CITY OF DACULA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

MAULDIN & JENKINS
CPAs & ADVISORS

CITY OF DACULA, GEORGIA

ANNUAL FINANCIAL REPORT

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DECEMBER 31, 2023



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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of City Council
City of Dacula, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **City of Dacula, Georgia** (the "City"), as of and for the year ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Dacula, Georgia as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 of Dacula, Georgia, 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 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.

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 generally accepted auditing standards 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 generally accepted auditing standards 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, the schedule of changes in the City's net pension liability and related ratios, the schedule of City contributions, and the General Fund and ARPA Fund budgetary comparison schedules, as listed in 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 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* (the "supplementary information") are presented for purposes of additional analysis and is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 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
July 15, 2024

CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

As management of the City of Dacula, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows or resources at the close of the most recent year by $35,362,381 (net position). Of this amount, $10,539,102 (*unrestricted net position)* may be used to meet the City's ongoing obligations to citizens and creditors. $18,790,183 of net position consisted of investments in capital assets, net of related debt. The remainder of net position consisted of amounts restricted by law, with $18,111 restricted for federal programs and $6,014,985 restricted for capital projects.

- The City's total net position increased by $3,917,765 in the year ended December 31, 2023. This is compared to an increase of $3,963,939 the prior year. This increase in net position for 2023 resulted primarily from increased unrestricted net position of $1,211,738 and net investment in capital assets of $2,945,513. The City saw an increase in tax revenues.

- As of the close of the current year, the City's governmental funds reported combined ending fund balances of $15,735,571. This compares to the prior year ending fund balances of $14,649,394 showing a total increase of $1,086,177 during the current year. The fund balance of the General Fund increased by $1,198,357 due to tax revenues and proceeds from the sale of capital assets. The fund balance for the Capital Projects Fund decreased by $1,354,583 due to project expenditures being larger than contributions. SPLOST fund balance increased by $1,234,537 as revenue exceeded capital outlay.

- At the end of the current year, the total fund balance for the General Fund was $9,814,091 or 236% of General Fund expenditures. Of this amount, $9,781,268 was unassigned and $32,823 was nonspendable.

- At the end of the current year, the total fund balance for the SPLOST Fund was $4,500,990. SPLOST funds are restricted for transportation projects, administrative facilities, public safety facilities and equipment, recreational facilities and equipment, and water and sewer projects.

- At the end of the current year, the total fund balance for the Capital Projects Fund was $1,411,118. These funds are restricted for parks and beautification of the City.

- At the close of the year, the assets of the City's Sanitation Fund exceeded its liabilities by $1,004,779. Of this total net position, $879,433 is unrestricted and available to meet the Sanitation Fund's ongoing obligations to its customers. $125,346 is invested in capital assets.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) 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 like a private-sector business.

The *statement of net position* presents information on the City's assets and deferred outflows of resources and liabilities and deferred inflows 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 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 periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities include general government, public safety, public works, recreation and parks, judicial, and planning and zoning. The City's business-type activities include the Sanitation Fund.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as governmental activities 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains four (4) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each major fund. The City's major funds are the General Fund, ARPA (American Rescue Plan Act) Fund, Capital Projects Fund, and the SPLOST Fund.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and special revenue funds to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Sanitation Fund.

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 provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and related ratios.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Dacula, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $35,362,381 at the close of the most recent year. Table 1 below is a summary of the City's net position.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
Assets:	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Current and other assets	$ 17,389,455	$ 16,936,665	$ 1,096,591	$ 1,179,880	$ 18,486,046	$ 18,116,545
Capital assets	18,767,714	15,819,021	125,346	150,415	18,893,060	15,969,436
Total assets	36,157,169	32,755,686	1,221,937	1,330,295	37,379,106	34,085,981
Deferred outflows of resources	153,626	192,476	108,955	78,342	$ 262,581	$ 270,818
Liabilities:						
Current liabilities	1,541,380	2,188,908	34,046	36,203	1,575,426	2,225,111
Long-term liabilities	385,017	371,506	273,062	151,212	658,079	522,718
Total liabilities	1,926,397	2,560,414	307,108	187,415	2,233,505	2,747,829
Deferred inflows of resources	26,796	116,810	19,005	47,544	45,801	164,354
Net position:						
Net investment in capital assets	18,664,837	15,694,255	125,346	150,415	18,790,183	15,844,670
Restricted	6,033,096	6,272,582	-	-	6,033,096	6,272,582
Unrestricted	9,659,669	8,304,101	879,433	1,023,263	10,539,102	9,327,364
Total net position	$ 34,357,602	$ 30,270,938	$ 1,004,779	$ 1,173,678	$ 35,362,381	$ 31,444,616

A portion of the City's net position ($18,790,183 or 53.14%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. $6,033,096 (17.06%) of the City's net position is restricted for federal programs and capital projects. The remaining portion of the City's net position ($10,539,102 or 29.80%) is unrestricted. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, for the City as a whole, the unrestricted net position of the primary government increased by $1,211,738 in 2023 from the previous year's balance of $9,327,364 to a net balance of $10,539,102.

Analysis of the City's Operations and Changes in Net Position

The schedule on the following page presents a summary of the City's operations for the years ended December 31, 2023 and 2022. Governmental activities during the current year increased the City's net position by $4,086,664 for the year ended December 31, 2023. Business-type activities decreased the City's net position by $168,899 for the year ended December 31, 2023.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 438,973	$ 454,100	$ 692,570	$ 702,925	$ 1,131,543	$ 1,157,025
Operating grants and contributions	-	52,540	-	-	-	52,540
Capital grants and contributions	2,918,012	2,613,136	-	-	2,918,012	2,613,136
General revenues:						
Property taxes	2,277,148	2,116,010	-	-	2,277,148	2,116,010
Franchise taxes	392,204	395,208	-	-	392,204	395,208
Insurance premium taxes	612,000	576,805	-	-	612,000	576,805
Business and occupational taxes	232,117	134,408	-	-	232,117	134,408
Alcoholic beverage taxes	230,240	244,595	-	-	230,240	244,595
Miscellaneous Income	152,421	14,119	-	-	152,421	14,119
Unrestricted investment earnings	10,488	4,676	-	598	10,488	5,274
Gain on sale of capital assets	-	29,625	-	-	-	29,625
Total revenues	7,263,603	6,635,222	692,570	703,523	7,956,173	7,338,745
Expenses:						
General government	1,184,274	830,935	-	-	1,184,274	830,935
Public safety	249,734	272,570	-	-	249,734	272,570
Public works	1,395,125	1,006,376	-	-	1,395,125	1,006,376
Recreation and parks	38,363	67,325	-	-	38,363	67,325
Judicial/Municipal court	15,256	9,930	-	-	15,256	9,930
Planning and zoning	413,009	368,118	-	-	413,009	368,118
Sanitation	-	-	742,647	819,552	742,647	819,552
Total expenses	3,295,761	2,555,254	742,647	819,552	4,038,408	3,374,806
Transfers:						
Transfers in	118,822	-	-	386,340	118,822	386,340
Transfers out	-	(386,340)	(118,822)	-	(118,822)	(386,340)
Total Transfers	118,822	(386,340)	(118,822)	386,340	-	-
Change in net position	4,086,664	3,693,628	(168,899)	270,311	3,917,765	3,963,939
Net position - beginning of year	30,270,938	26,577,310	1,173,678	903,367	31,444,616	27,480,677
Net position - end of year	$ 34,357,602	$ 30,270,938	$ 1,004,779	$ 1,173,678	$ 35,362,381	$ 31,444,616

