

**CITY OF LILBURN, GEORGIA**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

**CITY OF LILBURN, GEORGIA**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lilburn, Georgia as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-7 be presented to supplement the basic financial statements. Such information, 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.

*Other 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 non-major fund financial statements and schedules, including 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining non-major fund financial statements, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (the “supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is 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 November 16, 2021 on our consideration of the City of Lilburn, Georgia’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  
November 16, 2021

**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, 2021.

**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 10-13 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 14-29 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, 2021 and 2020

	<b>Governmental activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current and other assets	\$ 11,331,252	\$ 8,617,787
Capital assets	32,187,863	30,028,601
Total assets	43,519,115	38,646,388
<b>Liabilities:</b>		
Long-term liabilities	1,327,001	2,350,088
Other liabilities	767,625	928,165
Total liabilities	2,094,626	3,278,253
<b>Net position:</b>		
Net Investment in capital assets	30,996,432	27,456,497
Restricted	697,480	542,996
Unrestricted	9,730,577	7,368,642
Total net position	\$ 41,424,489	\$ 35,368,135

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, 2021 was \$41,424,489 as compared to \$35,368,135 at June 30, 2020. At June 30, 2021, a total of \$30,996,432 of net position, or 75%, was invested in capital assets (e.g., land, buildings, infrastructure, equipment, etc.) net of related debt. At June 30, 2020, a total of \$27,456,497 of the net position, or 78%, was invested in capital assets net of related debt. The increase is primarily due to the construction on the park projects, sidewalks, the Lilburn Industrial Way improvements, and LMIG upgrades. Also at June 30, 2021, the City had restricted net position of \$697,480 which was restricted for capital projects and public safety based on intergovernmental and other agreements. This balance was \$542,996 at June 30, 2020 and the increase results primarily from increased 2017 SPLOST collections. The remaining balances of net position, \$9,730,577 at June 30, 2021 and \$7,368,642 at June 30, 2020, 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, 2021 and 2020

	<b>Governmental activities</b>	
	<b>2021</b>	<b>2020</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,274,017	\$ 2,190,587
Capital grants and contributions	5,137,164	3,455,620
Operating grants and contributions	1,464,383	-
General revenues:		
Property taxes	2,926,637	2,408,533
Franchise taxes	863,934	950,374
Alcoholic beverage taxes	737,488	628,016
Other taxes	1,659,755	1,572,619
Unrestricted investment earnings	2,748	72,189
Miscellaneous	217,469	111,002
Total revenues	<u>15,283,595</u>	<u>11,388,940</u>
Expenses:		
General government	2,552,805	2,619,794
Police	4,103,844	4,335,204
Courts	319,987	277,071
Streets	1,353,031	1,284,887
Recreation	72,625	59,338
Planning and zoning	477,553	509,356
Economic development	74,415	73,640
Marketing & Events	231,147	149,594
Interest	41,834	68,396
	<u>9,227,241</u>	<u>9,377,280</u>
Change in net position	6,056,354	2,011,660
Net position, beginning of year	35,368,135	33,356,475
Net position, end of year	<u>\$ 41,424,489</u>	<u>\$ 35,368,135</u>

Net position of the City increased by \$6,056,354 in 2021 and \$2,011,660 in 2020. Revenues increased significantly from 2020 to 2021 with the majority of the increase from capital grants and contributions and operating grants and contributions. The capital grants and contributions increased primarily from CDBG funding from Gwinnett County and transfer from the Downtown Development Authority from properties sold in fiscal year 2020. Operating grants increased due to COVID-19 grant funding. Expenses saw a slight decrease from 2020 mostly due to demolition of the old City Hall facility in 2020.

**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 \$2,933,907. This increase was the result of increased intergovernmental activity, specifically COVID-19 and CDBG grants, and other decreased capital outlay activities in the Capital Projects Fund.

The General Fund saw an increase of fund balance of \$1,627,147 due to property tax and building permit increases, and COVID-19 funding. The fund has a fund balance of \$7,682,652 at June 30, 2021.

The 2017 SPLOST Fund saw an increase in fund balance as capital outlay and debt service requirements were slightly less than SPLOST collections. The fund has a fund balance of \$378,563 at June 30, 2021.

