CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2020

CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report **1-3**

Management's Discussion and Analysis **4-12**

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position **13**

Statement of Activities **14**

Fund Financial Statements:

Balance Sheet – Governmental Funds **15**

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities **16**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds **17**

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities **18**

Statement of Net Position – Proprietary Funds **19**

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds **20**

Statement of Cash Flows – Proprietary Funds **21**

Statement of Fiduciary Assets and Liabilities – Agency Fund **22**

Notes to the Financial Statements **23-50**

Required Supplementary Information:

Schedule of Changes in the City's Net Pension Liability and Related Ratios **51**

Schedule of City Contributions – Retirement Plan **52**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) – General Fund **53-55**

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Non-major Governmental Funds **56**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds **57**

Combining Balance Sheet – Non-major Special Revenue Funds **58**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Special Revenue Funds **59**

Combining Balance Sheet - Non-major Capital Projects Funds **60**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Capital Projects Funds **61**

CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS (Continued)

Combining and Individual Fund Statements and Schedules (continued):
- **Combining Statement of Net Position – Internal Service Funds 62**
- **Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds 63**
- **Combining Statement of Cash Flows – Internal Service Funds 64**
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2009 Issue 65**
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2014 Issue 66**
- **Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2017 Issue 67**

COMPLIANCE SECTION:

- **Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 68 and 69**

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Duluth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Duluth, Georgia** (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Duluth, Georgia as of June 30, 2020, 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.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Duluth, Georgia's basic financial statements. The combining and individual fund statements and schedules, including the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds (as required by the Official Code of Georgia Annotated 48-8-121) as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, including the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, including the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 on our consideration of the City of Duluth, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Duluth, Georgia'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 of Duluth, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 20, 2021

As management of the City of Duluth, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. This narrative is intended to assist the reader in understanding significant issues, material deviations from the original budget and provide an overview of financial activities and identify changes in financial position. We encourage readers to consider this information presented herein, in conjunction with the additional information furnished in the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at June 30, 2020 by $85,952,515 (net position), of this amount, $18,674,495 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by $5,611,946 during the fiscal year ended June 30, 2020 with an increase in governmental activities of $4,024,947 and an increase of $1,586,999 in business-type activities.
- As of June 30, 2020, the City's governmental funds reported combined ending fund balances of $27,523,354 an increase of $4,117,349 in comparison with the prior year. This increase is due to an increase in General Fund revenues and to collections in the 2017 SPLOST exceeding capital expenditures.
- The unassigned fund balance for the General Fund at June 30, 2020 was $11,192,876 which was 53% of total General Fund expenditures and transfers-out for the year.
- The City's total long term liabilities, including the debt of the City's blended component units (Urban Redevelopment Authority and Downtown Development Authority), experienced a net decrease of $1,135,117 during the fiscal year ended June 30, 2020. This decrease was primarily due to principal payments on the outstanding bonds payable in the City's blended component units.

Overview of the Financial Statements

The Annual Financial Report consists of a series of financial statements. This narrative is intended to serve as an introduction to the basic financial statements. The City's basic financial statements comprise three components:

- Government Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

This report also contains 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. They are prepared using the accrual basis of accounting, which is the accounting method used in most private-sector companies. There are two government-wide statements: the statement of net position and the statement of activities, which are described below.

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

2) The "statement of activities" presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, police services, public works, planning and zoning, economic and community development, parks, and code enforcement. Business-type activities include stormwater services and the financing and development activities of the City's blended component units, the Downtown Development Authority and the Urban Redevelopment Authority.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements focus on the most significant funds, reporting on the City's operations in greater detail than the government-wide statements. All of the City's funds can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds: Most of the basic services provided by the City are financed through governmental funds and are 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 the near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. These statements assist the reader in determining whether there are adequate financial resources available to meet the current needs of the City.

Because the focus of governmental funds is short-term and the focus of the government-wide financial statements is both short-term and long-term, 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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund's balance sheet and in the governmental fund's statement of revenues, expenditures, and changes in fund balance for the four funds which are considered to be major funds.

The City adopts an annual appropriated budget for the General Fund and all special revenue funds. Project length budgets are adopted for all capital project funds. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary Funds: The City maintains two different types of proprietary funds, three enterprise funds, and three internal service funds. Enterprise funds charge a fee for services to outside customers. The City uses enterprise funds to account for its stormwater fees as well as the financing and development activities of the City's blended component units, the Downtown Development Authority and the Urban Redevelopment Authority ("URA"). The City's enterprise fund statements are the same as the business-type activities reported in the government-wide financial statements, but provide more detail. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. The City uses internal service funds to account for the activities of the Duluth Governmental Finance Corporation, a Health Reimbursement Fund, and a risk

management fund (the Workers' Compensation Fund). Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The three internal service funds are combined into a single, aggregated column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City uses an Agency Fund for the collection and remittance of activity for the municipal court.

The fiduciary fund financial statements can be found on page 22 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential for the reader in order to obtain a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 23-50 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees and a budgetary comparison for the General Fund.

The required supplementary information can be found on pages 51-55 of this report.

The "combining statements" referred to earlier in connection with non-major governmental (special revenue and capital projects) and internal service funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 56-67 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $85,952,515 and $80,340,569 at June 30, 2020 and 2019, respectively. The following is a condensed version of the government-wide statement of net position.

City of Duluth – Net Position

	Governmental Activities		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	$32,618,237	$27,096,581	$ 8,946,221	$ 8,750,944	$41,564,458	$35,847,525
Capital assets	61,986,889	62,668,177	5,558,227	6,079,286	67,545,116	68,747,463
Total assets	94,605,126	89,764,758	14,504,448	14,830,230	109,109,574	104,594,988
Deferred Outflows	1,145,121	792,937	61,714	74,901	1,206,835	867,838
Liabilities:						
Long-term liabilities outstanding	609,495	155,262	17,430,614	19,019,964	18,040,109	19,175,226
Other liabilities	3,974,820	2,775,902	2,236,301	2,563,639	6,211,121	5,339,541
Total liabilities	4,584,315	2,931,164	19,666,915	21,583,603	24,251,230	24,514,767
Deferred Inflows	110,411	595,957	2,253	11,533	112,664	607,490
Net Position (deficit):						
Net Investment in capital assets	61,723,783	62,346,423	(7,661,527)	(8,645,274)	54,062,256	53,701,149
Restricted	13,215,764	10,677,311	-	-	13,215,764	10,677,311
Unrestricted	16,115,974	14,006,840	2,558,521	1,955,269	18,674,495	15,962,109
Total net position (deficit)	$91,055,521	$87,030,574	$ (5,103,006)	$(6,690,005)	$85,952,515	$80,340,569

The largest portion of the City's net position (63%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets), less any related debt used to acquire those assets that is still outstanding. These capital assets are used by the City to provide services to citizens. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City does have $82,178 restricted for debt service. The City also has net position of $12,778,503; $158,575 and $196,508 which are restricted by enabling legislation or outside grants or agreements for disbursement on capital projects, law enforcement, and recreation, respectively. The remaining balance of unrestricted net position $18,674,495 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities increased the City's net position by $4,024,947 and business-type activities increased the City's net position by $1,586,999. The increase in governmental activities was primarily due to increased property taxes and court revenues due to additional officers assigned to patrol.

The following condensed financial information was derived from the government-wide statement of activities and summarizes changes in net position for the years ended June 30, 2020 and 2019.

