



MAULDIN & JENKINS

CPAs & ADVISORS

CITY OF LILBURN, GEORGIA

ANNUAL FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

CITY OF LILBURN, GEORGIA
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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, 2023, 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, 2023, 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, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, the schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards, 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 February 6, 2024 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

Atlanta, Georgia
February 6, 2024

**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, 2023.

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, 2023 and 2022

	Governmental activities	
	2023	2022
Assets:		
Current and other assets	\$ 17,410,516	\$ 13,672,400
Capital assets	36,794,347	34,070,754
Total assets	54,204,863	47,743,154
Liabilities:		
Long-term liabilities	259,336	305,354
Other liabilities	2,728,020	2,793,440
Total liabilities	2,987,356	3,098,794
Net position:		
Net Investment in capital assets	36,677,667	33,724,041
Restricted	3,485,270	978,272
Unrestricted	11,054,570	9,942,047
Total net position	\$ 51,217,507	\$ 44,644,360

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, 2023 was \$51,217,507 as compared to \$44,644,360 at June 30, 2022. At June 30, 2023, a total of \$36,677,667 of net position, or 72%, was invested in capital assets (e.g., land, buildings, infrastructure, equipment, etc.) net of related debt. At June 30, 2022, a total of \$33,724,041 of the net position, or 76%, was invested in capital assets net of related debt. The decrease in percentage is primarily related to the increase in restricted net position (primarily the 2023 SPLOST). Also at June 30, 2023, the City had restricted net position of \$3,485,270 which was restricted for capital projects, tourism, and public safety based on intergovernmental and other agreements. This balance was \$978,272 at June 30, 2022 and the increase results primarily from 2023 SPLOST Fund collections which saw no expenditures in 2023. The remaining balances of net position, \$11,133,098 at June 30, 2023 and \$9,942,047 at June 30, 2022, 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, 2023 and 2022

	Governmental activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 2,944,970	\$ 3,067,561
Capital grants and contributions	5,983,679	3,963,137
Operating grants and contributions	-	-
General revenues:		
Property taxes	4,548,748	3,469,445
Franchise taxes	982,926	964,341
Alcoholic beverage taxes	749,425	719,110
Hotel motel taxes	6,555	-
Other taxes	2,138,332	1,751,195
Unrestricted investment earnings	183,071	17,427
Miscellaneous	176,452	139,453
Total revenues	<u>17,714,158</u>	<u>14,091,669</u>
Expenses:		
General government	2,733,009	2,954,266
Police	4,730,091	4,351,026
Courts	699,771	705,969
Streets	1,882,325	1,833,395
Recreation	161,898	220,770
Planning and zoning	461,584	421,716
Economic development	60,499	52,500
Marketing & Events	411,822	316,664
Interest	12	15,492
	<u>11,141,011</u>	<u>10,871,798</u>
Change in net position	6,573,147	3,219,871
Net position, beginning of year	44,644,360	41,424,489
Net position, end of year	<u>\$ 51,217,507</u>	<u>\$ 44,644,360</u>

Net position of the City increased by \$6,573,147 in 2023 and \$3,219,871 in 2022. Revenues increased from 2022 to 2023 with the majority of the increase from capital grants and contributions and property taxes. The capital grants and contributions increased primarily from recognition of revenue from the American Rescue Plan program. Property taxes increased as the assessed value increased. Expenses saw a slight increase from 2022 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 \$3,780,280. This increase was the result of increased property tax revenues and SPLOST collections exceeding capital expenditures in the current period.

The General Fund saw an increase in fund balance of \$937,776 due to property tax increases which were offset by payroll increases. The fund has a fund balance of \$9,115,961 at June 30, 2023.

The American Rescue Plan Fund recognized \$2,574,371 of intergovernmental revenues for allowable expenditures on the program. The fund currently has cash and a matching liability of \$1,863,288 to spend once allowable expenditures are identified.

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

The 2017 SPLOST Fund saw an increase in fund balance as SPLOST collections exceeded capital outlay and debt service requirements. The fund has a fund balance of \$1,350,415 at June 30, 2023.