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

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 as there was a decrease in Capital Outlay activity in 2021 and increased grant activity. The fund has a fund balance of \$2,112,093 at June 30, 2021.

The Confiscated Assets Fund is collecting revenue from cash confiscations and federal seizures to support police operations. The fund has \$84,100 of fund balance at June 30, 2021.

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 \$136,857 of fund balance at June 30, 2021.

The TAD fund began collecting incremental revenues on properties in the district in 2018. The fund has a fund balance of \$97,960, at June 30, 2021.

**Budgetary Highlights**

The City adopts an annual budget for the General Fund, Confiscated Assets Fund, and School Zone Safety Fund. The budget, as originally adopted, for the General Fund included expenditures of \$8,559,094 with no budget amendments. Overall actual results had expenditures of \$628,823 less than what was budgeted due to fewer expenditures in all functions (except for Marketing and Events and economic development). The budget, as originally adopted, for the Confiscated Asset Fund included expenditures of \$1,000 with no budget amendments. Overall actual results had expenditures of \$33,107 more than what was budgeted due to more expenditures in the police function than expected. The budget, as originally adopted, for the School Zone Safety Fund included expenditures of \$78,100 with no budget amendments. Overall actual results had expenditures of \$37,320 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 \$32,187,863 (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 activity in 2021 was the Lilburn industrial way improvements, LMIG upgrades, and the park pavilion project.

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 2021 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, 2021**

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Downtown Development Authority</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,316,129	\$ 452,927
Other assets	-	2,994,219
Receivables, net of allowance for uncollectible accounts	107,730	-
Intergovernmental receivable	856,009	-
Notes receivable, due in one year	-	200,000
Advance to component unit	2,051,384	-
Capital assets, nondepreciable	7,581,104	4,120
Capital assets, depreciable, net of accumulated depreciation	24,606,759	-
Total assets	<u>43,519,115</u>	<u>3,651,266</u>
<b>LIABILITIES</b>		
Accounts payable	639,321	6,905
Accrued liabilities	128,304	-
Unearned revenue	-	1,435
Advance from primary government	-	2,051,384
Long-term liabilities:		
Note payable, due within one year	1,000,000	-
Note payable, due within more than one year	83,333	-
Compensated absences due within one year	243,668	-
Total liabilities	<u>2,094,626</u>	<u>2,059,724</u>
<b>NET POSITION</b>		
Net investment in capital assets	30,996,432	4,120
Restricted for:		
Capital projects	476,523	-
Public safety	220,957	-
Unrestricted	9,730,577	1,587,422
Total net position	<u>\$ 41,424,489</u>	<u>\$ 1,591,542</u>

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

**CITY OF LILBURN, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses) Revenues and Changes in Net Position</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>	<b>Component Unit</b>
					<b>Governmental Activities</b>	<b>Downtown Development Authority</b>
Governmental activities:						
General government	\$ 2,552,805	\$ 268,157	\$ -	\$ 1,365,852	\$ (918,796)	
Police	4,103,844	872,123	1,464,383	1,757,688	(9,650)	
Courts	319,987	-	-	-	(319,987)	
Streets	1,353,031	583,634	-	1,787,075	1,017,678	
Recreation	72,625	27,434	-	226,548	181,357	
Planning and zoning	477,553	522,669	-	-	45,116	
Economic development	74,415	-	-	-	(74,415)	
Marketing and events	231,147	-	-	-	(231,147)	
Interest on long term debt	41,834	-	-	-	(41,834)	
Total governmental activities	<u>\$ 9,227,241</u>	<u>\$ 2,274,017</u>	<u>\$ 1,464,383</u>	<u>\$ 5,137,164</u>	<u>(351,677)</u>	
Component Unit:						
Downtown Development Authority	<u>\$ 1,382,974</u>	<u>\$ 106,220</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (1,276,754)</u>
		General revenues:				
		Property taxes			2,926,637	-
		Franchise taxes			863,934	-
		Alcoholic beverage taxes			737,488	-
		Other taxes			1,659,755	-
		Unrestricted investment earnings			2,748	9,859
		Miscellaneous			217,469	8,951
		Total general revenues			<u>6,408,031</u>	<u>18,810</u>
		Change in net position			6,056,354	(1,257,944)
		Net position, beginning of year			<u>35,368,135</u>	<u>2,849,486</u>
		Net position, end of year			<u>\$ 41,424,489</u>	<u>\$ 1,591,542</u>