City of Duluth – Changes in Net Position

	Governmental Activities		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	$ 3,812,684	$ 4,247,654	$ 1,401,842	$ 875,789	$ 5,214,526	$ 5,123,443
Operating grants and contributions	1,310,247	1,006,330	-	-	1,310,247	1,006,330
Capital grants and contributions	6,407,948	7,049,924	-	-	6,407,948	7,049,924
General revenues:						
Property taxes	10,490,742	9,097,315	-	-	10,490,742	9,097,315
Insurance premium tax	2,030,666	1,906,841	-	-	2,030,666	1,906,841
Other taxes	5,554,697	5,583,359	-	-	5,554,697	5,583,359
Other	590,482	662,218	916,522	357,206	1,507,004	1,019,424
Total revenues	30,197,466	29,553,641	2,318,364	1,232,995	32,515,830	30,786,636
Expenses						
General government	6,248,344	5,944,063	-	-	6,248,344	5,944,063
Public safety	10,520,006	9,337,527	-	-	10,520,006	9,337,527
Public works	4,911,951	5,445,801	-	-	4,911,951	5,445,801
Culture & recreation	2,614,569	2,245,721	-	-	2,614,569	2,245,721
Housing & development	177,388	-	-	-	177,388	-
Interest on long term debt	6,163	10,964	-	-	6,163	10,964
Stormwater	-	-	1,234,103	1,197,610	1,234,103	1,197,610
Development financing	-	-	1,191,360	1,267,974	1,191,360	1,267,974
Total expenses	24,478,421	22,984,076	2,425,463	2,465,584	26,903,884	25,449,660
Transfers	(1,694,098)	(1,696,710)	1,694,098	1,696,710	-	-
Change in net position	4,024,947	4,872,855	1,586,999	464,121	5,611,946	5,336,976
Net position-July 1	87,030,574	82,157,719	(6,690,005)	(7,154,126)	80,340,569	75,003,593
Net position-June 30	$91,055,521	$87,030,574	$(5,103,006)	$(6,690,005)	$85,952,515	$80,340,569

Governmental activities: Governmental activities revenues totaled $30,197,466 for fiscal year 2020. Property taxes are the largest revenue source for governmental activities, accounting for 35% of total revenues. Capital grants (which include sales taxes from the County) and other taxes (which include insurance premium, motor vehicle and franchise taxes), and charges for services are the second, third, and fourth largest revenue sources accounting for 21%, 18%, and 13%, respectively, of governmental revenues for the year.

Governmental activities expenses totaled $24,478,421 for fiscal year 2020. Of the expenses, 43% is related to public safety. In addition, general government and public works accounted for 26% and 20% of total governmental expenses for the year, respectively. Overall, expenses increased as compared to the prior year.

Business-type activities: Business-type activities increased the City's net position by $1,586,999 primarily due to transfers from governmental activities.

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 fiscal year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of $27,523,354 an increase of $4,117,349 or 18% in comparison with the prior year. Approximately 39% of the fund balance or $10,658,907 is classified as unassigned. This unassigned fund balance is net of $533,969 in fund balance deficits to be funded by future revenues or transfers. The remaining fund balance is classified as follows: non-spendable form ($330,566), restricted ($12,847,499), committed ($914,285) and assigned ($2,772,097).

The General Fund is the chief operating fund of the City, at the end of the current fiscal year, unassigned fund balance of the General Fund was $11,192,876. As a measure of the General Fund's liquidity, it would be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 53% of total General Fund expenditures plus transfers-out.

The fund balance of the City's General Fund increased by $1,783,734 during the current fiscal year. Key factors in this activity are as follows:

- Overall General Fund revenue increased by $628,733 or 2.9%.
- Revenue from taxes increased by $1,019,833 over the prior year. This increase was mainly due to property taxes from new construction and increases in assessed value.
- Revenue from Fines and Forfeitures decreased by $708,383. This was due to patrol officers being temporarily reassigned to other operations.
- Intergovernmental revenue or revenue from other governments increased by $371,195. This was due to the renegotiated contract with Gwinnett County to provide E911 services.
- In addition, overall expenditures increased by $606,650 from the prior year while net transfers out decreased $101,407. The overall expenditure increase resulted from salary and benefits increases. Decreased transfers out resulted from an overall decrease in one-time transfers to capital projects. The capital project transfer was for a purchase option on property needed for a road construction project.

The SPLOST 2009 Fund continues to spend sales tax proceeds primarily, during the year ended June 30, 2020, as transfers to reimburse other funds for past allowable SPLOST projects for transportation.

The SPLOST 2014 Fund continues to spend sales tax proceeds primarily, during the year ended June 30, 2020, as transfers to reimburse other funds for past allowable SPLOST projects primarily for transportation projects.

The SPLOST 2017 Fund began collecting sales taxes in April 2017 and continues to spend sales tax proceeds primarily, during the year ended June 30, 2020, as transfers to reimburse other funds for past allowable SPLOST projects for transportation, public safety, and recreation projects.

The Other Capital Project Fund was a consolidation of several smaller capital project funds for reporting purposes in fiscal year 2020. The fund accounts for capital construction primarily funded through transfers from the General Fund and intergovernmental agreements with Gwinnett County and neighboring Cities.

Proprietary funds: The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about the funds. The activity of the Downtown Development Authority and the Urban Redevelopment Authority presented revenue from the development of properties within the City and the debt service of bonds which were issued to fund the development. For fiscal year 2020, the majority of the debt service of these funds was funded by transfers in from other funds primarily the General Fund.

The Stormwater Fund activity resulted in revenues exceeding expenses by $167,739 for the year ended June 30, 2020.

At the fiscal year end, the Workers' Compensation Fund has unrestricted net position of $778,602. Because the City self insures for workers' compensation, this balance is planned to be used for paying claims and purchasing an excess workers' compensation policy. The Duluth Governmental Finance Corporation has no liabilities and only capital assets consisting of land and a building with a balance (net of accumulated depreciation) of $2,238,495. The Health Reimbursement Fund has unrestricted net position of $131,355.

General Fund Budgetary Highlights

During the year, several budget amendments were adopted by the City Council and are included in the final budget column totals. The net impact of these amendments increased revenues by $5,460 or .03%, increased expenditures by $168,167 or .84% and increased net transfers out by $611,267 or 26.5%.

During the year, General Fund revenues were more than budgetary projections and expenditures were less than budgetary estimates. Actual revenues were $1,268,536 more than estimates mainly due to higher than anticipated property taxes, residential and commercial permit fees, and fines and forfeitures due to additional officers assigned to patrol. Expenditures were $1,665,637 less than budgetary appropriations due to staff vacancies in various departments, mainly the Police Support, Police Uniforms, and Public Information & Marketing.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental activities as of June 30, 2020, amounted to $61,986,889, net of accumulated depreciation. The investment in capital assets includes: land, plant and buildings, machinery, equipment and fixtures, streets and drainage, and construction in progress. Overall, the City's capital assets decreased from June 30, 2020 due to depreciation exceeding additions. The additions to governmental capital assets are attributable to ongoing construction projects: Pleasant Hill & Buford Highway Interchange Landscaping, Downtown Parking Lot Reconstruction, Willbrooke Trail and Pocket Park, Public Works Facility Renovations and George Rogers Avenue.

City of Duluth – Capital Assets
Governmental Activities

	2020	2019
Land and improvements	$11,726,265	$11,718,138
Buildings	35,778,740	35,487,955
Improvement other than buildings	59,226,945	56,661,365
Land Improvements	5,823,135	3,974,631
Furniture, machinery, and equipment	8,573,988	8,674,643
Construction in progress	4,509,225	7,436,071
Less accumulated depreciation	(63,651,409)	(61,284,626)
Total	$61,986,889	$62,668,177

Additional information on the City's capital assets can be found in Note 6 Capital Assets on pages 37 and 38 of this report.

Long-term debt: At June 30, 2020, the City had no general obligation bonded debt outstanding. The City has one outstanding financed purchase totaling $81,544, of which $81,544 is due and payable within one year. The blended component units of the City, the Downtown Development Authority and the Urban Redevelopment Authority have outstanding revenue bonds of $15,473,002 and $3,870,096, respectively. This represents a net decrease of $1,823,698 during the fiscal year 2020 due to repayment of bonds at scheduled maturity during the year.

Additional information on the City's long-term debt can be found in Note 7 on pages 38 through 40 of this report.

Economic Factors and Next Year's Budget and Rates

The City of Duluth continues to see dramatic change in and around the downtown. This change is creating new place for resident to dine, shop and just relax. It brings new resident and visitors into the area to experience a vibrant, active and walkable downtown. It is also creating business opportunities for small local start up business and small regional chain business. Like the rest of the county, Duluth has experienced the effects of COVID-19 on its resident, business and finances. Much of the building and business start up activity which was either stopped or paused during the early stages of the outbreak, has now started again. Most all of the construction been restarted and business have adapted to new ways to serve their customers. However, most restaurants are not operating a full capacity. The City has drastically cut back live in-person events and our in-person parks and recreation classes are just now resuming, on a limited basis.