Governmental Activities

Revenue Charges for services of $438,973 decreased by $15,127 primarily due to a decrease in planning and development related permit revenue from 2022 to 2023. Building permit and other fees vary from year to year based on the types of development, construction progress, and the volume of development activity. The majority of charges for services still come from the Planning and Development department. The remaining charges for services mostly come from alcohol licenses and municipal court fines for ordinance violations. Operating Grants and contributions decreased from 2022 to 2023 by $52,540. There were no premium payments to employees from ARPA funds in 2023, causing the change. Capital Grants and Contributions of $2,918,012 increased by $304,876, due to an increase in SPLOST proceeds as well as an increase in the spending of ARPA funds on infrastructure improvements. Capital grants and contributions comprise 40.2% of total governmental revenue in 2023 compared to 39.4% in 2022. Property taxes provided 31.4% of the City's total governmental revenue of year 2023 as compared with 31.9% in the year 2022. This slight decrease is due to the increase in revenue from Capital Grants and Contributions from an increase in SPLOST revenues, an increase in the spending of ARPA funds, and an increase of miscellaneous revenue due to insurance proceeds received for the flooding that occurred at City Hall. Overall, governmental revenues increased by $628,381 or 9.5% while overall governmental expenses increased by $740,507 or 29%. The increase in revenues was primarily due to increases in property tax revenue caused by increases in home values and new development, SPLOST proceeds, and increased infrastructure improvement spending with ARPA funds. The increase in expenses was primarily due to capital projects funded with former Mayor Mr. Willbanks estate and ARPA funds. The projects

included a new playground and adult fitness equipment at Maple Creek Park and stormwater system improvements off McMillan road. The City also saw an increase in expenses due to the required renovations of City Hall from a flood that occurred at the end of 2022.

Expenses The total expense for the governmental activities was $3,295,761 in 2023, an increase of $740,507 or 29% compared to 2022. Public works accounts for the largest portion of governmental expenses. Total public works expenses were $1,395,125 or 42.3% of total governmental expenses. General government expenses accounted for the second largest portion of governmental expenses and represented $1,184,274 or 35.9% of total governmental expenses. Planning and zoning expenses are the third largest portion of governmental expenses at $413,009 and represented 12.5% of total governmental expenses.

Business-Type Activities

Revenues Total revenues for the Sanitation Fund decreased by $10,355 from 2023 to 2022. The General Fund typically subsidizes the Sanitation Fund, but the increase in fees for the service has helped lower the amount of funds needed from the General Fund. In the current year, the Sanitation Fund did not receive any transfers in from the General Fund.

Expenses Total expenses for the Sanitation Fund were $742,647 in the current year compared to $819,552 in the prior year. The decrease was due to a few factors. Wage payments were down in 2023 when compared with 2022 because there were no premium payments funded with ARPA funds. Health insurance and retirement contributions were down due to staff turnover. Trash and recycling can purchases were lower in 2023 as well.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the City's governmental funds reported combined ending fund balances of $15,735,571. Of this amount, $9,781,268 or 62.2% constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is made of $5,921,480 of restricted fund balance due to external limitations on its use, and $32,823 was nonspendable. These restricted uses include 1) capital projects funded by SPLOST funds ($4,500,990), 2) parks, recreation, and beautification projects funded by an endowment fund ($1,411,118), and 3) federal programs ($9,372). The nonspendable fund balance portion of $32,823 is for prepaid items.

General Fund – The General Fund is the central operating fund of the City. At the end of the current year, the fund balance of the General Fund was $9,814,091 of which $9,781,268 was unassigned and $32,823 was nonspendable. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance of $9,814,091 represents approximately 236.4% of total General Fund expenditures compared to 383.4% for the prior year while unassigned fund balance of $9,781,268 represents approximately 235.6% of total General Fund expenditures compared to 378.6% of the prior year. Fund balance of the City's General Fund increased by $1,198,357 during the current year primarily due to increased taxes, proceeds from the sale of capital assets, and transfers in from the Sanitation Fund.

ARPA (American Rescue Plan Act) Fund – The ARPA Fund was created in 2021 due to the Federal American Rescue Plan Act Grant administered to provide economic relief during the Coronavirus pandemic. The City received an APRA Grant Award of $2,371,321. As of December 31, 2023, the City recorded an unearned revenue liability from this award in the amount of $1,327,643 and recorded revenue of $617,975 and interest revenue of $7,866. Total expenditures in 2023 were $617,975.

SPLOST Fund – The SPLOST Fund contains funds that started in 2017 and 2023, both of which are for a six-year SPLOST Tax. The SPLOST Fund balance at year-end 2023 of $4,500,990 increased by $1,234,537 from 2022 due to revenue exceeding expenditures. Revenues from the SPLOST tax increased in 2023 by $318,279. The fund balance is restricted for capital outlay for facilities, infrastructure, and equipment.

Capital Projects Fund – The capital projects fund accounts for the funds provided by the former Mayor Mr. Willbanks'

Estate. Total fund balance for the capital projects fund at year end was $1,411,118, which is restricted for expenditures on parks, recreation, and beautification projects. The City received an additional $92,588 contribution in 2023.