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

**CITY OF LILBURN, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

ASSETS	General	2017 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,321,819	\$ 4	\$ 1,694,929	\$ 299,377	\$ 8,316,129
Receivables, net of allowance for uncollectable amounts	88,100	-	-	19,630	107,730
Intergovernmental receivable	40,507	432,877	382,625	-	856,009
Advance to component unit	1,621,522	-	429,862	-	2,051,384
<b>Total assets</b>	<b>\$ 8,071,948</b>	<b>\$ 432,881</b>	<b>\$ 2,507,416</b>	<b>\$ 319,007</b>	<b>\$ 11,331,252</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 189,590	\$ 54,318	\$ 395,323	\$ 90	\$ 639,321
Accrued liabilities	127,343	-	-	-	127,343
Total liabilities	316,933	54,318	395,323	90	766,664
<b>Deferred inflows of resources:</b>					
Unavailable revenue- property taxes	72,363	-	-	-	72,363
Total deferred inflows of resources	72,363	-	-	-	72,363
<b>Fund balances:</b>					
Nonspendable:					
Advance to component unit	1,621,522	-	429,862	-	2,051,384
Restricted:					
Capital construction	-	378,563	-	97,960	476,523
Public safety	-	-	-	220,957	220,957
Assigned:					
Capital construction	-	-	1,682,231	-	1,682,231
Unassigned	6,061,130	-	-	-	6,061,130
Total fund balances	7,682,652	378,563	2,112,093	318,917	10,492,225
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,071,948	\$ 432,881	\$ 2,507,416	\$ 319,007	
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					32,187,863
Other assets - property taxes and sales taxes receivable not available to pay for current-period expenditures are deferred in the governmental funds.					
					72,363
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.					
Compensated absences					(243,668)
Note payable					(1,083,333)
Accrued interest					(961)
Net position of governmental activities					<u>\$ 41,424,489</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, 2021**

	General	2017 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,854,426	\$ -	\$ -	\$ 52,064	\$ 2,906,490
Franchise taxes	863,934	-	-	-	863,934
Alcoholic beverage taxes	737,488	-	-	-	737,488
Other taxes	1,659,755	-	-	-	1,659,755
Licenses and permits	796,720	-	-	-	796,720
Intergovernmental	1,555,022	2,941,560	2,137,564	48,335	6,682,481
Charges for services	676,186	-	-	-	676,186
Fines and forfeitures	628,602	-	-	172,510	801,112
Investment income	2,710	-	23	15	2,748
Miscellaneous	70,653	-	146,816	-	217,469
Total revenues	<u>9,845,496</u>	<u>2,941,560</u>	<u>2,284,403</u>	<u>272,924</u>	<u>15,344,383</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,207,806	-	-	575	2,208,381
Police	3,517,174	-	-	74,977	3,592,151
Courts	321,561	-	-	-	321,561
Streets	1,161,449	-	-	-	1,161,449
Recreation	30,180	-	-	-	30,180
Planning and zoning	385,901	-	-	-	385,901
Economic development	75,053	-	-	-	75,053
Marketing and events	231,147	-	-	-	231,147
Capital outlay	-	1,061,181	2,325,667	-	3,386,848
Debt service:					
Principal	-	1,000,000	-	-	1,000,000
Interest	-	42,720	-	-	42,720
Total expenditures	<u>7,930,271</u>	<u>2,103,901</u>	<u>2,325,667</u>	<u>75,552</u>	<u>12,435,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,915,225</u>	<u>837,659</u>	<u>(41,264)</u>	<u>197,372</u>	<u>2,908,992</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the sale of confiscated property	20,131	-	-	4,784	24,915
Transfers out to other funds	(308,209)	(809,612)	-	-	(1,117,821)
Transfers in from other funds	-	-	1,112,605	5,216	1,117,821
Total other financing sources (uses)	<u>(288,078)</u>	<u>(809,612)</u>	<u>1,112,605</u>	<u>10,000</u>	<u>24,915</u>
Net change in fund balances	1,627,147	28,047	1,071,341	207,372	2,933,907
<b>FUND BALANCES, beginning of year,</b>	<u>6,055,505</u>	<u>350,516</u>	<u>1,040,752</u>	<u>111,545</u>	<u>7,558,318</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 7,682,652</u>	<u>\$ 378,563</u>	<u>\$ 2,112,093</u>	<u>\$ 318,917</u>	<u>\$ 10,492,225</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, 2021**