In regards to downtown, The Block, a 42,000 square feet restaurant district in downtown was sold by the developer to a long term investor. The City has also improved the gathering area in The Block to create a more inviting and COVID-19 safe space. Construction is nearly complete in the South on Main development adjacent to City Hall. The development is a 115 unit single family/townhome community. Staff expects the developer will complete the final topping of the roads in the next few months and turn the public infrastructure over to the City. Construction continues on the new Courtyard by Marriott, a 102-room hotel/parking deck in downtown adjacent to the City's Festival Center. The hotel will feature a two-story 344-space parking deck. The deck will have a combined 226 public parking spaces on the first and second level and 118 hotel parking spaces on the second level. Staff expects the first level of the parking deck to be available for public use

sometime in early 2021. Construction is also well under way on the new Duluth Branch of the Gwinnett County Public Library System located on Main Street just south of City Hall. Staff expects the library to be open sometime around April or May 2021.

Construction is also under way on Everleigh Duluth, a 170 unit 55+ active adult apartment community on Hill Street in downtown. The development will include 1 & 2 bedroom units, ranging from 700 to 1,300 square feet with an extensive amenity package. Construction is expected to be completed in late 2021. Another development in close proximity to downtown, SODO, a 258 unit apartment community with 1 & 2 bedroom units ranging from 670 to 1,100 square feet. This development is in the early stages with demolition and land disturbance expected to start in January 2021.

These developments will continue to change the landscape of the City and are having a halo effect on other development throughout the City. These changes are attracting new residents and visitors to a City and create an exciting place to live, work and play.

This ongoing development is expected to have an impact on the future budget, both in terms of revenue and expenditures. Staff continues to work on long range plans to accommodate the expected need for additional services. In the near term, staff is closely monitoring the impact of COVID-19 on the current budget. Budgeted revenues for FY 2021 have been adjusted for the anticipated impacts of the virus. In regards to expenditures, the current budget includes a scaled back 1% COLA increase, a hold on adding new positions and the deferment of some expenditures.

Council and staff feel the City is well positioned to manage to effects of COVID-19 based on this year's financial results. Council has requested staff closely monitor the City's current financial performance and provide a report on that performance each month at the work session. Should the financial performance allow, council will consider amending the budget to include staff pay increases, new staff position and addition deferred expenditures.

Request for Information

This financial report is designed to provide a general overview of the City of Duluth's finances for our citizens, taxpayers, customers, investors, creditors, and other interested parties. Questions concerning any of the information should be addressed to the City of Duluth, Office of the City Manager, Attn: Kenneth Sakmar, Assistant City Manager, 3167 Main Street, Duluth, Georgia 30096.

BASIC FINANCIAL STATEMENTS

City of Duluth, Georgia

Statement of Net Position

June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ 28,934,554	$ 5,543,155	$ 34,477,709
Accounts receivable	998,207	18,778	1,016,985
Taxes receivable	116,536	-	116,536
Intergovernmental	2,238,814	-	2,238,814
Internal balances	(440)	440	-
Prepaid items	330,566	-	330,566
Notes receivable, current	-	147,635	147,635
Notes receivable, long term	-	3,236,213	3,236,213
Nondepreciable capital assets	16,235,490	1,664,627	17,900,117
Depreciable capital assets, net	45,751,399	3,893,600	49,644,999
TOTAL ASSETS	94,605,126	14,504,448	109,109,574
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	38,344	38,344
Pension related items	1,145,121	23,370	1,168,491
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,145,121	61,714	1,206,835
LIABILITIES			
Accounts payable	731,251	274,187	1,005,438
Retainage payable	181,562	-	181,562
Accrued expenses	1,251,543	-	1,251,543
Accrued interest payable	634	27,868	28,502
Unearned revenue	1,051,241	9,323	1,060,564
Noncurrent liabilities:			
Net pension liability, due in more than one year	609,495	12,439	621,934
Bonds payable due within one year	-	1,924,923	1,924,923
Bonds payable due in more than one year	-	17,418,175	17,418,175
Financed purchase payable due within one year	81,544	-	81,544
Compensated absences payable due within one year	677,045	-	677,045
TOTAL LIABILITIES	4,584,315	19,666,915	24,251,230
DEFERRED INFLOWS OF RESOURCES			
Pension related items	110,411	2,253	112,664
TOTAL DEFERRED INFLOWS OF RESOURCES	110,411	2,253	112,664
NET POSITION (DEFICIT)			
Net investment in capital assets	61,723,783	(7,661,527)	54,062,256
Restricted for debt service	82,178	-	82,178
Restricted for capital construction	12,778,503	-	12,778,503
Restricted for law enforcement	158,575	-	158,575
Restricted for recreation	196,508	-	196,508
Unrestricted	16,115,974	2,558,521	18,674,495
TOTAL NET POSITION (DEFICIT)	$ 91,055,521	$ (5,103,006)	$ 85,952,515

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Activities

For the Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	$ 6,248,344	$ 1,137,142	$ -	$ 456	$ (5,110,746)	$ -	$ (5,110,746)
Public safety	10,520,006	2,484,080	1,310,247	956,494	(5,769,185)	-	(5,769,185)
Public works	4,911,951	3,663	-	4,935,841	27,553	-	27,553
Culture and recreation	2,614,569	187,799	-	515,157	(1,911,613)	-	(1,911,613)
Housing and development	177,388	-	-	-	(177,388)	-	(177,388)
Interest on long-term obligations	6,163	-	-	-	(6,163)	-	(6,163)
Total Governmental Activities	24,478,421	3,812,684	1,310,247	6,407,948	(12,947,542)	-	(12,947,542)
Business-Type Activities:							
Downtown Development Authority	1,060,153	-	-	-	-	(1,060,153)	(1,060,153)
Urban Redevelopment Authority	131,207	-	-	-	-	(131,207)	(131,207)
Stormwater	1,234,103	1,401,842	-	-	-	167,739	167,739
Total Business-Type Activities	2,425,463	1,401,842	-	-	-	(1,023,621)	(1,023,621)
Total - Primary Government	$ 26,903,884	$ 5,214,526	$ 1,310,247	$ 6,407,948	(12,947,542)	(1,023,621)	(13,971,163)
		GENERAL REVENUES:					
		Taxes:					
		Property			10,490,742	-	10,490,742
		Insurance premium			2,030,666	-	2,030,666
		Other			5,554,697	-	5,554,697
		Interest earned			233,290	799,020	1,032,310
		Miscellaneous			258,473	117,502	375,975
		Gain on sale of capital assets			98,719	-	98,719
		Total General Revenues			18,666,587	916,522	19,583,109
		Transfers			(1,694,098)	1,694,098	-
		Total General Revenues and Transfers			16,972,489	2,610,620	19,583,109
		Change in Net Position			4,024,947	1,586,999	5,611,946
		NET POSITION (DEFICIT) BEGINNING OF YEAR			87,030,574	(6,690,005)	80,340,569
		NET POSITION (DEFICIT) END OF YEAR			$ 91,055,521	$ (5,103,006)	$ 85,952,515