Proprietary Funds The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The City maintains one enterprise fund that accounts for the activities of the City that are operated in a business fashion. The City maintains an enterprise fund for its sanitation services.

Sanitation Fund - Sanitation fees are billed on the City property tax bills and are collected by the City annually. The Sanitation Fund decreased its net position by $168,899 in 2023. This decrease in net position is attributable to the increase in pension expenses from changes in the net pension liability and from transfers out to the General Fund.

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Table 3 below compares governmental fund revenues and expenditures for 2023 and 2022.

Table 3
Governmental Revenues, Expenditures, and Changes in Fund Balances

	Governmental Funds	
	2023	**2022**
Revenues:		
Taxes	$ 3,729,042	$ 3,376,053
Licenses and permits	383,956	437,325
Intergovernmental	2,825,060	1,665,461
Fines and forfeitures	18,928	13,491
Charges for services	36,089	3,284
Interest income	10,852	4,891
Contributions	92,588	1,000,000
Miscellaneous	152,421	14,119
Total Revenue	7,248,936	6,514,624
Expenditures:		
General government	2,195,227	1,133,582
Public safety	234,293	284,928
Public works	2,182,809	1,504,353
Recreation and parks	1,475,362	69,071
Judicial/municipal court	15,256	9,930
Planning and zoning	414,070	374,297
Total Expenditures	6,517,017	3,376,161
Excess of revenues over expenditures	731,919	3,138,463
Other financing sources (uses):		
Transfers out	-	(438,840)
Transfers in	118,822	52,500
Proceeds from sale of capital assets	235,436	29,625
Total other financing sources	354,258	(356,715)
Net change in fund balances	1,086,177	2,781,748
Fund balances, beginning of year	14,649,394	11,867,646
Fund balances, end of year	$ 15,735,571	$ 14,649,394

General Fund Budgetary Highlights

The City's budget is prepared according to Georgia law. A comparison of actual revenues and expenditures compared to budgeted amounts are presented in the financial statements for the General Fund and ARPA Fund. General Fund revenue was $244,200 more than budgeted mainly due to higher-than-expected collection of taxes. General Fund expenditures were $684,889 less than budgeted mostly due to a property acquisition not occurring until after year-end. Legal services, insurance on City property, and repairs and maintenance expenditures were also all less than expected. ARPA revenue was $1,159 less than what was budgeted, while ARPA expenditures were $9,025 less than the budgeted amount.

Capital Assets and Long-Term Debt

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to $18,893,060 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, land improvements, and infrastructure such as streets, sidewalks, and stormwater systems. Table 4 below summarizes capital assets of the City.

Table 4
Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Construction in progress	$ 69,895	$ 358,145	$ -	$ -	$ 69,895	$ 358,145
Land	4,760,789	3,788,263	-	-	4,760,789	3,788,263
Buildings and improvements	2,337,791	2,193,731	-	-	2,337,791	2,193,731
Infrastructure	12,771,916	10,932,489	-	-	12,771,916	10,932,489
Furniture and equipment	410,735	687,032	-	-	410,735	687,032
Vehicles	271,685	310,961	636,408	735,908	908,093	1,046,869
Land Improvements	1,319,816	953,575	-	-	1,319,816	953,575
Less accumulated depreciation	(3,174,913)	(3,405,175)	(511,062)	(585,493)	(3,685,975)	(3,990,668)
Total	$ 18,767,714	$ 15,819,021	$ 125,346	$ 150,415	$ 18,893,060	$ 15,969,436

The City's total investment in capital assets increased from $15,969,436 to $18,893,060 in 2023. The City spent an additional $2,727,657 on construction in progress (CIP) and transferred a total of $3,015,907 of construction in progress (CIP) to Infrastructure for several projects completed in 2023. As of December 31, 2023, there was $69,895 of construction projects in progress that are scheduled to be completed in 2024.

During fiscal year 2023, the City purchased $5,445 of equipment for general government, which was additional security cameras at City Hall. The City purchased five pieces of property, two intended for parks and recreational services, and the remaining three are for future government projects. The City added a sewer connection for City Hall and installed a new playground and adult fitness equipment at Maple Creek Park. The transfers out of CIP discussed above included road improvements to the Brookton Station and Dacula Crossing subdivisions as well as stormwater system improvements off McMillan Road and Winder Highway.

Long-Term Debt and Obligations. The City's long-term debt and obligations can be found in Note 7 in the notes to the financial statements of this report. The City's compensated absences increased by $526 from 2022 to 2023. The City's long-term debt is summarized in the table on the following page.

Table 5
Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Compensated Absences	$ 2,759	$ 2,233	$ -	$ -	$ 2,759	$ 2,233
Net Pension Liability	385,017	371,506	273,062	151,212	658,079	522,718
Long-Term Liabilities	$ 387,776	$ 373,739	$ 273,062	$ 151,212	$ 660,838	$ 524,951

Economic Factors and Next Year's Budgets and Rates

The City considered the current year results as well as other factors in preparing the City's budget for 2024. The budget for 2024 reflects total revenues of $13,873,954 and total expenditures of $13,873,954. The SPLOST Fund represents $6,308,864 of the total fiscal year 2024 budget for the construction of streets, sidewalks, water and sewer improvements, administrative facilities, and capital equipment purchases.

In November of 2022, Gwinnett County voters approved a referendum for a six-year Special Purpose Local Option Sales Tax restricted for capital construction of streets, sidewalks, administrative facility acquisition/improvement, parks and recreation facility and equipment, public safety facilities and equipment, and water and sewer improvements with the City estimated to receive $9,620,184 over six years. To date the actual tax collected by the City is averaging 103.5% of the original estimate.

The net tax digest valuation for the City is estimated to increase by approximately 10% in 2024 and the City tentatively plans to keep the property tax millage rate stable at 4.557 mills. The valuation increase is due to a combination of property reassessments and new development. During the past few years, the City has experienced a dramatic increase in development projects. As these projects are completed over the next few years, we expect continued increases in our property tax digest and tax revenues.

The City will not be receiving any additional ARPA funds or any additional contributions from the former Mayor Mr. Wilbanks' Estate. As of December 31, 2023, the City still has much of the cash collected from these sources and has various capital improvement projects planned over the next few years. Please refer to the City's Capital Improvement Program found in the annual budget document for more details of these projects and funding sources.