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

Net change in fund balances - total governmental funds	\$	2,933,907
<p>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.</p>		
Acquisition of capital assets		3,317,072
Depreciation expense		(1,157,810)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.</p>		
		(60,788)
<p>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.</p>		
		1,000,000
<p>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.</p>		
Change in accrued interest		886
Change in compensated absences		23,087
		23,973
Change in net position - governmental activities	\$	6,056,354

**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, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>Taxes:</b>				
Property taxes	\$ 2,771,790	\$ 2,771,790	\$ 2,854,426	\$ 82,636
Franchise taxes	936,000	936,000	863,934	(72,066)
Alcoholic beverage taxes	638,000	638,000	737,488	99,488
Insurance premium taxes	910,000	910,000	935,468	25,468
Other taxes	763,650	763,650	724,287	(39,363)
Total taxes	<u>6,019,440</u>	<u>6,019,440</u>	<u>6,115,603</u>	<u>96,163</u>
<b>Licenses and permits:</b>				
Alcoholic beverage fees	206,150	206,150	211,350	5,200
Business licenses	69,000	69,000	62,701	(6,299)
Building permits	396,000	396,000	522,669	126,669
Total licenses and permits	<u>671,150</u>	<u>671,150</u>	<u>796,720</u>	<u>125,570</u>
<b>Intergovernmental revenues:</b>				
Federal grants	1,000	1,000	1,466,056	1,465,056
State grants	3,000	3,000	4,000	1,000
Local grants	79,370	79,370	84,966	5,596
Total intergovernmental revenues	<u>83,370</u>	<u>83,370</u>	<u>1,555,022</u>	<u>1,471,652</u>
<b>Charges for services:</b>				
Public safety services	107,420	107,420	71,011	(36,409)
Other charges	575,950	575,950	605,175	29,225
Total charges for services	<u>683,370</u>	<u>683,370</u>	<u>676,186</u>	<u>(7,184)</u>
<b>Fines and forfeitures</b>	<u>1,041,000</u>	<u>1,041,000</u>	<u>628,602</u>	<u>(412,398)</u>
<b>Investment income</b>	<u>100,000</u>	<u>100,000</u>	<u>2,710</u>	<u>(97,290)</u>
<b>Miscellaneous revenue</b>	<u>43,850</u>	<u>43,850</u>	<u>70,653</u>	<u>26,803</u>
Total revenues	<u>8,642,180</u>	<u>8,642,180</u>	<u>9,845,496</u>	<u>1,203,316</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	2,361,544	2,376,544	2,207,806	168,738
Police	3,915,699	3,867,012	3,517,174	349,838
Courts	333,996	333,996	321,561	12,435
Streets	1,170,576	1,190,576	1,161,449	29,127
Recreation	38,675	38,675	30,180	8,495
Planning and zoning	458,320	458,320	385,901	72,419
Economic development	74,774	74,774	75,053	(279)
Marketing and events	205,510	219,197	231,147	(11,950)
Total expenditures	<u>8,559,094</u>	<u>8,559,094</u>	<u>7,930,271</u>	<u>628,823</u>
Excess of revenues over expenditures	<u>83,086</u>	<u>83,086</u>	<u>1,915,225</u>	<u>1,832,139</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out to other funds	(98,086)	(98,086)	(308,209)	(210,123)
Proceeds from the sales of property	15,000	15,000	20,131	5,131
Total other financing uses	<u>(83,086)</u>	<u>(83,086)</u>	<u>(288,078)</u>	<u>(204,992)</u>
Net change in fund balances	-	-	1,627,147	1,627,147
<b>FUND BALANCES, beginning of year</b>	<u>6,055,505</u>	<u>6,055,505</u>	<u>6,055,505</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 6,055,505</u>	<u>\$ 6,055,505</u>	<u>\$ 7,682,652</u>	<u>\$ 1,627,147</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, 2021**

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**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

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### 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 segments 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 **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 a special revenue fund to account for the activity related to specific revenue streams and a Tax Allocation District (capital project) Fund.