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 15,515,885	$ 827,285	$ 1,874,378	$ 8,461,503	$ 292,817	$ 951,160	$ 27,923,028
Receivables:							
Taxes	115,925	-	-	-	-	611	116,536
Accounts	998,207	-	-	-	-	-	998,207
Intergovernmental	2,362	-	-	1,029,210	497,194	710,048	2,238,814
Due from other funds	455,132	-	-	-	-	5,461	460,593
Prepaid items	330,566	-	-	-	-	-	330,566
TOTAL ASSETS	$ 17,418,077	$ 827,285	$ 1,874,378	$ 9,490,713	$ 790,011	$ 1,667,280	$ 32,067,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 259,495	$ -	$ -	$ -	$ 415,087	$ 56,476	$ 731,058
Retainage payable	13,287	-	-	-	168,275	-	181,562
Accrued salaries payable	424,553	-	-	-	-	-	424,553
Accrued expenditures	722,942	-	-	-	-	-	722,942
Due to other funds	8,573	-	-	-	424,347	30,785	463,705
Unearned revenue	-	-	-	-	-	1,051,241	1,051,241
TOTAL LIABILITIES	1,428,850	-	-	-	1,007,709	1,138,502	3,575,061
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	782,626	-	-	186,703	-	-	969,329
TOTAL DEFERRED INFLOWS OF RESOURCES	782,626	-	-	186,703	-	-	969,329
FUND BALANCES (DEFICIT)							
Nonspendable:							
Prepaids	330,566	-	-	-	-	-	330,566
Restricted:							
Debt service	82,178	-	-	-	-	-	82,178
Capital construction	-	827,285	1,874,378	9,304,010	221,781	182,784	12,410,238
Law enforcement	-	-	-	-	-	158,575	158,575
Culture and recreation	-	-	-	-	-	196,508	196,508
Committed:							
Capital construction	884,515	-	-	-	-	-	884,515
Public works	-	-	-	-	-	1,709	1,709
Equipment purchases	-	-	-	-	-	28,061	28,061
Assigned:							
Fiscal year 2021 operations	1,475,542	-	-	-	-	-	1,475,542
SDS Settlement	1,240,924	-	-	-	-	-	1,240,924
Gateway construction	-	-	-	-	5,500	-	5,500
Train viewing platform	-	-	-	-	50,131	-	50,131
Unassigned (deficit)	11,192,876	-	-	-	(495,110)	(38,859)	10,658,907
TOTAL FUND BALANCES (DEFICIT)	15,206,601	827,285	1,874,378	9,304,010	(217,698)	528,778	27,523,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 17,418,077	$ 827,285	$ 1,874,378	$ 9,490,713	$ 790,011	$ 1,667,280	$ 32,067,744

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

TOTAL GOVERNMENTAL FUND BALANCES		$ 27,523,354
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
Cost	$ 123,940,627	
Less accumulated depreciation	(64,192,233)	59,748,394
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes, franchise taxes and intergovernmental revenues		969,329
Internal service funds are used by management to charge the costs of financing and workers' compensation to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		3,148,452
The deferred outflows of resources, deferred inflows of resources, and the net pension liability 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 funds.		
Deferred outflows of resources-pension items	$ 1,145,121	
Net pension liability	(609,495)	
Deferred inflows of resources-pension items	(110,411)	425,215
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Financed purchases	$ (81,544)	
Accrued interest	(634)	
Compensated absences	(677,045)	(759,223)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 91,055,521

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 17,214,916	$ -	$ -	$ -	$ -	$ 822,048	$ 18,036,964
Licenses and permits	1,121,250	-	-	-	-	-	1,121,250
Intergovernmental	1,310,247	-	-	4,800,692	974,506	330,764	7,416,209
Charges for services	259,204	-	-	-	-	-	259,204
Interest income	217,482	843	28,757	96,600	-	-	343,682
Fines and forfeitures	2,117,488	-	-	-	-	98,805	2,216,293
Miscellaneous	258,473	-	-	-	-	210,617	469,090
TOTAL REVENUES	22,499,060	843	28,757	4,897,292	974,506	1,462,234	29,862,692
EXPENDITURES							
Current:							
General government	4,527,537	-	-	676	-	646,758	5,174,971
Public safety	9,189,738	-	-	-	1,024,937	109,485	10,324,160
Public works	3,125,294	-	-	-	2,177,493	609,282	5,912,069
Culture and recreation	1,644,465	-	-	-	225,730	507,257	2,377,452
Debt service:							
Principal retirement	104,340	-	-	-	-	-	104,340
Interest and fiscal charges	6,973	-	-	-	-	-	6,973
TOTAL EXPENDITURES	18,598,347	-	-	676	3,428,160	1,872,782	23,899,965
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,900,713	843	28,757	4,896,616	(2,453,654)	(410,548)	5,962,727
OTHER FINANCING SOURCES (USES)							
Proceeds from capital assets	98,720	-	-	-	-	-	98,720
Transfers in	134,994	-	-	-	2,448,836	853,937	3,437,767
Transfers out	(2,350,693)	(95,213)	(475,617)	(2,325,348)	-	(134,994)	(5,381,865)
TOTAL OTHER FINANCING SOURCES (USES)	(2,116,979)	(95,213)	(475,617)	(2,325,348)	2,448,836	718,943	(1,845,378)
NET CHANGE IN FUND BALANCES	1,783,734	(94,370)	(446,860)	2,571,268	(4,818)	308,395	4,117,349
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	13,422,867	921,655	2,321,238	6,732,742	(212,880)	220,383	23,406,005
FUND BALANCES (DEFICIT) - END OF YEAR	$ 15,206,601	$ 827,285	$ 1,874,378	$ 9,304,010	$ (217,698)	$ 528,778	$ 27,523,354

See accompanying notes to the basic financial statements.

City of Duluth, 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 June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 4,117,349
Amounts reported for governmental activities in the Statement of Activities are different because:		
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 as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Depreciation expense	$ (3,773,230)	
Capital outlay	3,140,567	
		(632,663)
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.		225,844
Repayment of financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		104,340
Some expenses reported in the Statement of Activities, such as compensated absences and accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences	$ (55,967)	
Change in accrued interest	810	
		(55,157)
Some expenses reported in the Statement of Activities, related to the change in the net pension liability and the related deferred inflows and outflows of resources, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in net pension liability and related deferred inflows and deferred outflows		301,953
The internal service funds used by management to charge the costs of certain financing and workers' compensation to individual funds are included in the government-wide Statement of Activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		(36,719)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,024,947

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash	$ 4,703,813	$ -	$ 839,342	$ 5,543,155	$ 1,011,526
Accounts receivable	10,864	-	7,914	18,778	-
Notes receivable, current portion	147,635	-	-	147,635	-
Due from other funds	440	-	-	440	2,672
Total Current Assets	4,862,752	-	847,256	5,710,008	1,014,198
Noncurrent Assets:					
Notes receivable	3,236,213	-	-	3,236,213	-
Capital assets:					
Nondepreciable capital assets	5,525	1,659,102	-	1,664,627	1,654,856
Depreciable capital assets, net	3,173,090	-	720,510	3,893,600	583,639
Total Noncurrent Assets	6,414,828	1,659,102	720,510	8,794,440	2,238,495
TOTAL ASSETS	11,277,580	1,659,102	1,567,766	14,504,448	3,252,693
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	38,344	-	38,344	-
Pension related items	-	-	23,370	23,370	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	38,344	23,370	61,714	-
LIABILITIES					
Current Liabilities:					
Accounts payable	4,404	-	269,783	274,187	193
Unearned revenue	9,323	-	-	9,323	-
Claims payable	-	-	-	-	104,048
Accrued interest payable	20,274	7,594	-	27,868	-
Revenue bonds payable, current portion	989,923	935,000	-	1,924,923	-
Total Current Liabilities	1,023,924	942,594	269,783	2,236,301	104,241
Noncurrent Liabilities:					
Revenue bonds payable	14,483,080	2,935,095	-	17,418,175	-
Net pension liability	-	-	12,439	12,439	-
Total Noncurrent Liabilities	14,483,080	2,935,095	12,439	17,430,614	-
TOTAL LIABILITIES	15,507,004	3,877,689	282,222	19,666,915	104,241
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	-	2,253	2,253	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	2,253	2,253	-
NET POSITION (DEFICIT)					
Net investment in capital assets	(6,209,388)	(2,172,649)	720,510	(7,661,527)	2,238,495
Unrestricted	1,979,964	(7,594)	586,151	2,558,521	909,957
TOTAL NET POSITION (DEFICIT)	$ (4,229,424)	$ (2,180,243)	$ 1,306,661	$ (5,103,006)	$ 3,148,452