The City saw an increase of $35,195 in the Insurance Premium Tax on insurance companies from 2022 to 2023. The increase in revenue is expected to remain for future years as the cost of insurance premiums are continuing to increase. The City's revenue from occupational taxes and alcohol licenses are expected to grow steadily over the next few years as development and business investments in the City continue to increase.

The City will continue to monitor actual revenues and expenses and the economic environments, including the laws and regulations, that have an impact on those revenues and expenses. The City's goal is to keep the cost of government operations as low as it can without sacrificing the quality of services needed and desired by its citizens.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Dacula
PO Box 400
Dacula, GA 30019

CITY OF DACULA, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**
Cash and cash equivalents	$ 17,020,028	$ 1,028,597	$ 18,048,625
Taxes receivables	179,614	-	179,614
Intergovernmental receivable	156,694	-	156,694
Accounts receivable	-	68,290	68,290
Internal balances	296	(296)	-
Prepaid items	32,823	-	32,823
Capital assets:			
Nondepreciable	4,830,684	-	4,830,684
Depreciable, net of accumulated depreciation	13,937,030	125,346	14,062,376
Total assets	36,157,169	1,221,937	37,379,106
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	153,626	108,955	262,581
Total deferred outflows of resources	153,626	108,955	262,581
LIABILITIES			
Accounts payable	73,943	25,516	99,459
Contracts payable	20,792	-	20,792
Retainage payable	82,085	-	82,085
Accrued liabilities	34,158	8,530	42,688
Unearned revenues	1,327,643	-	1,327,643
Compensated absences due within one year	2,759	-	2,759
Net pension liability due in more than one year	385,017	273,062	658,079
Total liabilities	1,926,397	307,108	2,233,505
DEFERRED INFLOWS OF RESOURCES			
Pension related items	26,796	19,005	45,801
Total deferred inflows of resources	26,796	19,005	45,801
Net investment in capital assets	18,664,837	125,346	18,790,183
Restricted for federal programs	18,111	-	18,111
Restricted for capital projects	6,014,985	-	6,014,985
Unrestricted	9,659,669	879,433	10,539,102
Total net position	$ 34,357,602	$ 1,004,779	$ 35,362,381

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

CITY OF DACULA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 1,184,274	$ 112,765	$ -	$ -	$ (1,071,509)	$ -	$ (1,071,509)
Public safety	249,734	-	-	-	(249,734)	-	(249,734)
Public works	1,395,125	-	-	2,825,424	1,430,299	-	1,430,299
Recreation and parks	38,363	-	-	92,588	54,225	-	54,225
Judicial/municipal court	15,256	18,928	-	-	3,672	-	3,672
Planning and zoning	413,009	307,280	-	-	(105,729)	-	(105,729)
Total governmental activities	3,295,761	438,973	-	2,918,012	61,224	-	61,224
Business-type activities:							
Sanitation	742,647	692,570	-	-	-	(50,077)	(50,077)
Total business-type activities	742,647	692,570	-	-	-	(50,077)	(50,077)
Total primary government	$ 4,038,408	$ 1,131,543	$ -	$ 2,918,012	61,224	(50,077)	11,147
General revenues:							
Property taxes					2,277,148	-	2,277,148
Franchise taxes					392,204	-	392,204
Insurance premium taxes					612,000	-	612,000
Business and occupational taxes					232,117	-	232,117
Alcoholic beverage taxes					230,240	-	230,240
Unrestricted investment earnings					10,488	-	10,488
Miscellaneous					152,421	-	152,421
Transfers					118,822	(118,822)	-
Total general revenues and transfers					4,025,440	(118,822)	3,906,618
Change in net position					4,086,664	(168,899)	3,917,765
Net position, beginning of year					30,270,938	1,173,678	31,444,616
Net position, end of year					$ 34,357,602	$ 1,004,779	$ 35,362,381

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

CITY OF DACULA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

ASSETS	General Fund	ARPA Fund	Capital Projects Fund	SPLOST Fund	Total Governmental Funds
Cash and cash equivalents	$ 9,825,018	$ 1,345,754	$ 1,500,370	$ 4,348,886	$ 17,020,028
Taxes receivables	179,614	-	-	-	179,614
Intergovernmental receivable	-	-	-	156,694	156,694
Prepaid items	32,823	-	-	-	32,823
Due from other funds	-	-	296	-	296
Total assets	$ 10,037,455	$ 1,345,754	$ 1,500,666	$ 4,505,580	$ 17,389,455
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 73,943	$ -	$ -	$ -	$ 73,943
Contracts payable	-	8,739	7,463	4,590	20,792
Retainage payable	-	-	82,085	-	82,085
Accrued liabilities	34,158	-	-	-	34,158
Unearned revenue	-	1,327,643	-	-	1,327,643
Total liabilities	108,101	1,336,382	89,548	4,590	1,538,621
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	115,263	-	-	-	115,263
Total deferred inflows of resources	115,263	-	-	-	115,263
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	32,823	-	-	-	32,823
Restricted:					
Federal programs	-	9,372	-	-	9,372
Capital projects	-	-	1,411,118	4,500,990	5,912,108
Unassigned	9,781,268	-	-	-	9,781,268
Total fund balances	9,814,091	9,372	1,411,118	4,500,990	15,735,571
Total liabilities, deferred inflows of resources, and fund balances	$ 10,037,455	$ 1,345,754	$ 1,500,666	$ 4,505,580	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	18,767,714
Some receivables are not available to pay for current-period expenditures, and therefore, are unavailable in the governmental funds.	115,263
The net pension liability, and related deferred inflows and outflows of resources related to the City's pension plan are not expected to be liquidated with expendable available financial resources, and therefore, are not reported in the governmental funds.	(258,187)
Long-term liabilities (compensated absences) are not due and payable in the current period, and therefore, are not reported in the governmental funds.	(2,759)
Net position of governmental activities	$ 34,357,602