## NOTES TO FINANCIAL STATEMENTS

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### 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 AAAf 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

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### 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

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### 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

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### 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 position 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 position 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 arise 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

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**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, 2021:

General Fund - Marketing and events	\$ 11,950
General Fund - Economic development	279
General Fund - Transfers out	210,123
Confiscated Assets Fund - Police	33,107

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

## NOTES TO FINANCIAL STATEMENTS

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### 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**

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**NOTE 3. DEPOSITS AND OTHER ASSETS (Continued)**

Investments, with a fair value of \$4,392,889 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, 2021, 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	36 day weighted average	<u>\$ 4,392,889</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, 2021, 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, 2020 and were mailed to taxpayers in August 2020. The due date for these taxes was October 15, 2020, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2021. Receivables are recorded when taxes are levied and billed (October 1).

Receivables at June 30, 2021, 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	\$ 97,943	\$ -	\$ -	\$ -
Intergovernmental	40,507	432,877	382,625	-
Accounts	-	-	-	19,630
Less allowance				
for uncollectible	(9,843)	-	-	-
Net total receivable	<u>\$ 128,607</u>	<u>\$ 432,877</u>	<u>\$ 382,625</u>	<u>\$ 19,630</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. Monthly interest payments are due at a rate of two percent with a balloon payment of all outstanding principal and interest due during the year ending June 30, 2020. The note was amended during the fiscal year ended June 30, 2021 to extend the due date for the balloon payment to December 31, 2021. The outstanding note is secured by a security deed and security agreement between the borrower and the Downtown Development Authority.

Activity on the notes for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Notes Receivable:</b>					
Superior Design Group	\$ 538,750	\$ -	\$ (338,750)	\$ 200,000	\$ 200,000
Total	<u>\$ 538,750</u>	<u>\$ -</u>	<u>\$ (338,750)</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 4,317,662	\$ -	\$ -	\$ -	\$ 4,317,662
Construction in process	7,400,631	3,045,877	-	(7,183,066)	3,263,442
	<u>11,718,293</u>	<u>3,045,877</u>	<u>-</u>	<u>(7,183,066)</u>	<u>7,581,104</u>
Capital assets, being depreciated:					
Land improvements	7,559,361	-	-	-	7,559,361
Buildings and improvements	9,598,945	-	-	5,766,281	15,365,226
Machinery and equipment	3,694,930	271,195	-	25,158	3,991,283
Infrastructure	6,305,100	-	-	1,391,627	7,696,727
Total	<u>27,158,336</u>	<u>271,195</u>	<u>-</u>	<u>7,183,066</u>	<u>34,612,597</u>
Less accumulated depreciation for:					
Land improvements	3,074,717	321,612	-	-	3,396,329
Buildings and improvements	1,242,988	353,841	-	-	1,596,829
Machinery and equipment	2,644,096	175,178	-	-	2,819,274
Infrastructure	1,886,227	307,179	-	-	2,193,406
Total	<u>8,848,028</u>	<u>1,157,810</u>	<u>-</u>	<u>-</u>	<u>10,005,838</u>
Total capital assets, being depreciated, net	<u>18,310,308</u>	<u>(886,615)</u>	<u>-</u>	<u>7,183,066</u>	<u>24,606,759</u>
Governmental activities capital assets, net	<u>\$ 30,028,601</u>	<u>\$ 2,159,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,187,863</u>