The 2023 SPLOST Fund was new in fiscal year 2023 and had SPLOST collections of \$875,581. The fund has not expended any of the collections as of June 30, 2023.

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 an increase in fund balance primarily due to transfers in from the General Fund. The fund has a fund balance of \$1,991,379 at June 30, 2023.

The Confiscated Assets Fund is collecting revenue from cash confiscations and federal seizures to support police operations. The fund has a fund balance of \$101,684 at June 30, 2023.

The Hotel/Motel Fund was new in fiscal year 2023 and collected hotel/motel taxes of \$6,555. The fund has \$6,555 of fund balance at June 30, 2023.

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 a fund balance of \$280,857 at June 30, 2023.

The TAD Fund began collecting incremental revenues on properties in the district in 2018. The fund has a fund balance of \$779,450 at June 30, 2023.

Budgetary Highlights

The City adopts an annual budget for the General Fund, American Rescue Plan Fund, Confiscated Assets Fund, Hotel/Motel Fund and School Zone Safety Fund. The budget, as originally adopted, for the General Fund included expenditures of \$10,612,834 with budget amendments bringing final expenditure budgets of \$10,229,211. Overall actual results had expenditures of \$582,290 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 \$2,119,819 with budget amendments bringing final expenditure budget to \$4,425,824. Overall actual results had expenditures of \$1,851,453 less than what was budgeted due to fewer expenditures in all functional areas. The budget, as originally adopted, for the Confiscated Asset Fund included expenditures of \$45,499 with no budget amendments. Overall actual results had expenditures of \$22,427 less than what was budgeted. The budget, as originally adopted, for the School Zone Safety Fund included expenditures of \$229,079 with budget amendments bringing the final expenditure budget to \$190,000. Overall actual results had expenditures of \$12,046 more than what was budgeted due to more expenditures in the Public Safety function than expected. The budget, as originally adopted, for the Hotel/Motel Fund included expenditures of \$100 with budget amendments bringing final expenditure budget to \$2,100. Overall actual results had expenditures of \$2,100 less than what was budgeted due to fewer expenditures in all functional areas.

Capital Assets and Related Liabilities

The City's investment in capital assets for its governmental activities as of year end amounts to \$36,794,347 (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 2023 was the Splash Pad, Main Street Projects, City Hall renovations, and the Dark Fiber project.

Readers should refer to Note 5 of the financial statements for more information on capital asset activity.

The City made the final payment on the \$4,000,000 Sales Tax Note Payable in fiscal year 2023 and as of June 30, 2023 has no long-term debt outstanding.

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, 2023

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Cash and cash equivalents	\$ 14,852,993	\$ 419,340
Other assets	-	2,994,219
Receivables, net of allowance for uncollectible accounts	259,468	15,000
Intergovernmental receivable	676,533	-
Advance to component unit	1,621,522	-
Capital assets, nondepreciable	10,833,631	4,120
Capital assets, depreciable, net of accumulated depreciation	<u>25,960,716</u>	<u>-</u>
Total assets	<u>54,204,863</u>	<u>3,432,679</u>
LIABILITIES		
Accounts payable	765,889	82,029
Accrued liabilities	177,371	-
Unearned revenue	1,784,760	-
Advance from primary government	-	1,621,522
Long-term liabilities:		
Compensated absences due within one year	<u>259,336</u>	<u>-</u>
Total liabilities	<u>2,987,356</u>	<u>1,703,551</u>
NET POSITION		
Net investment in capital assets	36,677,667	4,120
Restricted for:		
Capital projects	3,096,174	-
Tourism	6,555	-
Public safety	382,541	-
Unrestricted	<u>11,054,570</u>	<u>1,725,008</u>
Total net position	<u>\$ 51,217,507</u>	<u>\$ 1,729,128</u>