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

CITY OF DACULA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	ARPA Fund	Capital Projects Fund	SPLOST Fund	Total Governmental Funds
Revenues					
Taxes	$ 3,729,042	$ -	$ -	$ -	$ 3,729,042
Licenses and permits	383,956	-	-	-	383,956
Intergovernmental	674,060	617,975	-	1,533,025	2,825,060
Fines and forfeitures	18,928	-	-	-	18,928
Charges for services	36,089	-	-	-	36,089
Interest income	1,403	7,866	1,219	364	10,852
Contributions	-	-	92,588	-	92,588
Miscellaneous	152,421	-	-	-	152,421
Total revenues	4,995,899	625,841	93,807	1,533,389	7,248,936
Expenditures					
Current:					
General government	2,195,145	-	-	82	2,195,227
Public safety	227,568	-	-	6,725	234,293
Public works	1,272,789	617,975	-	292,045	2,182,809
Recreation and parks	26,972	-	1,448,390	-	1,475,362
Judicial/municipal court	15,256	-	-	-	15,256
Planning and zoning	414,070	-	-	-	414,070
Total expenditures	4,151,800	617,975	1,448,390	298,852	6,517,017
Excess (deficiency) of revenues over expenditures	844,099	7,866	(1,354,583)	1,234,537	731,919
Other financing sources:					
Transfers in	118,822	-	-	-	118,822
Proceeds from sale of capital assets	235,436	-	-	-	235,436
Total other financing sources	354,258	-	-	-	354,258
Net change in fund balances	1,198,357	7,866	(1,354,583)	1,234,537	1,086,177
Fund balances, beginning of year	8,615,734	1,506	2,765,701	3,266,453	14,649,394
Fund balances, end of year	$ 9,814,091	$ 9,372	$ 1,411,118	$ 4,500,990	$ 15,735,571

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

CITY OF DACULA, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	1,086,177
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.		3,455,817
The net effect of disposals of capital assets is to decrease net position.		(507,124)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		14,667
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.		37,127
Change in net position - governmental activities	$	4,086,664

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

CITY OF DACULA, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2023

ASSETS	Sanitation Fund
CURRENT ASSETS	
Cash and cash equivalents	$ 1,028,597
Accounts receivable	68,290
Total current assets	1,096,887
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	125,346
Total noncurrent assets	125,346
Total assets	1,222,233
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	108,955
Total deferred outflows of resources	108,955
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	25,516
Accrued liabilities	8,530
Due to other funds	296
Total current liabilities	34,342
NONCURRENT LIABILITIES	
Net pension liability	273,062
Total noncurrent liabilities	273,062
Total liabilities	307,404
DEFERRED INFLOWS OF RESOURCES	
Pension related items	19,005
Total deferred inflows of resources	19,005
NET POSITION	
Investment in capital assets	125,346
Unrestricted	879,433
Total net position	$ 1,004,779

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

CITY OF DACULA, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund
OPERATING REVENUE	
Sanitation fees	$ 690,323
Other charges	2,247
Total operating revenues	692,570
OPERATING EXPENSES	
Personnel services	427,532
Contractual services	204,248
Materials and supplies	85,798
Depreciation	25,069
Total operating expenses	742,647
Operating loss	(50,077)
NONOPERATING EXPENSES	
Transfers out	(118,822)
Total nonoperating expenses	(118,822)
Change in net position	(168,899)
Net position, beginning	1,173,678
Net position, ending	$ 1,004,779

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

CITY OF DACULA, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 679,859
Payments to employees	(364,834)
Payments to vendors and suppliers	(142,268)
Net cash provided by operating activities	172,757
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(118,822)
Net cash used by non-apital financing activities	(118,822)
Net change in cash	53,935
Cash, beginning of year	974,662
Cash, end of year	$ 1,028,597
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (50,077)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	25,069
Change in assets and liabilities:	
Increase in accounts receivables	(12,711)
Decrease in due from other funds	149,639
Decrease in accounts payable	(1,642)
Decrease in accrued expenses	(515)
Increase in due to other funds	296
Increase in net pension liability and related deferred inflows and outflows	62,698
Net cash provided by operating activities	$ 172,757

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City, which was incorporated in 1905, operates under a Mayor/Council/City Manager form of government and provides the following services as authorized by its charter to its citizens: general and administrative services, public safety and judicial, public works, recreation parks, planning and zoning, and sanitation utility services. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and four (4) members of the City Council.

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. In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", and GASB Statement No. 61, "The Financial Reporting Entity". Based on the criteria, the City has no entities that qualify as discretely presented or blended component units.

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 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 distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes, intergovernmental and other general revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for support. The statement of net position includes noncurrent assets and deferred outflows of resources and noncurrent liabilities and deferred inflows of resources. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 governmental funds and the proprietary fund. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. Property taxes, alcoholic beverage taxes, franchise taxes, licenses and permits, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period, if the available criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions”, the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. In accordance with GASB Statement No. 34, major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **ARPA Fund** accounts for federally restricted grant monies received under the American Rescue Plan Act.

The **Capital Projects Fund** accounts for the acquisition and construction of capital assets, other than those accounted for in specific funds. The fund also accounts for the financial resources of donations received from the City's former Mayor as stated in his last will and testament.

The **SPLOST Fund** accounts for the acquisition of capital assets or construction of major projects financed by special purpose local option sales tax proceeds.

The City reports the following major proprietary fund:

The **Sanitation Fund** accounts for the provision of sanitation services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to administration, operation, financing and billing, and collections.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charges for goods and services provided. Operating expenses of the enterprise fund includes the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for general fund and special revenue funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets for governmental funds are adopted on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America, for governmental funds. All appropriations lapse at year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City. A project length budget is adopted for all capital projects funds.

E. 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 acquisition. Investments are reported at fair value as determined by quoted market prices. Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as a component of interest income.

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year, as well as all other outstanding balances between funds is reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type 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 $5,000 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Infrastructure	40
Furniture and equipment	5-7
Vehicles	5
Land improvements	40

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, drainage, sidewalks, etc. The City implemented the provisions of GASB Statement No. 34 for the year ended December 31, 2004. The City was not required to retroactively report infrastructure assets in governmental activities.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Compensated Absences

The liability for compensated absences reported in the governmental activities consists of unpaid, accumulated sick leave. Any liability accrued for unpaid vacation is liquidated at the end of each year, and thus no unpaid vacation is subject to accrual. Full-time, permanent employees can accumulate up to one hundred and sixty (160) hours of sick leave after twenty (20) years of service. At the end of the current fiscal year, the City has one (1) employee that qualifies for unused, accrued sick pay.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types report the face amount of debt issued and any related premiums or discounts as other financing sources and debt issuance costs and debt service payments as expenditures. The City has no long-term obligations other than compensated absences as of December 31, 2023.

K. 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, deferred inflows of resources, and liabilities 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 vote of the City Council through the adoption of a resolution. The same formal action is required to subsequently remove or modify a commitment of fund balance.