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

Governmental activities:	
General government	\$ 347,343
Police	521,014
Streets	173,672
Recreation	23,156
Planning and zoning	<u>92,625</u>
Total depreciation expense - governmental activities	<u>\$ 1,157,810</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. LONG-TERM LIABILITIES**

Activity of the long-term liabilities of the City for the year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 266,755	\$ 320,697	\$ 343,784	\$ 243,668	\$ 243,668
Note payable from direct borrowing	2,083,333	-	1,000,000	1,083,333	1,000,000
Governmental activity Long-term liabilities	<u>\$ 2,350,088</u>	<u>\$ 320,697</u>	<u>\$ 1,343,784</u>	<u>\$ 1,327,001</u>	<u>\$ 1,243,668</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:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,000,000	\$ 16,625	\$ 1,016,625
2023	83,333	185	83,518
Total	<u>\$ 1,083,333</u>	<u>\$ 16,810</u>	<u>\$ 1,100,143</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

**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
		2,051,384

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, 2021 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 302,993
Nonmajor Governmental	General Fund	5,216
Capital Projects Fund	2017 SPLOST	809,612
		1,117,821

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 were to reimburse the fund for allowable SPLOST expenditures originally paid by the fund.

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## NOTES TO FINANCIAL STATEMENTS

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**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, 2021, 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 \$3,999,528, including \$3,518,192 of payroll covered by the plan. Contributions by the City totaled \$341,107 for the fiscal year ended June 30, 2021 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

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### **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, 2021, construction commitments on uncompleted contracts were \$348,013. These commitments relate to the engineering and construction on the Park Pavilion and Splash Pad projects.

**CITY OF LILBURN, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

<b>ASSETS</b>	<b>Special Revenue Funds</b>		<b>Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Confiscated Assets Fund</b>	<b>School Zone Safety Fund</b>	<b>TAD Fund</b>	
Cash and cash equivalents	\$ 84,190	\$ 117,227	\$ 97,960	\$ 299,377
Accounts Receivable	-	19,630	-	19,630
Total assets	<u>\$ 84,190</u>	<u>\$ 136,857</u>	<u>\$ 97,960</u>	<u>\$ 319,007</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 90	-	-	\$ 90
Total liabilities	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>
<b>FUND BALANCES</b>				
Restricted:				
Capital construction	-	-	97,960	97,960
Public safety	84,100	136,857	-	220,957
Total fund balances	<u>84,100</u>	<u>136,857</u>	<u>97,960</u>	<u>318,917</u>
Total liabilities and fund balances	<u>\$ 84,190</u>	<u>\$ 136,857</u>	<u>\$ 97,960</u>	<u>\$ 319,007</u>

**CITY OF LILBURN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds		Capital Project Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	School Zone Safety Fund	TAD Fund	
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 52,064	\$ 52,064
Investment income	7	1	7	15
Fines and Forfeitures	-	172,510	-	172,510
Intergovernmental	48,335	-	-	48,335
Total revenues	<u>48,342</u>	<u>172,511</u>	<u>52,071</u>	<u>272,924</u>
<b>Expenditures</b>				
Current:				
General & Administrative	-	-	575	575
Public Safety	34,107	40,870	-	74,977
Total expenditures	<u>34,107</u>	<u>40,870</u>	<u>575</u>	<u>75,552</u>
Excess of revenues over expenditures	<u>14,235</u>	<u>131,641</u>	<u>51,496</u>	<u>197,372</u>
<b>Other Financing Sources</b>				
Proceeds from the sale of confiscated property	4,784	-	-	4,784
Transfers in from other funds	-	5,216	-	5,216
Total other financing sources	<u>4,784</u>	<u>5,216</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	19,019	136,857	51,496	207,372
<b>Fund balances, beginning of year</b>	<u>65,081</u>	<u>-</u>	<u>46,464</u>	<u>111,545</u>
<b>Fund balances, end of year</b>	<u>\$ 84,100</u>	<u>\$ 136,857</u>	<u>\$ 97,960</u>	<u>\$ 318,917</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Investment income	\$ 1,000	\$ 1,000	\$ 7	\$ (993)
Intergovernmental	-	-	48,335	48,335
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>48,342</u>	<u>47,342</u>
<b>Expenditures:</b>				
Current:				
Police	<u>1,000</u>	<u>1,000</u>	<u>34,107</u>	<u>(33,107)</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>34,107</u>	<u>(33,107)</u>
Excess of revenues over expenditures	-	-	14,235	14,235
<b>Other financing sources:</b>				
Proceeds from sale of confiscated property	-	-	4,784	4,784
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,784</u>	<u>4,784</u>
<b>Net change in fund balances</b>	-	-	19,019	19,019
<b>Fund balance, beginning of year</b>	<u>65,081</u>	<u>65,081</u>	<u>65,081</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 65,081</u>	<u>\$ 65,081</u>	<u>\$ 84,100</u>	<u>\$ 19,019</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 78,000	\$ 78,000	\$ 172,510	\$ 94,510
Investment income	100	100	1	(99)
Total revenues	<u>78,100</u>	<u>78,100</u>	<u>172,511</u>	<u>94,411</u>
<b>Expenditures:</b>				
Current:				
Public Safety	<u>78,100</u>	<u>78,100</u>	<u>40,870</u>	<u>37,230</u>
Total expenditures	<u>78,100</u>	<u>78,100</u>	<u>40,870</u>	<u>37,230</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>131,641</u>	<u>131,641</u>
<b>Other financing sources:</b>				
Transfers in from other funds	<u>-</u>	<u>-</u>	<u>5,216</u>	<u>5,216</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>5,216</u>	<u>5,216</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>136,857</u>	<u>136,857</u>
<b>Fund balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,857</u>	<u>\$ 136,857</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, 2021**