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

CITY OF LILBURN, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS	General	American Rescue Plan	2017 SPLOST	2023 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 8,144,752	\$ 1,863,288	\$ 1,357,953	\$ 281,742	\$ 2,017,333	\$ 1,187,925	\$ 14,852,993
Receivables, net of allowance for uncollectable amounts	235,144	-	-	-	-	24,324	259,468
Intergovernmental receivable	82,692	-	-	593,841	-	-	676,533
Due from other funds	-	-	-	-	-	6,158	6,158
Advance to component unit	1,621,522	-	-	-	-	-	1,621,522
Total assets	\$ 10,084,110	\$ 1,863,288	\$ 1,357,953	\$ 875,583	\$ 2,017,333	\$ 1,218,407	\$ 17,416,674
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 610,147	\$ 25,422	\$ 7,538	-	\$ 25,954	\$ 43,722	\$ 712,783
Accrued liabilities	177,371	-	-	-	-	-	177,371
Retainage payable	-	53,106	-	-	-	-	53,106
Unearned revenue	-	1,784,760	-	-	-	-	1,784,760
Due to other funds	6,158	-	-	-	-	-	6,158
Total liabilities	793,676	1,863,288	7,538	-	25,954	43,722	2,734,178
Deferred inflows of resources:							
Unavailable revenue-property taxes	174,473	-	-	-	-	6,139	180,612
Total deferred inflows of resources	174,473	-	-	-	-	6,139	180,612
Fund balances:							
Nonspendable:							
Advance to component unit	1,621,522	-	-	-	-	-	1,621,522
Restricted:							
Capital construction	-	-	1,350,415	875,583	-	779,450	3,005,448
Tourism	-	-	-	-	-	6,555	6,555
Public safety	-	-	-	-	-	382,541	382,541
Assigned:							
Capital construction	-	-	-	-	1,991,379	-	1,991,379
Unassigned	7,494,439	-	-	-	-	-	7,494,439
Total fund balances	9,115,961	-	1,350,415	875,583	1,991,379	1,168,546	14,501,884
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,084,110	\$ 1,863,288	\$ 1,357,953	\$ 875,583	\$ 2,017,333	\$ 1,218,407	
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							
Other assets - property taxes receivable not available to pay for current-period expenditures are deferred in the governmental funds.							
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.							
Compensated absences							
Net position of governmental activities							
							\$ 51,217,507

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, 2023

	General	American Rescue Plan	2017 SPLOST	2023 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 3,930,418	\$ -	\$ -	\$ -	\$ -	\$ 595,148	\$ 4,525,566
Franchise taxes	982,926	-	-	-	-	-	982,926
Alcoholic beverage taxes	749,425	-	-	-	-	-	749,425
Other taxes	2,138,332	-	-	-	-	6,555	2,144,887
Licenses and permits	511,922	-	-	-	-	-	511,922
Intergovernmental	154,952	2,574,371	2,220,295	875,581	147,249	11,229	5,983,677
Charges for services	941,892	-	-	-	-	-	941,892
Fines and forfeitures	1,278,199	-	-	-	-	212,957	1,491,156
Investment income	183,064	-	-	2	-	7	183,073
Miscellaneous	162,439	-	-	-	2,053	-	164,492
Total revenues	<u>11,033,569</u>	<u>2,574,371</u>	<u>2,220,295</u>	<u>875,583</u>	<u>149,302</u>	<u>825,896</u>	<u>17,679,016</u>
EXPENDITURES							
Current:							
General government	2,350,763	16,504	-	-	-	11,363	2,378,630
Police	3,889,288	68,131	-	-	-	225,118	4,182,537
Courts	697,317	-	-	-	-	-	697,317
Streets	1,736,313	-	-	-	-	-	1,736,313
Recreation	138,388	-	-	-	-	-	138,388
Planning and zoning	366,164	-	-	-	-	-	366,164
Economic development	56,866	-	-	-	-	-	56,866
Marketing and events	411,822	-	-	-	-	-	411,822
Capital outlay	-	2,489,736	847,451	-	372,053	150,000	3,859,240
Debt service:							
Principal	-	-	83,333	-	-	-	83,333
Interest	-	-	86	-	-	-	86
Total expenditures	<u>9,646,921</u>	<u>2,574,371</u>	<u>930,870</u>	<u>-</u>	<u>372,053</u>	<u>386,481</u>	<u>13,910,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,386,648</u>	<u>-</u>	<u>1,289,425</u>	<u>875,583</u>	<u>(222,751)</u>	<u>439,415</u>	<u>3,768,320</u>
OTHER FINANCING SOURCES (USES)							
Sale of confiscated property	-	-	-	-	-	11,960	11,960
Transfers out to other funds	(448,872)	-	-	-	-	-	(448,872)
Transfers in from other funds	-	-	-	-	448,872	-	448,872
Total other financing sources (uses)	<u>(448,872)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,872</u>	<u>11,960</u>	<u>11,960</u>
Net change in fund balances	937,776	-	1,289,425	875,583	226,121	451,375	3,780,280
FUND BALANCES,							
beginning of year,	<u>8,178,185</u>	<u>-</u>	<u>60,990</u>	<u>-</u>	<u>1,765,258</u>	<u>717,171</u>	<u>10,721,604</u>
FUND BALANCES,							
end of year	<u>\$ 9,115,961</u>	<u>\$ -</u>	<u>\$ 1,350,415</u>	<u>\$ 875,583</u>	<u>\$ 1,991,379</u>	<u>\$ 1,168,546</u>	<u>\$ 14,501,884</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, 2023**