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
OPERATING REVENUES					
Stormwater fees	$ -	$ -	$ 1,401,842	$ 1,401,842	$ -
Charges for services	-	-	-	-	5,319
TOTAL OPERATING REVENUES	-	-	1,401,842	1,401,842	5,319
OPERATING EXPENSES					
Administration	-	-	420,128	420,128	-
Costs of sales and services	-	-	714,253	714,253	-
Depreciation	421,337	-	99,722	521,059	48,625
Claims	-	-	-	-	248,304
Other	278,933	-	-	278,933	-
TOTAL OPERATING EXPENSES	700,270	-	1,234,103	1,934,373	296,929
OPERATING INCOME (LOSS)	(700,270)	-	167,739	(532,531)	(291,610)
NON-OPERATING INCOME (LOSS)					
Interest and fiscal charges	(359,883)	(131,207)	-	(491,090)	-
Miscellaneous	117,502	-	-	117,502	-
Interest income	799,020	-	-	799,020	4,891
TOTAL NON-OPERATING INCOME (LOSS)	556,639	(131,207)	-	425,432	4,891
INCOME (LOSS) BEFORE TRANSFERS	(143,631)	(131,207)	167,739	(107,099)	(286,719)
Transfers in	664,978	1,029,120	-	1,694,098	250,000
	664,978	1,029,120	-	1,694,098	250,000
CHANGE IN NET POSITION	521,347	897,913	167,739	1,586,999	(36,719)
NET POSITION (DEFICIT):					
BEGINNING OF YEAR	(4,750,771)	(3,078,156)	1,138,922	(6,690,005)	3,185,171
END OF YEAR	$ (4,229,424)	$ (2,180,243)	$ 1,306,661	$ (5,103,006)	$ 3,148,452

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for operations	$ -	$ -	$ 1,398,486	$ 1,398,486	$ -
Cash paid for goods and services	(271,119)	-	(1,232,398)	(1,503,517)	-
Receipts from interfund charges	-	-	-	-	5,319
Cash paid for claims	-	-	-	-	(159,027)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	(271,119)	-	166,088	(105,031)	(153,708)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	664,978	1,029,120	-	1,694,098	250,000
Issuance of notes receivable	(2,283,756)	-	-	(2,283,756)	-
Payments received on notes receivable in advance of due date	9,323	-	-	9,323	-
Payments received on notes receivable	5,394,599	-	-	5,394,599	-
Miscellaneous receipts	117,501	-	-	117,501	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	3,902,645	1,029,120	-	4,931,765	250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(908,653)	(915,000)	-	(1,823,653)	-
Interest paid on long-term debt	(378,782)	(114,120)	-	(492,902)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,287,435)	(1,029,120)	-	(2,316,555)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	799,020	-	-	799,020	4,891
NET CASH PROVIDED BY INVESTING ACTIVITIES	799,020	-	-	799,020	4,891
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,143,111	-	166,088	3,309,199	101,183
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,560,702	-	673,254	2,233,956	910,343
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,703,813	$ -	$ 839,342	$ 5,543,155	$ 1,011,526
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES					
Operating income (loss)	$ (700,270)	$ -	$ 167,739	$ (532,531)	$ (291,610)
Adjustments:					
Depreciation	421,337	-	99,722	521,059	48,625
Changes in assets and liabilities:					
Accounts receivable	6,436	-	(3,356)	3,080	-
Deferred outflows pension items	-	-	(5,705)	(5,705)	-
Due from other funds	-	-	-	-	(1,390)
Accounts payable and claims payable	1,378	-	(82,740)	(81,362)	90,667
Net pension liability	-	-	(292)	(292)	-
Deferred inflows pension items	-	-	(9,280)	(9,280)	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ (271,119)	$ -	$ 166,088	$ (105,031)	$ (153,708)

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2020

	Agency Fund
ASSETS	
Cash	$ 69,080
Total assets	$ 69,080
LIABILITIES	
Due to other agencies	$ 69,080
Total liabilities	$ 69,080

See accompanying notes to the basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Duluth, Georgia was incorporated in 1876. The City operates under the Mayor-Council form of government and provides the following services to its citizens as authorized by its charter: public safety, public works, culture and recreation, and general and administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Duluth, Georgia (the "primary government") and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. In conformity with generally accepted accounting principles, all of the component units are reported as blended component units.

Component units of the City do not issue separately audited financial statements.

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created separate organizations to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these organizations are solely for the benefit of the City. Organizations are blended into the City's primary government as an integral part of City operations although retaining separate legal identity.

The Duluth Governmental Finance Corporation (DGFC) is a blended component unit. It oversees funding for a public works facility. The Board consists of the Mayor and Council who have the ability to make all decisions for the Corporation. The DGFC serves only as a financing vehicle for property used by the City. The Corporation is presented as an internal service fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Downtown Development Authority (DDA) is a blended component unit. The City Council appoints all members of the board of directors of the DDA and the DDA's budget must be approved by the City Council. The DDA serves only as a financing vehicle for redevelopment property on behalf of the City.

The Urban Redevelopment Authority (URA) is a blended component unit. The City Council appoints all members of the board of directors of the URA and those board members may be removed by the City Council. The URA serves only as a financing vehicle for redevelopment property on behalf of the City.

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 nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to those 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 properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental activities and business-type activities in the government-wide financial statements. Major individual governmental funds and major individual enterprise funds 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 Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Agency funds (the City's only fiduciary funds) have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term financing, compensated absences, pension liabilities, and claims, are recorded only when payment is due. Property taxes, sales taxes, franchise taxes, intergovernmental revenue, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. 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 Nonexchange 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***SPLOST 2009 Fund*** accounts for the financial resources provided from the 2009 voter approved one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parks and recreation facilities, public safety building, road improvements, library facilities, and water improvements.

The ***SPLOST 2014 Fund*** accounts for the financial resources provided from the 2014 voter approved one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parking facilities, parks and recreation facilities, public safety building, road improvements, and administrative facilities.

The ***SPLOST 2017 Fund*** accounts for the financial resources provided from the 2017 voter approved one percent Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parking facilities, parks and recreation facilities, public safety facilities, and road improvements.

The ***Other Capital Projects Fund*** accounts for the construction of various capital projects funded through transfers from the general fund and intergovernmental agreements.

The City reports the following major enterprise funds:

The ***Downtown Development Authority*** (Blended Component Unit) provides financing for the City related to the development of downtown Duluth.

The ***Urban Redevelopment Authority*** (Blended Component Unit) provides financing for the City related to the redevelopment of certain areas within the City.

The ***Stormwater Fund*** accounts for the stormwater activities of the City, funded with a charge to citizens for this service.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City also reports the following fund types within the non-major governmental funds:

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or are committed by City Council to expenditures for specified purposes.

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

The City also reports the following:

Internal service funds are used to finance and account for services and commodities provided by designated departments or agencies to other departments and agencies of the City.

Agency fund is used to to account for amounts held, in a fiduciary capacity for individuals, other governmental agencies or other entities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise function and various other functions of the City. Elimination of these charges would distort the direct costs reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 funds are charges for goods or services provided. Operating expenses of the enterprise funds include 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 non-operating revenues and expenses.

D. Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents include all short-term highly liquid investments with original maturities of three months or less. Instruments considered cash equivalents include: certificates of deposit, money market funds, and cash management pools.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Interfund Receivables and Payables

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

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and recorded as expense or expenditure in the benefiting period.

G. 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, liabilities, deferred inflows of resources 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.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements and the proprietary fund statements of net position. 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 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (continued)

Property, plant and equipment of the primary government are depreciated using the straight line method over the following useful lives:

Asset	Years
Buildings and land improvements	10-40
Improvements other than buildings (infrastructure)	10-30
Furniture, machinery and equipment	3-7

I. Long-Term Obligations

In the government-wide financial statements and proprietary 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the governmental fund statements, proceeds from the issuance of long-term debt and the related bond premiums and discounts are reported as other financing sources and uses. Bond issuance costs are reported as debt services expenditures.

J. Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position and Fund Equity

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

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

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment, also through adoption of a resolution.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position and Fund Equity (continued)

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

- Committed
- Assigned
- Unassigned

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

L. Deferred Outflows of Resource/Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has one item that qualifies for reporting in this category in addition to pension related amounts disclosed below. This item is the deferred charge on refunding reported in the business type activities on the statement of net position as well as statement of net position for proprietary funds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Deferred Outflows of Resources/Deferred Inflows of Resources (continued)

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflows of resources, which arises only under the modified accrual basis of accounting and is found in the governmental funds. Under the modified accrual basis of accounting, the City reports unavailable revenues from property or other taxes and intergovernmental revenues as deferred inflows of resources as these amounts will not be recognized as an inflow of resources until the period that the amounts become available. The City has other deferred inflows of resources related to pensions as disclosed below.

The City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. 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 five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. See Note 9 for further detail.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 Duluth 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.

N. Deficit Fund Equity

At June 30, 2020 the Rodger's Bridge Dog Park Fund had a deficit of $30,736; the Hospital Connector Fund had a deficit of $8,123 and the Other Capital Projects Fund had a deficit of $217,698. The deficits in these funds will be funded with budgeted financing through other funding or with transfers from other funds, if necessary. The Downtown Development Authority had a deficit net position of $4,229,424 and the Urban Redevelopment Authority had a deficit net position of $2,180,243. The deficits in these funds will be funded with the sale or development of assets, transfers from other funds, or with budgeted financing through other funding.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

The City adopted annual budgets for the general, special revenue funds, and the capital projects funds (on a project-length basis) on an accounting basis which approximates generally accepted accounting principles in the United States of America (GAAP).

Generally, in January of each year, departmental budget meetings are held. After discussions, a proposed budget is presented before the Mayor and City Council during March. Public hearings are then held during the last of May and the first of June to allow citizens to voice their concerns and opinions. After further revision if any, the budget is adopted by the Mayor and Council prior to the start of the new fiscal year (i.e. July 1).

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department/fund level by class. The legal level of control is at the fund/department level as specified by the Georgia State Code. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval subject to dollar amount limitations.

NOTE 3. DEPOSITS

Custodial Credit Risk – Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) 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 June 30, 2020, the City had deposits with three (3) financial institutions collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. Additionally, the City had deposits with four (4) financial institutions that were collateralized by pledged securities, as defined above, such that all of the City's bank balances were insured and collateralized as defined by GASB and State statutes.

The City's investments of $9,067,488 are held in certificates of deposit. Those certificates of deposited are considered non participating interest earning investment contracts, and are recorded at cost.

NOTE 4. RECEIVABLES

Receivables at June 30, 2020, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	2017 SPLOST	Other Capital Projects	Nonmajor Governmental Funds	Downtown Development Authority	Stormwater
Receivables:						
Taxes	$ 115,925	$ -	$ -	$ 611	$ -	$ -
Accounts	998,207	-	-	-	10,864	7,914
Intergovernmental	2,362	1,029,210	497,194	710,048	-	-
Less allowance for uncollectible	-	-	-	-	-	-
Net total receivable	$ 1,116,494	$ 1,029,210	$ 497,194	$ 710,659	$ 10,864	$ 7,914

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on January 1st. Tax bills are mailed on September 1st and are due by November 30th. All unpaid taxes levied become delinquent on December 1st. A tax lien is filed with the Gwinnett County Superior Court for all delinquent bills as of February 10th. The City bills and collects its own property taxes. Property taxes levied for the year ended June 30, 2020 and not collected are recorded as receivables, net of estimated uncollectibles.

NOTE 5. NOTES RECEIVABLE

The Downtown Development Authority issued four loans, from the 2015 bond proceeds, to finance construction and development of three different properties within the redevelopment area known as The Block. The Downtown Development Authority has signed repayment schedules with the three property owners at The Block (Dreamland Barbeque, Fabric Inc. and Good Word) for repayment of the funds. The primary purpose of the notes is to promote development within the Block and the notes are not structured to be profit generating for the Authority. The Fabric note was fully paid off as of June 30, 2020. The Authority does not charge any interest during the draw phase of the loans. Due to the COVID19 pandemic, payments from April 1, 2020 to June 30, 2020 were deferred by the Authority. The Dreamland Barbeque note carries an interest rate of 3.0% and the Good Word note carries an interest rate of 5.5%.

NOTE 5. NOTES RECEIVABLE (CONTINUED)

Activity on the notes for the fiscal year ended June 30, 2020 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable:					
Dreamland Barbeque	$ 1,158,513	$ -	$ (58,421)	$ 1,100,092	$ 79,965
Fabric Inc.	5,336,178	-	(5,336,178)	-	-
Good Word A	-	183,376	-	183,376	14,150
Good Word B	-	2,100,380	-	2,100,380	53,520
Total	$ 6,494,691	$ 2,283,756	$ (5,394,599)	$ 3,383,848	$ 147,635

Future repayments to be received by the Downtown Development Authority are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 147,635	$ 114,302	$ 261,937
2022	152,769	109,168	261,937
2023	158,089	103,848	261,937
2024	163,604	98,332	261,936
2025	169,320	92,616	261,936
2026-2028	2,592,431	334,421	2,926,852
Total	$ 3,383,848	$ 852,687	$ 4,236,535

The repayment schedule above is based on the total amount drawn (reduced by any repayments) as of June 30, 2020 based on the signed agreements with Dreamland Barbeque and Good Word.

Remainder of page intentionally left blank

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 11,601,153	$ 8,127	$ -	$ -	$ 11,609,280
Land improvements	116,985	-	-	-	116,985
Construction in progress	7,436,071	1,853,977	-	(4,780,823)	4,509,225
Total	19,154,209	1,862,104	-	(4,780,823)	16,235,490
Capital assets, being depreciated:					
Buildings	35,487,955	13,295	-	277,490	35,778,740
Improvements other than buildings	56,661,365	39,992	-	2,525,588	59,226,945
Land improvements	3,974,631	46,481	-	1,802,023	5,823,135
Furniture, machinery and equipment	8,674,643	1,178,695	(1,455,072)	175,722	8,573,988
Total	104,798,594	1,278,463	(1,455,072)	4,780,823	109,402,808
Less accumulated depreciation for:					
Building	(13,403,604)	(1,011,699)	-	-	(14,415,303)
Improvements other than buildings	(35,168,829)	(1,606,030)	-	-	(36,774,859)
Land improvements	(3,774,662)	(426,529)	-	-	(4,201,191)
Furniture, machinery and equipment	(8,937,531)	(777,597)	1,455,072	-	(8,260,056)
Total	(61,284,626)	(3,821,855)	1,455,072	-	(63,651,409)
Total assets being depreciated, net	43,513,968	(2,543,392)	-	4,780,823	45,751,399
Governmental activities capital assets, net	$ 62,668,177	$ (681,288)	$ -	$ -	$ 61,986,889
Business Type Activities:					
Capital assets, not being depreciated:					
Land	$ 1,664,627	$ -	$ -	$ -	$ 1,664,627
Total	1,664,627	-	-	-	1,664,627
Capital assets, being depreciated:					
Buildings	6,996,132	-	-	-	6,996,132
Land improvements	97,994	-	-	-	97,994
Infrastructure	1,526,644	-	-	-	1,526,644
Furniture, machinery and equipment	28,480	-	-	-	28,480
Total	8,649,250	-	-	-	8,649,250
Less accumulated depreciation:					
Buildings	(3,653,793)	(411,538)	-	-	(4,065,331)
Land improvements	(1,633)	(9,799)	-	-	(11,432)
Infrastructure	(569,672)	(94,026)	-	-	(663,698)
Furniture, machinery and equipment	(9,493)	(5,696)	-	-	(15,189)
Total	(4,234,591)	(521,059)	-	-	(4,755,650)
Business Type Activities capital assets, net	$ 6,079,286	$ (521,059)	$ -	$ -	$ 5,558,227

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	$ 1,435,986
Public safety	817,786
Public works	783,533
Housing and development	177,388
Culture and recreation	607,162
Total depreciation expense - governmental activities	$ 3,821,855
Business type activities:	
Stormwater	$ 99,722
Downtown Development Authoity	421,337
Total depreciation expense - business type activities	$ 521,059

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Due Within One Year
Governmental activities:					
Compensated absences	$ 621,078	$ 795,849	$ 739,882	$ 677,045	$ 677,045
Net pension liability	73,718	1,616,422	1,080,645	609,495	-
Financed purchases payable	185,884	-	104,340	81,544	81,544
Governmental activities long-term liabilities	$ 880,680	$ 2,412,271	$ 1,924,867	$ 1,368,084	$ 758,589
Business Activities:					
Bonds payable - direct placement	$ 21,166,655	$ 3,470,556	$ 5,294,209	$ 19,343,002	$ 1,924,923
Premium on bonds	141	-	45	96	-
Net pension liability	12,731	21,762	22,054	12,439	-
Business-type activities long-term liabilities	$ 21,179,527	$ 3,492,318	$ 5,316,308	$ 19,355,537	$ 1,924,923

The compensated absences and net pension liability for the governmental activities are funded by the General Fund.