	(Unaudited) Original Estimated Cost	(Unaudited) Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
<b>2017 SPLOST</b>					
<b>Roads &amp; Bridges Improvements</b>					
Misc. Projects - Consulting	\$ 4,407,530	\$ 4,559,544	\$ 1,151,928	\$ 127,522	\$ 1,279,450
Repaving Program			10,747	11,500	22,247
LMIG			208,741	129,113	337,854
Main Street Realignment and Improvements			19,996	31,927	51,923
Equipment			99,996	5,005	105,001
Vehicle			53,422	-	53,422
Jackson Creek Multi Use Path			4,465	1,350	5,815
Facility			100	-	100
Greenway Bridge Replacement			153,872	2,025	155,897
Greenway Trail Improvements			105,798	-	105,798
Misc. Projects - Repair and Maintenance			20,400	49,009	69,409
Signage			55,428	36,401	91,829
Intersection Improvements			63,192	554,514	617,706
RailRoad Ave. Parking			269,986	-	269,986
Police Headquarters Parking Lot			61,825	-	61,825
	<u>4,407,530</u>	<u>4,559,544</u>	<u>2,279,896</u>	<u>948,366</u>	<u>3,228,262</u>
<b>Recreational Facilities &amp; Equipment</b>					
	811,914	959,738			
Misc. Projects - Consulting			954	-	954
Park Improvements			38,429	-	38,429
Equipment			37,846	21,000	58,846
Playground			340,115	-	340,115
Park Restroom			490,685	-	490,685
Greenway Trail			3,650	27,059	30,709
	<u>811,914</u>	<u>959,738</u>	<u>911,679</u>	<u>48,059</u>	<u>959,738</u>
<b>Public Safety Facilities &amp; Equipment</b>					
	6,379,320	6,599,340			
K-9 Unit			1,520	-	1,520
Miscellaneous Public Safety			150	-	150
Vehicles			372,332	56,401	428,733
Police Headquarters			1,854,485	775,869	2,630,354
Police Headquarters(Debt Service)			1,069,283	1,042,720	2,112,003
Equipment			166,143	37,562	203,705
Security Equipment			40,880	4,536	45,416
<b>Total Public Safety Facilities &amp; Equipment</b>	<u>6,379,320</u>	<u>6,599,340</u>	<u>3,504,793</u>	<u>1,917,088</u>	<u>5,421,881</u>
<b>Total 2017 SPLOST Expenditures</b>	<u>\$ 11,598,764</u>	<u>\$ 12,118,622</u>	<u>\$ 6,696,367</u>	<u>\$ 2,913,513</u>	<u>\$ 9,609,880</u>

## **COMPLIANCE SECTION**

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**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**

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**Honorable Mayor and Members  
Of City Council  
City of 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 16, 2021.