- ***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 director to assign fund balances. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular governmental fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- ***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.

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: (1) Committed, (2) Assigned, and (3) Unassigned.

L. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities 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 Fund Equity section. 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.

M. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenue, which arises under a modified accrual basis of accounting, and therefore, qualifies for reporting 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 in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Deferred outflows of resources represent a consumption of net assets that applies to future period(s). Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. Changes in actuarial assumptions, which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a ten-year period. Additionally, any contributions made by the City to the pension plan before fiscal year end, but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

N. Management 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 amount of assets, deferred outflows of resources, deferred inflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Dacula Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense". The details of this $3,455,817 difference are as follows:

Capital outlays	$	3,886,881
Depreciation expense		(431,064)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	3,455,817

Another element of that reconciliation explains that "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". The details of this $37,127 difference are as follows:

Change in compensated absences	$	(526)
Change in net pension liability and related deferred inflows and outflows		37,653
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	37,127

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budget

The City of Dacula, Georgia employs the following procedures in establishing its annual budget:

1. Prior to January 1, the Mayor and City Council members prepare a proposed budget for the fiscal year commencing January 1.
2. Public hearings are held to obtain taxpayers' comments.
3. The budget is legally enacted through the passage of a resolution.
4. All revisions to the budget must be submitted to the City Council for approval.
5. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and special revenue fund. An operating budget is prepared for the enterprise fund for planning, control, cost allocation, and evaluation purposes, but are not formally reported within the general ledger.
6. Budgetary appropriations lapse at the end of the fiscal year.

Encumbrance accounting is not used by the City.

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits: 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 backed 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 December 31, 2023, the financial institutions holding all of the City's deposits were participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of December 31, 2023, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by state statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk: The City's investment policy is to invest in certificates of deposits with maturities not exceeding one year. As of December 31, 2023, the City had no investments balances that were exposed to interest rate.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2023, the City had no investments balances that were exposed to credit risk.

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 of 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; Level 3 inputs are significant unobservable inputs. At December 31, 2023 the City has no investments and no hierarchy disclosure is presented.

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NOTE 5. RECEIVABLES

The value of all real and business personal property located in the City is assessed (appraised) by the Gwinnett County Tax Commissioner. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the County. Appraised values are established by Gwinnett County. The City levies property taxes on August 1 of each year and the taxes are due on October 15, with a lien date of March 15. During 2022, the City took over the billing and collection function from the County.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

Receivables at December 31, 2023, for the City's individual major funds are as follows:

	General	SPLOST	Sanitation
Receivables:			
Taxes	$ 179,614	$ -	$ -
Accounts	-	-	68,290
Intergovernmental	-	156,694	-
Net total receivable	$ 179,614	$ 156,694	$ 68,290

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NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, is as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 358,145	$ 2,727,657	$ (3,015,907)	$ 69,895
Land	3,788,263	1,112,485	(139,959)	4,760,789
Total	4,146,408	3,840,142	(3,155,866)	4,830,684
Capital assets, being depreciated:				
Buildings	2,193,731	-	144,060	2,337,791
Infrastructure	10,932,489	-	1,839,427	12,771,916
Furniture and equipment	687,032	29,333	(305,630)	410,735
Vehicles	310,961	17,406	(56,682)	271,685
Land improvements	953,575	-	366,241	1,319,816
Total	15,077,788	46,739	1,987,416	17,111,943
Less accumulated depreciation for:				
Buildings	(593,129)	(57,544)	-	(650,673)
Infrastructure	(1,681,015)	(289,292)	135	(1,970,172)
Furniture and equipment	(516,932)	(52,684)	304,225	(265,391)
Vehicles	(276,013)	(24,195)	73,877	(226,331)
Land improvements	(338,086)	(7,349)	283,089	(62,346)
Total	(3,405,175)	(431,064)	661,326	(3,174,913)
Total capital assets, being depreciated, net	11,672,613	(384,325)	2,648,742	13,937,030
Governmental activities capital assets, net	$ 15,819,021	$ 3,455,817	$ (507,124)	$ 18,767,714
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	$ 735,908	$ -	$ (99,500)	$ 636,408
Total	735,908	-	(99,500)	636,408
Less accumulated depreciation for:				
Vehicles	(585,493)	(25,069)	99,500	(511,062)
Total	(585,493)	(25,069)	99,500	(511,062)
Business-type activities capital assets, net	$ 150,415	$ (25,069)	$ -	$ 125,346

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	56,882
Public safety		21,236
Public works		336,971
Recreation and parks		11,391
Planning and zoning		4,584
Total depreciation expense - governmental activities	$	431,064
Business-type activities:		
Sanitation	$	25,069

NOTE 7. LONG-TERM DEBT

Long-term liability and obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 2,233	$ 526	$ -	$ 2,759	$ 2,759
Governmental activities long-term liabilities	$ 2,233	$ 526	$ -	$ 2,759	$ 2,759

Compensated absences are liquidated by the General Fund. The entire compensated absences amount is reported as a current liability based on historical usage as determined by City management.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	Sanitation Fund	$ 296

All interfund 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.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended December 31, 2023 were as follows:

Transfer In	Transfer Out	Amount
General Fund	Sanitation Fund	$ 118,822

The transfer was to move sanitation surpluses to the General Fund.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the Mayor and City Council, has established a defined benefit pension plan (the "City of Dacula Retirement Plan") covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The City's pension Plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by the Mayor and City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate immediately upon hire, including elected officials. Benefits vest after seven years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits of 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of twenty-five (25) years total credited service to receive full benefits. Employees of the City are not required to make contributions to the Plan.

At July 1, 2023, the date of the most recent actuarial valuation, there were 31 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	7
Terminated vested participants not yet receiving benefits	3
Active participants - vested	8
Active participants - nonvested	13
Total	31

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For year 2023, the City's contribution rate was 14.16% of covered payroll. The City makes all contributions to the Plan. For year 2023, the City's contribution to the Plan was $131,784.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2023.