NOTE 7. LONG-TERM DEBT (Continued)

Bonds Payable – Direct Placement. Revenue bonds outstanding consist of debt issued by the blended component units. In general, revenues derived from the component units are pledged for the payments of revenue bond debt service. The debt was issued for the purposes of development of downtown areas and to fund a new public safety facility.

During fiscal year 2009, the Downtown Development Authority issued the Series 2008 bonds in two series, 2008 Series A and 2008 Series B, in order to purchase a building still under construction in downtown Duluth for purposes of controlling the use of the building. At the same time, the Downtown Development Authority also entered into a bond agreement, the 2008 Series C Bonds, with the seller of the building. The purpose of the 2008 Series C bonds is for the seller to pay the principal and interest on the 2008 Series B bonds until maturity or the bonds are redeemed. Each time the seller makes a payment on the 2008 Series B Bonds (principal or interest), the payment is a reduction in the 2008 Series B Bonds or related interest expense, and is treated as increase in the 2008 Series C Bonds. The 2008 Series C Bond will be fully retired from the selling price of the building no matter when, or for what price, the building is sold. The seller paid the 2008 Series B bond in full during the fiscal year ended June 30, 2020.

During fiscal year 2013, the Urban Redevelopment Authority refunded most of its outstanding Series 2003 bonds with Series 2012 Refunding Bonds issued in the amount of $7,095,000. Interest rates on the Series 2012 Bonds are 1.63% with annual maturities through fiscal year 2024. The net proceeds from the Series 2012 Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The result of this transaction is a decrease in future debt service payments of $725,942 and a present value savings, or economic gain, of $654,799. The refunded bonds are considered defeased and thus the assets in the trust fund along with the $2,780,000 in outstanding refunded bonds at June 30, 2020 are not reported in the City's financial statements.

During fiscal year 2015, the Downtown Development Authority issued the Series 2015 bonds for $7,500,000, in order to finance the construction and development of The Block. Interest rates on the Series 2015 Bonds are 3.50% with annual maturities through fiscal year 2026.

NOTE 7. LONG-TERM DEBT (Continued)

Bonds Payable- Direct Placement (Continued)

Future debt service requirements on the bonds payable of the blended component units is as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 1,924,923	$ 322,567	$ 2,247,490
2022	1,310,706	271,011	1,581,717
2023	1,351,927	235,141	1,587,068
2024	1,388,321	198,205	1,586,526
2025	376,842	160,461	537,303
2026-2029	12,990,283	237,461	13,227,744
Total	$ 19,343,002	$ 1,424,846	$ 20,767,848

Financed Purchases Payable. The City entered into an agreement to purchase a police dispatch console system on February 1, 2018. The agreement calls for annual payments of $111,313 bearing interest of 4.72% per annum maturing February 1, 2021. The assets under the agreement have a historical cost of $433,939 and accumulated depreciation of $162,727 for a net book value of $271,212.

Future debt service requirements on the financed purchases payable are as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 81,544	$ 1,940	$ 83,484

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

	Payable To				
Receivable From	General Fund	Internal Service Funds	Other Governmental Funds	Downtown Development Authority	Total
General Fund	$ -	$ 2,672	$ 5,461	$ 440	$ 8,573
Other Capital Projects	424,347	-	-	-	424,347
Other Governmental Funds	30,785	-	-	-	30,785
Total	$ 455,132	$ 2,672	$ 5,461	$ 440	$ 463,705

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

Interfund transfers for the year ended June 30, 2020 were:

	Transfers From					
Transfers To	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Other Governmental Funds	Total
General Fund	$ -	$ -	$ -	$ -	$ 134,994	$ 134,994
Other Capital Projects Fund	6,595	79,166	79,137	2,283,938	-	2,448,836
Other Governmental Funds	400,000	16,047	396,480	41,410	-	853,937
Urban Redevelopment Authority	1,029,120	-	-	-	-	1,029,120
Downtown Development Authority	664,978	-	-	-	-	664,978
Internal Service Funds	250,000	-	-	-	-	250,000
Total	$ 2,350,693	$ 95,213	$ 475,617	$ 2,325,348	$ 134,994	$ 5,381,865

These transfers were used to assist other funds in meeting operating requirements for the year ended June 30, 2020 or for moving revenue to the fund in which expenditures were funded. Transfers from the 2009, 2014 and 2017 SPLOST Funds were to refund other capital projects funds for allowable costs incurred in prior years on projects.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan (The City of Duluth Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive 1.5% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the employer and its plan members. 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 at www.gmanet.com or 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.

Plan Membership As of January 1, 2020, the date of the most recent actuarial valuation, there were 232 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	26
Inactive plan members entitled to but not receiving benefits	65
Active plan members	141
	232

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, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the fiscal year ended June 30, 2020, the City's contribution rate was 5.44% of annual payroll. City contributions to the Plan were $741,050 for the fiscal year ended June 30, 2020. Employees of the City of Duluth do not contribute to the Plan.

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2019 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2019.

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.25%, including inflation
Investment rate of return	7.375%, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019

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 September 30, 2019 are summarized in the table on the following page.

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.41%
International equity	20%	6.96
Domestic fixed income	20%	1.96
Real estate	10%	4.76
Global fixed income	5%	3.06
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 is a decrease from the discount rate in the prior year, which was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, which is zero, 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 of 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 fiscal year ended June 30, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/19	$ 10,589,532	$ 10,503,083	$ 86,449
Changes for the year:			
Service cost	311,115	-	311,115
Interest	811,621	-	811,621
Differences between expected and actual experience	(89,753)	-	(89,753)
Assumption changes	491,994	-	491,994
Contributions—employer	-	671,082	(671,082)
Net investment income	-	341,864	(341,864)
Benefit payments, including refunds of employee contributions	(158,056)	(158,056)	-
Administrative expense	-	(23,454)	23,454
Net changes	1,366,921	831,436	535,485
Balances at 6/30/20	$ 11,956,453	$ 11,334,519	$ 621,934

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 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that 1-percentage-point lower (6.375 percent) or 1-percentage-point higher (8.375 percent) than the current rate:

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability (asset)	$ 2,484,492	$ 621,934	$ (909,569)

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City (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 September 30, 2019 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 fiscal year ended June 30, 2020, the City recognized pension expense of $415,897. At June 30, 2020, 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	$ 149,958	$ (84,357)
Changes in assumptions	474,519	-
Net difference between projected and actual earnings on pension plan investments	-	(28,307)
City contributions subsequent to the measurement date	544,014	-
Total	$ 1,168,491	$ (112,664)

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $544,014 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. 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 June 30:		
2021	$	70,402
2022		70,971
2023		143,515
2024		159,885
2025		67,040
Total	$	511,813

NOTE 10. DEFINED CONTRIBUTION PLAN

The City also has established under authority of the City Council, the City of Duluth Deferred Contribution and Deferred Compensation Program (a defined contribution plan) (the “Program). This Program is administered through Georgia Wealth Partners by OneAmerica. This Program covers substantially all employees and the City makes contribution after an employee's first year of service. Employees may contribute a maximum of $18,000 for calendar year 2019 and calendar year 2020. Individuals who are 50 or older can defer an additional $6,000. The City's contribution is limited to a maximum of 2% of gross wages or 50% of employee's contributions, whichever is less.