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

Net change in fund balances - total governmental funds	\$	3,780,280
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		3,901,372
Depreciation expense		(1,177,779)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.		
		23,182
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.		
		83,333
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		74
Change in compensated absences		(37,315)
		74
		(37,315)
Change in net position - governmental activities	\$	6,573,147

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, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 3,641,600	\$ 3,772,739	\$ 3,930,418	\$ 157,679
Franchise taxes	986,100	1,022,500	982,926	(39,574)
Alcoholic beverage taxes	725,000	681,284	749,425	68,141
Insurance premium taxes	1,005,517	1,288,417	1,242,907	(45,510)
Other taxes	1,062,950	1,044,450	895,425	(149,025)
Total taxes	<u>7,421,167</u>	<u>7,809,390</u>	<u>7,801,101</u>	<u>(8,289)</u>
Licenses and permits:				
Alcoholic beverage fees	255,250	235,250	236,670	1,420
Business licenses	67,400	66,500	49,073	(17,427)
Building permits	627,500	196,550	226,179	29,629
Total licenses and permits	<u>950,150</u>	<u>498,300</u>	<u>511,922</u>	<u>13,622</u>
Intergovernmental revenues:				
Federal grants	2,000	4,000	4,393	393
State grants	5,000	6,000	5,000	(1,000)
Local grants	182,185	93,918	145,559	51,641
Total intergovernmental revenues	<u>189,185</u>	<u>103,918</u>	<u>154,952</u>	<u>51,034</u>
Charges for services:				
Public safety services	65,970	70,037	53,316	(16,721)
Other charges	942,744	885,509	888,576	3,067
Total charges for services	<u>1,008,714</u>	<u>955,546</u>	<u>941,892</u>	<u>(13,654)</u>
Fines and forfeitures	<u>1,106,930</u>	<u>1,064,104</u>	<u>1,278,199</u>	<u>214,095</u>
Investment income	<u>8,000</u>	<u>172,078</u>	<u>183,064</u>	<u>10,986</u>
Miscellaneous revenue	<u>51,350</u>	<u>122,269</u>	<u>162,439</u>	<u>40,170</u>
Total revenues	<u>10,735,496</u>	<u>10,725,605</u>	<u>11,033,569</u>	<u>307,964</u>
EXPENDITURES				
Current:				
General government	2,669,646	2,513,498	2,350,763	162,735
Police	4,287,528	4,096,078	3,889,288	206,790
Courts	732,107	715,427	697,317	18,110
Streets	1,874,169	1,879,510	1,736,313	143,197
Recreation	116,734	167,334	138,388	28,946
Planning and zoning	406,933	370,292	366,164	4,128
Economic development	150,368	62,950	56,866	6,084
Marketing and events	375,349	424,122	411,822	12,300
Total expenditures	<u>10,612,834</u>	<u>10,229,211</u>	<u>9,646,921</u>	<u>582,290</u>
Excess (deficiency) of revenues over expenditures	<u>122,662</u>	<u>496,394</u>	<u>1,386,648</u>	<u>890,254</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(142,662)	(521,232)	(448,872)	72,360
Proceeds from the sales of property	20,000	24,838	-	(24,838)
Total other financing uses	<u>(122,662)</u>	<u>(496,394)</u>	<u>(448,872)</u>	<u>47,522</u>
Net change in fund balances	-	-	937,776	937,776
FUND BALANCES, beginning of year	<u>8,178,185</u>	<u>8,178,185</u>	<u>8,178,185</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 8,178,185</u>	<u>\$ 8,178,185</u>	<u>\$ 9,115,961</u>	<u>\$ 937,776</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, 2023**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,119,819	\$ 4,425,824	\$ 2,574,371	\$ (1,851,453)
Total revenues	<u>2,119,819</u>	<u>4,425,824</u>	<u>2,574,371</u>	<u>(1,851,453)</u>
EXPENDITURES				
Current:				
General government	2,119,819	1,829,723	16,504	1,813,219
Police Department	-	68,900	68,131	769
Capital outlay	<u>-</u>	<u>2,527,201</u>	<u>2,489,736</u>	<u>37,465</u>
Total expenditures	<u>2,119,819</u>	<u>4,425,824</u>	<u>2,574,371</u>	<u>1,851,453</u>
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023**