Actuarial assumptions. The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.0 - 8.5%, including inflation
Investment rate of return	7.375%

Mortality rates for the July 1, 2023 valuation were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 for healthy retirees and beneficiaries and the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 for disabled participants.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

Cost of living adjustments were assumed to be 0.00%.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2023 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20	6.80
Domestic fixed income	20	0.40
Real estate	10	3.90
Global fixed income	5	0.46
Cash	—	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation

Discount rate. The discount rate used to measure the total pension liability was 7.375%, this was the same 7.375% rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all the projected benefit payments to determine the total pension liability.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended December 31, 2023, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/22	$ 1,930,141	$ 1,407,423	$ 522,718
Changes for the year:			
Service cost	54,133	-	54,133
Interest	140,998	-	140,998
Differences between expected and actual experience	(29,263)	-	(29,263)
Contributions—employer	-	130,150	(130,150)
Net investment income	-	(92,353)	92,353
Benefit payments	(144,874)	(144,874)	-
Administrative expense	-	(7,290)	7,290
Net changes	20,994	(114,367)	135,361
Balances at 12/31/23	$ 1,951,135	$ 1,293,056	$ 658,079

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 912,928	$ 658,079	$ 448,914

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2023 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the City recognized pension expense of $162,719. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 98,759	$ (45,801)
Change of assumptions	15,808	-
Net difference between projected and actual earnings on pension plan investments	49,176	-
City contributions subsequent to the measurement date	98,838	-
Total	$ 262,581	$ (45,801)

City contributions subsequent to the measurement date of $98,838 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2024	$ 40,182
2025	8,930
2026	44,870
2027	28,837
2028	(4,877)
Total	$ 117,942

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level, and are accordingly, paid by Gwinnett County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 229 Peachtree Street NE, Suite 100, Atlanta, Georgia 30303.

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 Inter-Local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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 pools' 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 or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs 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 have not exceeded the coverages in the last three years.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. 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 federal and state 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 December 31, 2023, the City has outstanding construction commitments of approximately $1,234,715 on various construction projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DACULA, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 3,112,150	$ 3,357,650	$ 3,729,042	$ 371,392
Licenses and permits	439,000	439,000	383,956	(55,044)
Intergovernmental	1,274,060	756,560	674,060	(82,500)
Fines and forfeitures	20,600	20,960	18,928	(2,032)
Interest income	1,700	1,700	1,403	(297)
Charges for services	2,500	31,000	36,089	5,089
Miscellaneous	-	144,829	152,421	7,592
Total revenues	4,850,010	4,751,699	4,995,899	244,200
Expenditures				
Current:				
General government:				
City council	50,782	50,782	39,855	10,927
City administrator	187,100	187,100	167,769	19,331
Mayor	14,487	14,987	13,797	1,190
Elections	14,500	17,650	15,534	2,116
Finance	1,267,655	1,822,806	1,541,442	281,364
Legal	79,000	79,000	46,034	32,966
City hall	373,548	398,548	370,714	27,834
Total general government	1,987,072	2,570,873	2,195,145	375,728
Public safety	242,646	243,146	227,568	15,578
Public works	1,935,825	1,351,968	1,272,789	79,179
Recreation and parks	41,500	73,100	26,972	46,128
Judicial/municipal court	18,953	19,453	15,256	4,197
Planning and zoning	624,014	578,149	414,070	164,079
Total expenditures	4,850,010	4,836,689	4,151,800	684,889
Excess (deficiency) of revenues over expenditures	-	(84,990)	844,099	929,089
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	235,436	235,436	-
Transfers in	-	-	118,822	118,822
Transfers out	-	(150,446)	-	150,446
Total other financing sources (uses)	-	84,990	354,258	269,268
Net change in fund balances	-	-	1,198,357	1,198,357
Fund balances, beginning of year	8,615,734	8,615,734	8,615,734	-
Fund balances, end of year	$ 8,615,734	$ 8,615,734	$ 9,814,091	$ 1,198,357

CITY OF DACULA, GEORGIA

ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 550,000	$ 627,000	$ 617,975	$ (9,025)
Interest income	-	-	7,866	7,866
Total revenues	550,000	627,000	625,841	(1,159)
EXPENDITURES				
Current:				
Public works	550,000	627,000	617,975	9,025
Total expenditures	550,000	627,000	617,975	9,025
Net change in fund balances	-	-	7,866	7,866
FUND BALANCES, beginning of year	1,506	1,506	1,506	-
FUND BALANCES, end of year	$ 1,506	$ 1,506	$ 9,372	$ 7,866

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 54,133	$ 38,760	$ 39,160	$ 29,457	$ 25,292
Interest on total pension liability	140,998	140,122	133,482	118,634	113,780
Differences between expected and actual experience	(29,263)	(32,122)	76,721	181,192	70,235
Benefit payments, including refunds of employee contributions	(144,874)	(155,635)	(162,231)	(154,303)	(143,205)
Other	-	-	-	47,421	-
Net change in total pension liability	20,994	(8,875)	87,132	222,401	66,102
Total pension liability - beginning	1,930,141	1,939,016	1,851,884	1,629,483	1,563,381
Total pension liability - ending (a)	$1,951,135	$ 1,930,141	$1,939,016	$1,851,884	$ 1,629,483
Plan fiduciary net position					
Contributions - employer	$ 130,150	$ 118,574	$ 94,439	$ 77,459	$ 64,784
Net investment income	(92,353)	83,029	441,225	(72,734)	41,401
Benefit payments, including refunds of member contributions	(144,874)	(155,635)	(162,231)	(154,303)	(143,205)
Administrative expenses	(7,290)	(5,899)	(5,588)	(6,043)	(5,779)
Net change in plan fiduciary net position	(114,367)	40,069	367,845	(155,621)	(42,799)
Plan fiduciary net position - beginning	1,407,423	1,367,354	999,509	1,155,130	1,197,929
Plan fiduciary net position - ending (b)	$1,293,056	$ 1,407,423	$1,367,354	$ 999,509	$ 1,155,130
City's net pension liability - ending (a) - (b)	$ 658,079	$ 522,718	$ 571,662	$ 852,375	$ 474,353
Plan fiduciary net position as a percentage of the total pension liability	66.27%	72.92%	70.52%	53.97%	70.89%
Covered payroll	$ 798,171	$ 763,659	$ 585,745	$ 463,895	$ 424,789
City's net pension liability as a percentage of covered payroll	82.45%	68.45%	97.60%	183.74%	111.67%