**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 2021-001 that we consider to be material a weakness.

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## **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**

The City's response to the finding identified in our audit are 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 it.

## **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  
November 16, 2021



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

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

### Report on Compliance for Each Major Federal Program

We have audited the City of Lilburn, Georgia's (the "City") compliance with the types of compliance requirements described 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, 2021. 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.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

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, 2021.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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  
November 16, 2021

**CITY OF LILBURN, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
<b>U. S. DEPARTMENT OF THE TREASURY</b>			
Equitable Sharing Program	21.016	GA0670600	\$ 21,331
Passed through Gwinnett County, Georgia COVID-19: Coronavirus Relief Fund Total U. S. Department of the Treasury	21.019	G-0389-000001-0009	<u>1,683,159</u> 1,704,490
<b>U.S. Department of Housing and Urban Development</b>			
Passed through Gwinnett County, Georgia Community Development Block Program Total U. S. Department of Housing and Urban Development	14.218	B-20-UC-13-0004	<u>511,460</u> 511,460
<b>U.S. Department of Justice</b>			
Bullet Proof Vest Partnership Program	16.607	20023154	1,672
Equitable Sharing Program Total U. S. Department of Justice	16.922	GA0670601	<u>165</u> 1,837
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 2,217,787</u></u>

**CITY OF LILBURN, GEORGIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Lilburn, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City did not 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, 2021**

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**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 weakness(es) identified?  yes  no

Significant deficiency(ies) 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 reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

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, 2021**

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**Section II – Financial Statement Findings and Questioned Costs**

**Finding 2021-001 – 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 reporting 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, 2021.

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

- To reduce accounts payable and fund balance by \$37,386 in the General Fund for prior year audit entries not reversed.
- To increase transfers out and accounts payable in the General Fund by \$108,907 for a prior year entry not reversed. A corresponding entry was required in the Capital Project fund to adjust beginning fund balance and increase transfers in.
- To increase transfers out and accounts payable in the General Fund by \$64,000 to properly balance amounts and reverse prior year audit entries.
- To decrease deferred revenue and accounts receivable by \$80,935 in the 2017 SPLOST Fund for a prior year entry that was not reversed.
- To reduce revenue and interfund receivable by \$57,000 in the Capital Project Fund.
- To increase expenditures and accounts payable by \$84,707 in the Capital Project 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 increase revenues and interfund balances by \$1,141,403 in the Capital Project Fund to properly record a payment from the Downtown Development Authority. A corresponding entry was required in the Downtown Development Authority to properly reduce interfund balances and record the expenditure to the primary government.
- To decrease retainage payable by \$488,771, increase expenditures by \$17,817 and increase transfers in by \$506,587 in the Capital Project Fund for prior year entries not reversed. To increase retainage payable and related expenditures by \$108,098 in the Capital Project Fund for amounts incurred before year end but not paid until after year end. This entry also increased capital assets by \$108,098 in governmental activities.
- To decrease notes receivable and revenue by \$338,750 in the Downtown Development Authority.
- To increase other assets and amounts due to the primary government by \$1,600,000 in the Downtown Development Authority.

**Effect:** Audit adjustments totaling \$4,127,773 were required as detailed above.

CITY OF LILBURN, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**Finding 2021-001 – Fiscal Year-End Financial Close and Reporting Controls (Continued)**

**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.

**CITY OF LILBURN, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**Section III – Federal Awards Findings and Questioned Costs**

None Reported.

CITY OF LILBURN, GEORGIA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**Finding 2020-001 – 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 reporting 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, Audit adjustments totaling \$1,341,645 were required.

**Status:** Similar issues from Finding 2020-001 were discovered in the current year leading to repeat finding 2021-001.



Small town. Big difference.

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Planning (770) 279-3710 ▪ Fax (770) 921-9822

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**2021-001 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 work closely with their departments in an attempt to decrease year-end adjustments.

***Anticipated Completion Date:*** June 30, 2022