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 **2023 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 2023.

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

The City aggregates the nonmajor 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, 2023:

School Zone Safety Fund - Public Safety	\$ 12,046
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The 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 \$4,565,452 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, 2023, 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	28 day weighted average	<u>\$ 4,565,452</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, 2023, 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, 2022 and were mailed to taxpayers in August 2022. The due date for these taxes was October 15, 2022, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2023. Receivables are recorded when taxes are levied and billed (October 1).

Receivables at June 30, 2023, along with the allowance for uncollectible accounts, are as follows.

	General	2023 SPLOST	Nonmajor Governmental
Receivables:			
Property taxes	\$ 244,987	\$ -	\$ -
Intergovernmental	82,692	593,841	-
Accounts	-	-	24,324
Less allowance			
for uncollectible	(9,843)	-	-
Net total receivable	\$ 317,836	\$ 593,841	\$ 24,324

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,637,662	\$ -	\$ -	\$ -	\$ 4,637,662
Construction in process	2,901,670	3,469,594	-	(175,295)	6,195,969
	7,539,332	3,469,594	-	(175,295)	10,833,631
Capital assets, being depreciated:					
Land improvements	9,684,880	-	-	-	9,684,880
Buildings and improvements	15,365,226	-	-	-	15,365,226
Machinery and equipment	4,613,920	431,778	-	-	5,045,698
Infrastructure	8,294,011	-	-	175,295	8,469,306
Total	37,958,037	431,778	-	175,295	38,565,110
Less accumulated depreciation for:					
Land improvements	3,771,543	341,186	-	-	4,112,729
Buildings and improvements	2,037,675	319,861	-	-	2,357,536
Machinery and equipment	3,036,765	216,182	-	-	3,252,947
Infrastructure	2,580,632	300,550	-	-	2,881,182
Total	11,426,615	1,177,779	-	-	12,604,394
Total capital assets, being depreciated, net	26,531,422	(746,001)	-	175,295	25,960,716
Governmental activities capital assets, net	\$ 34,070,754	\$ 2,723,593	\$ -	\$ -	\$ 36,794,347

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

Governmental activities:	
General government	\$ 353,333
Police	530,001
Streets	176,667
Recreation	23,556
Planning and zoning	94,222
	94,222
Total depreciation expense - governmental activities	\$ 1,177,779

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

Activity of the long-term liabilities of the City for the year ended June 30, 2023 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	\$ 222,021	\$ 359,121	\$ 321,806	\$ 259,336	\$ 259,336
Note payable from direct borrowing	83,333	-	83,333	-	-
Governmental activity Long-term liabilities	<u>\$ 305,354</u>	<u>\$ 359,121</u>	<u>\$ 405,139</u>	<u>\$ 259,336</u>	<u>\$ 259,336</u>

The General Fund typically is the funding source of payment for the compensated absences payable. The 2017 SPLOST fund was 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. The note carries an interest rate of 2.66% and was paid in full as of June 30, 2023.

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 6,158
		<u>\$ 6,158</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.

