with generally accepted accounting principles (GAAP) and have been reconciled to subsidiary ledgers and underlying accounting records.

Condition: Due to ineffective controls surrounding the fiscal year-end financial close procedures, certain audit adjustments were necessary at June 30, 2022.

Context/Cause: As a result of our testing, audit adjustments were required as follows:

- To agree fund balance to the prior year and reduce accounts receivable by \$81,039 in the General Fund for an entry that was posted twice in error.
- To balance transfers across all funds, entries totaling \$267,465 were required (\$107,000-General Fund, \$8,329-American Rescue Plan Fund, \$67,520-2017 SPLOST Fund, \$84,616-Capital Projects Fund).
- To adjust property tax revenues, accounts receivable, and deferred revenues in the General Fund by \$3,272,121 and the Tax Allocation District Fund by \$69,756.
- To increase expenditures and accounts payable by \$54,500 in the American Rescue Plan Fund for expenditures incurred before year end but not paid until after year end. This entry also increased capital assets by the same amount in governmental activities.
- To decrease accounts payable and expenditures by \$192,805 in the Capital Project Fund for prior year entries not reversed.
- To increase accounts receivable and revenue in the 2017 SPLOST Fund by \$244,232 for amounts earned by not yet collected.
- To reduce accounts payable and accounts receivable by \$515,000 in the General Fund for amounts which were overstated.

Effect: Audit adjustments totaling \$4,696,918 were required as detailed above.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the fiscal year-end financial close out procedures. We also recommend management reconcile account balances monthly to subsidiary ledgers and account statements, reverse prior year audit entries, and review all transactions near year end and subsequent to year end, so as to ensure proper and timely recording of transactions.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the recommendation above. The Finance Department will update controls and ensure account balances are adjusted for timely and accurate reporting.