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 25,581	$ 17,299	$ 30,203	$ 22,541
Interest on total pension liability	109,168	108,373	109,707	101,240
Differences between expected and actual experience	69,986	29,474	(48,584)	80,867
Changes of assumptions	-	(2,249)	-	(31,938)
Benefit payments, including refunds of employee contributions	(145,619)	(139,659)	(77,424)	(49,493)
Other	22,839	-	-	-
Net change in total pension liability	81,955	13,238	13,902	123,217
Total pension liability - beginning	1,481,426	1,468,188	1,454,286	1,331,069
Total pension liability - ending (a)	$1,563,381	$ 1,481,426	$1,468,188	$1,454,286
Plan fiduciary net position				
Contributions - employer	$ 60,199	$ 78,438	$ 71,899	$ 82,704
Net investment income	139,351	132,826	3,083	95,100
Benefit payments, including refunds of member contributions	(145,619)	(139,659)	(77,424)	(49,493)
Administrative expenses	(5,644)	(5,809)	(3,658)	(3,203)
Net change in plan fiduciary net position	48,287	65,796	(6,100)	125,108
Plan fiduciary net position - beginning	1,149,642	1,083,846	1,089,946	964,838
Plan fiduciary net position - ending (b)	$1,197,929	$ 1,149,642	$1,083,846	$1,089,946
City's net pension liability - ending (a) - (b)	$ 365,452	$ 331,784	$ 384,342	$ 364,340
Plan fiduciary net position as a percentage of the total pension liability	76.62%	77.60%	73.82%	74.95%
Covered payroll	$ 384,142	$ 578,009	$ 595,959	$ 579,081
City's net pension liability as a percentage of covered payroll	95.13%	57.40%	64.49%	62.92%

Notes to the Schedule: The schedule will present 10 years of information once it is accumulated.

CITY OF DACULA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 131,784	$ 121,752	$ 109,392	$ 89,455	$ 73,460
Contributions in relation to the actuarially determined contribution	131,784	121,752	109,392	89,455	73,460
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 930,789	$ 753,965	$ 766,890	$ 525,363	$ 443,405
Contributions as a percentage of covered payroll	14.16%	16.15%	14.26%	17.03%	16.57%

	2018	2017	2016	2015
Actuarially determined contribution	$ 61,892	$ 59,635	$ 84,706	$ 67,630
Contributions in relation to the actuarially determined contribution	61,892	59,635	84,706	67,630
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 418,583	$ 372,661	$ 646,458	$ 579,126
Contributions as a percentage of covered payroll	14.79%	16.00%	13.10%	11.68%

Notes to the Schedule of City Contributions:

(1) Actuarial Assumptions used to determine contributions:

Valuation Date	July 1, 2023
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-Living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

(2) The schedule will present 10 years of information once it is accumulated.

CITY OF DACULA, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2023

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
2017 SPLOST:						
Transportation (roads, streets, bridges, and related facilities and equipment)	$ 3,514,507	$ 4,212,901	$ 1,495,548	$ 292,127	$ 1,787,675	42.43 %
Recreational facilities and equipment	244,145	292,661	44,864	-	44,864	15.33
Public safety facilities and equipment	170,980	204,957	124,922	6,725	131,647	64.23
Water and sewer capital improvements	237,390	284,564	166,300	-	166,300	58.44
Administrative facilities	718,115	860,817	571,890	-	571,890	66.44
Total SPLOST	$ 4,885,137	$ 5,855,900	$ 2,403,524	$ 298,852	$ 2,702,376	

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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 Dacula, Georgia

We have audited, in accordance with the 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 business-type activities, and each major fund of the City of Dacula, Georgia (the "City"), as of and for the year ended December 31, 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 July15, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.*

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 results 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
July 15, 2024

MAULDIN & JENKINS
CPAs & ADVISORS

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

Honorable Mayor and Members
of City Council
City of Dacula, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Dacula, Georgia's (the "City's") 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 December 31, 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 December 31, 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 (GAAS); 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 GAAS, 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 GAAS, *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
July 15, 2024

CITY OF DACULA, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Agency or Pass-Through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Gwinnett County Georgia			
Community Development Block Grants/Entitlement Grants	14.218	B-22-UC-13-0004	$ 674,060
Total U.S. Department of Housing and Urban Development			674,060
U.S. DEPARTMENT OF TREASURY			
Passed through the State of Georgia			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	617,975
Total U.S. Department of Treasury			617,975
Total Expenditures of Federal Awards			$ 1,292,035

See note to Schedule of Expenditures of Federal Awards.

CITY OF DACULA, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 liability is incurred.

In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

The City did not utilize the 10% de minimus indirect cost rate.

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 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF DACULA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 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	__X__ no
Significant deficiencies identified?	____ yes	__X__ none reported
Noncompliance material to financial statements noted?	____ yes	__X__ no

Federal Awards

Internal Control over major federal programs:		
Material weakness(es) identified?	_____ yes	__X__ no
Significant deficiency(ies) identified?	_____ yes	__X__ none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes	__X__ no

Identification of major program:

Name of Federal Program or Cluster	Federal Assistance Listing Number
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	_____ yes	__X__ no

CITY OF DACULA, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

CITY OF DACULA, GEORGIA

STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

2022-001 Year-End Close and Reconciliations

Criteria: Internal controls related to an entity's financial close out should be in place to ensure that transactions are reported accurately and completely throughout the year and are properly reported for year-end financial reporting, which is key to timely and reliable financial information.

Condition: During the fiscal year ended December 31, 2022 financial audit, we noted several areas pertaining to year-end financial close out that resulted in audit adjustments to correct the reported balances.

- During our testing of subsequent disbursements, adjustments were required in the ARPA Fund to record expenditures incurred during the fiscal year, but not paid until subsequent to year end. Capital related payable adjustments of $101,405 and $23,361 were posted to accounts payable and retainage payable, respectively. The total $124,766 adjustment also resulted in an increase to construction in progress of the governmental activities capital assets. As a result of the additional recorded expenditures within the ARPA Fund, an adjustment was required to recognize intergovernmental revenue and reduce unearned revenue by $124,766 within the fund.

- During our testing of purchase cards, adjustments were required in the General Fund and Sanitation Fund in the amounts of $3,500 and $12,504, respectively, to record year-end payables for the December 2022 purchase card expenditures/expenses incurred but not paid.

Status: Resolved in the current fiscal year.

2022-002 Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: The size of the City's accounting and administrative staff preclude internal controls that would be preferred if the office staff were large enough, to provide optimum segregation of duties. Appropriate segregation of duties was not noted within the following areas of the City: journal entry review and cash recording and reconciliation process.

Status: Resolved in the current fiscal year.