Advance to component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	DDA	\$ 1,621,522
		<u>\$ 1,621,522</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The General 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, 2023 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 448,872

Transfers are used to (1) move unrestricted revenues collected in the General Fund to finance capital purchases in the Capital Projects Fund.

NOTE 8. 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, 2023, 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 9. 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 \$4,629,440, including \$4,123,813 of payroll covered by the plan. Contributions by the City totaled \$357,551 for the fiscal year ended June 30, 2023 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (Continued)

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%

NOTE 10. 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 11. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

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, 2023, construction commitments on uncompleted contracts were \$1,000,000. These commitments relate to construction on the Dark Fiber.

NOTE 12. HOTEL/MOTEL LODGING TAX

The City established a 3% tax under O.C.G.A. 48-13-51(a)(1) on gross hotel occupancy revenues for the purpose of promoting tourism, conventions, and trade shows. Local governments imposing a tax under this code section are required to expend in each fiscal year at least the same percentage of hotel/motel tax revenues they expended in the previous fiscal year for the promotion of tourism, conventions, and trade shows. The City has not set a precedent resulting in a restriction of the City's hotel/motel tax funds. For the fiscal year ended June 30, 2023, the City collected \$6,555 in hotel/motel revenues.

NOTE 13. SUBSEQUENT EVENTS

In August 2023, the City issued a loan through the Georgia Transportation Infrastructure Bank not to exceed \$4,700,000. The principal balance of the loan will be drawn down by the City as construction costs are incurred on the extension of Railroad Avenue over a three-year period.

CITY OF LILBURN, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel/Motel Fund	School Zone Safety Fund	TAD Fund	
Cash and cash equivalents	\$ 104,101	\$ 6,419	\$ 299,318	\$ 778,087	\$ 1,187,925
Accounts Receivable	-	-	18,184	6,140	24,324
Due from other funds	-	136	-	6,022	6,158
Total assets	<u>\$ 104,101</u>	<u>\$ 6,555</u>	<u>\$ 317,502</u>	<u>\$ 790,249</u>	<u>\$ 1,218,407</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,417	\$ -	\$ 36,645	\$ 4,660	\$ 43,722
Total liabilities	<u>2,417</u>	<u>-</u>	<u>36,645</u>	<u>4,660</u>	<u>43,722</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	6,139	6,139
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,139</u>	<u>6,139</u>
FUND BALANCES					
Restricted:					
Capital construction	-	-	-	779,450	779,450
Tourism	-	6,555	-	-	6,555
Public safety	101,684	-	280,857	-	382,541
Total fund balances	<u>101,684</u>	<u>6,555</u>	<u>280,857</u>	<u>779,450</u>	<u>1,168,546</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 104,101</u>	<u>\$ 6,555</u>	<u>\$ 317,502</u>	<u>\$ 790,249</u>	<u>\$ 1,218,407</u>

**CITY OF LILBURN, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel/Motel Fund	School Zone Safety Fund	TAD Fund	
Revenues					
Other taxes	\$ -	\$ 6,555	\$ -	\$ 595,148	\$ 601,703
Investment income	7	-	-	-	7
Fines and Forfeitures	-	-	212,957	-	212,957
Intergovernmental	11,229	-	-	-	11,229
Total revenues	<u>11,236</u>	<u>6,555</u>	<u>212,957</u>	<u>595,148</u>	<u>825,896</u>
Expenditures					
Current:					
General government	-	-	-	161,363	161,363
Police	23,072	-	202,046	-	225,118
Total expenditures	<u>23,072</u>	<u>-</u>	<u>202,046</u>	<u>161,363</u>	<u>386,481</u>
Excess of revenues over expenditures	<u>(11,836)</u>	<u>6,555</u>	<u>10,911</u>	<u>433,785</u>	<u>439,415</u>
Other Financing Sources					
Proceeds from the sale of confiscated property	11,960	-	-	-	11,960
Total other financing sources	<u>11,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,960</u>
Net change in fund balances	124	6,555	10,911	433,785	451,375
Fund balances, beginning of year	<u>101,560</u>	<u>-</u>	<u>269,946</u>	<u>345,665</u>	<u>717,171</u>
Fund balances, end of year	<u>\$ 101,684</u>	<u>\$ 6,555</u>	<u>\$ 280,857</u>	<u>\$ 779,450</u>	<u>\$ 1,168,546</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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Investment income	\$ -	\$ 50	\$ 7	\$ (43)
Intergovernmental	34,999	34,949	11,229	(23,720)
Total revenues	<u>34,999</u>	<u>34,999</u>	<u>11,236</u>	<u>(23,763)</u>
Expenditures:				
Current:				
Police	45,499	45,499	23,072	22,427
Total expenditures	<u>45,499</u>	<u>45,499</u>	<u>23,072</u>	<u>22,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,500)</u>	<u>(10,500)</u>	<u>(11,836)</u>	<u>(1,336)</u>
Other financing sources:				
Proceeds from sale of confiscated property	10,500	10,500	11,960	1,460
Total other financing sources	<u>10,500</u>	<u>10,500</u>	<u>11,960</u>	<u>1,460</u>
Net change in fund balances	-	-	124	124
Fund balance, beginning of year	<u>101,560</u>	<u>101,560</u>	<u>101,560</u>	<u>-</u>
Fund balance, end of year	<u>\$ 101,560</u>	<u>\$ 101,560</u>	<u>\$ 101,684</u>	<u>\$ 124</u>

**CITY OF LILBURN, GEORGIA
HOTEL/MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Hotel/Motel Taxes	\$ 100	\$ 2,100	\$ 6,555	\$ 4,455
Total revenues	<u>100</u>	<u>2,100</u>	<u>6,555</u>	<u>4,455</u>
Expenditures:				
Current:				
Tourism	100	2,100	-	2,100
Total expenditures	<u>100</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>
Net change in fund balances	-	-	6,555	6,555
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,555</u>	<u>\$ 6,555</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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Fines and Forfeitures	\$ 250,000	\$ 131,100	\$ 212,957	\$ 81,857
Investment income	10	-	-	-
Total revenues	<u>250,010</u>	<u>131,100</u>	<u>212,957</u>	<u>81,857</u>
Expenditures:				
Current:				
Public Safety	229,079	190,000	202,046	(12,046)
Total expenditures	<u>229,079</u>	<u>190,000</u>	<u>202,046</u>	<u>(12,046)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,931</u>	<u>(58,900)</u>	<u>10,911</u>	<u>69,811</u>
Other financing uses:				
Transfers out to other funds	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(14,069)	(58,900)	10,911	69,811
Fund balance, beginning of year	<u>269,946</u>	<u>269,946</u>	<u>269,946</u>	<u>-</u>
Fund balance, end of year	<u>\$ 255,877</u>	<u>\$ 211,046</u>	<u>\$ 280,857</u>	<u>\$ 69,811</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, 2023

	(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	\$ 6,157,105			
Misc. Projects - Consulting			\$ 1,380,675	\$ 10,350	\$ 1,391,025
Repaving Program			41,035	284	41,319
LMIG			394,594	118,688	513,282
Main Street Realignment and Improvements			975,904	48,757	1,024,661
Equipment			139,871	31,714	171,585
Vehicles			374,242	97,259	471,501
Jackson Creek Multi Use Path			5,815	-	5,815
Facility			100	-	100
Greenway Bridge Replacement			155,897	-	155,897
Greenway Trail Improvements			111,880	-	111,880
Misc. Projects - Repair and Maintenance			142,967	7,220	150,187
Signage			137,100	84,927	222,027
Intersection Improvements			617,706	1,500	619,206
RailRoad Ave. Parking			269,986	-	269,986
Police Headquarters Parking Lot			61,825	-	61,825
Total Roads & Bridges Improvements	<u>4,407,530</u>	<u>6,157,105</u>	<u>4,809,597</u>	<u>400,699</u>	<u>5,210,296</u>
Recreational Facilities & Equipment	811,914	1,325,000			
Misc. Projects - Consulting			2,513	-	2,513
Park Improvements			51,185	19,450	70,635
Equipment			65,096	105,355	170,451
Playground			340,115	-	340,115
Park Restroom			490,685	-	490,685
Greenway Trail			131,586	168	131,754
Total Recreational Facilities & Equipment	<u>811,914</u>	<u>1,325,000</u>	<u>1,081,180</u>	<u>124,973</u>	<u>1,206,153</u>
Public Safety Facilities & Equipment	6,379,320	7,548,556			
K-9 Unit			17,084	-	17,084
Miscellaneous Public Safety			150	2,241	2,391
Vehicles			800,777	225,070	1,025,847
Police Headquarters			2,630,354	-	2,630,354
Police Headquarters(Debt Service)			3,128,382	83,450	3,211,832
Equipment			228,898	88,153	317,051
Security Equipment			45,416	6,283	51,699
Total Public Safety Facilities & Equipment	<u>6,379,320</u>	<u>7,548,556</u>	<u>6,851,061</u>	<u>405,197</u>	<u>7,256,258</u>
Total 2017 SPLOST Expenditures	<u>\$ 11,598,764</u>	<u>\$ 15,030,661</u>	<u>\$ 12,741,838</u>	<u>\$ 930,870</u>	<u>\$ 13,672,708</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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2024.

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 questioned costs as item 2023-001 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 questioned costs. 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
February 6, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lilburn, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 6, 2024

City of Lilburn, Georgia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass- through Grantor Number</u>	<u>Total Expenditures</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed through the State of Georgia			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	GA-0009508	\$ 2,574,371
Total U.S. Department of the Treasury			<u>2,574,371</u>
U.S. DEPARTMENT OF JUSTICE			
Bullet Proof Vest Partnership Program	16.607	20023154	4,393
Equitable Sharing Program	16.922	GA0670600	<u>2,376</u>
Total U.S. Department of Justice			<u>6,769</u>
Total Expenditures of Federal Awards			<u>\$ 2,581,140</u>

See notes to schedule of expenditures of federal awards.

CITY OF LILBURN, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liability is incurred.

Federal grant programs which are administered through state agencies (pass-through awards) have been included in this report. These programs are operated according to federal regulations promulgated by the federal agency providing the funding.

The City did not pass any federal awards through to sub-recipients.

Indirect Cost Rate

The City has elected not to utilize the 10% de minimis indirect cost rate.

**CITY OF LILBURN, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Internal control over major federal programs:

Material weaknesses identified? yes no

Significant deficiencies identified? yes none reported

Type of auditor’s report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

**CITY OF LILBURN, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Finding 2023-001 – 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, 2023.

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

- To adjust property tax revenues, accounts receivable, and deferred revenues in the General Fund by \$32,254.
- To record intergovernmental revenue and receivable of \$67,052 in the General Fund.
- To adjust fund balance by \$5,000 in the American Rescue Plan Fund to agree with the prior year financial statements.
- To reverse a prior year accounts payable accrual of \$49,500 in the American Rescue Plan Fund.
- To increase expenditures and accounts payable by \$68,563, \$6,655 and \$4,660 in the American Rescue Plan Fund, Capital Projects Fund and TAD Fund, respectively, for expenditures incurred before year end but not paid until after year end. These entries also increased capital assets by the same amount in governmental activities.
- To increase revenues and decrease unearned revenue by \$182,511 in the American Rescue Plan Fund.
- To decrease accounts receivable and revenue in the Capital Projects Fund by \$60,180 for amounts recorded in the prior year.
- To increase expenses and accounts payable by \$79,767 in the Downtown Development Authority for expenses incurred before year end but not paid until after year end.

Effect: Audit adjustments totaling \$556,142 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.

Section III – Federal Awards Findings and Questioned Costs

None

CITY OF LILBURN, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Auditee's Response/Status: The finding was repeated as finding 2023-001.



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**MANAGEMENT'S CORRECTIVE ACTION
FOR THE YEAR ENDED JUNE 30, 2023**

2023-001 Fiscal Year-End Financial Close and Reporting Controls

Name of the Contact Person Responsible for the Corrective Action Plan: Sherrie Smith, Finance Director.

Corrective Action Plan: The City will continue to work to implement and/or strengthen internal controls surrounding the fiscal year-end financial close out procedures. A consultant has been hired to assist with this process.

Anticipated Completion Date: June 30, 2024