This Program may be amended by vote of the City Council. Contributions by the City for the current year were $147,714, with employee contributions amounting to $500,798.

NOTE 11. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the Metro Atlanta area is a member of the Atlanta Regional Commission (ARC). Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Dues are paid on behalf of the City by Gwinnett County, Georgia. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 12. RISK MANAGEMENT

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

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

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

The City carries commercial insurance for other risks of losses, such as general property and liability insurance, and self insurance for workers' compensation. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12. RISK MANAGEMENT (Continued)

Effective April 1, 1994, the City established a self-insurance program for workers' compensation. The City's third-party administrator processes claims and assists the City in determining its premium on an annual basis. Instead of paying the premium to an insurance company, the City deposits the premium into its own workers' compensation loss account. At June 30, 2020, the City had accumulated $882,843 in the account after the payment of claims and administrative fees.

Claim payable liability and related activity for the last two years was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2020	$ 12,943	$ 462,042	$ (579,033)	$ 104,048
2019	$ 18,247	$ 64,340	$ (95,530)	$ 12,943

NOTE 13. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is involved in various claims and matters of litigation which, in the opinion of the City Attorneys, the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements 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 disallowance of certain expenditures previously reimbursed by those agencies.

NOTE 14. RENTAL MOTOR VEHCILE EXCISE TAX

The City has levied an excise tax on the rental of motor vehicles. The Official Code of Georgia Annotated 48-13-93 requires that all motor vehicle excise taxes be expended or obligated contractually, in accordance with state law, for the promotion of tourism or the acquisition, construction, renovating, improving, maintenance and equipping of pedestrian walkways, installation of traffic lights, and street lights associated with public safety facilities or public improvements for sports and recreational facilities. During the fiscal year ended June 30, 2020, the City received $42,117 in motor vehicle excise taxes. Of this amount, $2,267 was expended under provisions of 48-13-93. The remaining amount has been restricted to pay for the management contract of the Red Clay Music Foundry.

NOTE 15. TAX ABATEMENTS

For the year ended June 30, 2020, City property tax revenues were reduced by $677,775 under agreements entered into by the City's Tax Allocation District. Under the agreements, taxes on both real and personal property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

REQUIRED SUPPLEMENTARY INFORMATION

City of Duluth, Georgia

Schedule of Changes in the City's Net Pension Liability
And Related Ratios

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 311,115	$ 297,966	$ 312,812	$ 318,689	$ 291,136	$ 281,147
Interest on total pension liability	811,621	733,465	658,743	591,901	517,807	498,803
Differences between expected and actual experience	(89,753)	140,004	(23,903)	72,404	250,924	(66,033)
Changes of assumptions	491,994	-	161,311	-	-	(390,741)
Benefit payments, including refunds of employee contributions	(158,056)	(126,948)	(127,649)	(113,395)	(94,236)	(61,694)
Net change in total pension liability	1,366,921	1,044,487	981,314	869,599	965,631	261,482
Total pension liability - beginning	10,589,532	9,545,045	8,563,731	7,694,132	6,728,501	6,467,019
Total pension liability - ending (a)	$ 11,956,453	$ 10,589,532	$ 9,545,045	$ 8,563,731	$ 7,694,132	$ 6,728,501
Plan fiduciary net position						
Contributions - employer	$ 671,082	$ 690,786	$ 719,424	$ 651,649	$ 591,584	$ 414,749
Net investment income	341,864	920,333	1,150,219	704,845	43,008	545,407
Benefit payments, including refunds of employee contributions	(158,056)	(126,948)	(127,649)	(113,395)	(94,236)	(61,694)
Administrative expenses	(23,454)	(24,355)	(25,288)	(14,635)	(16,133)	(12,633)
Net change in plan fiduciary net position	831,436	1,459,816	1,716,706	1,228,464	524,223	885,829
Plan fiduciary net position - beginning	10,503,083	9,043,267	7,326,561	6,098,097	5,573,874	4,688,045
Plan fiduciary net position - ending (b)	$ 11,334,519	$ 10,503,083	$ 9,043,267	$ 7,326,561	$ 6,098,097	$ 5,573,874
City's net pension liability - ending (a) - (b)	$ 621,934	$ 86,449	$ 501,778	$ 1,237,170	$ 1,596,035	$ 1,154,627
Plan fiduciary net position as a percentage of the total pension liability	94.8%	99.2%	94.7%	85.6%	79.3%	82.8%
Covered payroll	$ 8,280,620	$ 8,478,757	$ 7,840,209	$ 7,729,957	$ 7,630,679	6,915,892
City's net pension liability as a percentage of covered payroll	7.5%	1.0%	6.4%	16.0%	20.9%	16.7%

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

City of Duluth, Georgia

Schedule of City Contributions – Retirement Plan

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 510,845	$ 467,803	$ 445,635	$ 424,502	$ 445,633	$ 450,318
Contributions in relation to the actuarially detemined contribution	741,050	647,223	691,765	707,459	618,973	583,486
Contribution deficiency (excess)	$ (230,205)	$ (179,420)	$ (246,130)	$ (282,957)	$ (173,340)	$ (133,168)
Covered payroll	$ 7,668,902	$ 8,196,636	$ 7,566,881	$ 7,861,148	$ 7,828,117	$ 6,681,276
Contributions as a percentage of Covered payroll	9.7%	7.9%	9.1%	9.0%	7.9%	8.7%

Notes to the Schedule

Valuation Date	January 1, 2019
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	7.38%
Projected Salary Increases	2.25% - plus service based meit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

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

City of Duluth, Georgia

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)

For the Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 16,617,820	$ 16,617,820	$ 17,214,916	$ 597,096
Licenses and permits	760,750	760,750	1,121,250	360,500
Charges for services	413,279	413,279	259,204	(154,075)
Fines and forfeitures	2,103,000	2,103,000	2,117,488	14,488
Intergovernmental	937,265	937,265	1,310,247	372,982
Interest income	136,200	136,200	217,482	81,282
Miscellaneous	256,750	262,210	258,473	(3,737)
TOTAL REVENUES	21,225,064	21,230,524	22,499,060	1,268,536
EXPENDITURES				
Current:				
General government:				
Mayor and Council				
Personal services	79,459	80,984	71,443	9,541
Other services and charges	220,094	211,085	159,829	51,256
City Administrator				
Personal services	288,385	292,872	292,537	335
Other services and charges	185,625	180,818	136,817	44,001
City Clerk/Business Office				
Personal services	1,415,073	1,414,885	1,391,022	23,863
Other services and charges	1,385,803	1,376,834	1,237,399	139,435
City Clerk/Human resources	268,963	261,900	251,201	10,699
Other				
Public information & marketing	980,541	1,029,346	797,802	231,544
Building Custodial Services	83,715	93,447	84,547	8,900
Landscape maintenance	101,634	106,609	104,940	1,669
Contingency	70,000	70,000	-	70,000
Total general government	5,079,292	5,118,780	4,527,537	591,243

City of Duluth, Georgia

General Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public safety:				
Municipal Court				
Personal services	$ 635,243	$ 634,923	$ 621,670	$ 13,253
Other services and charges	36,586	35,216	18,835	16,381
Police/Admin				
Personal services	676,356	679,976	672,111	7,865
Other services and charges	324,713	414,815	412,339	2,476
Police/CID				
Personal services	1,038,479	1,003,799	862,511	141,288
Other services and charges	284,543	284,208	237,045	47,163
Police/Uniform Division				
Personal services	3,906,713	3,851,713	3,798,342	53,371
Other services and charges	130,021	128,862	70,419	58,443
Police/Other				
Police vehicles	484,340	459,924	388,934	70,990
Police Support Services	2,368,740	2,407,581	2,107,532	300,049
Total public safety	9,885,734	9,901,017	9,189,738	711,279
Public works:				
Planning & Development				
Personal services	877,811	885,024	842,216	42,808
Other services and charges	631,757	648,276	624,174	24,102
Administration				
Personal services	1,406,714	1,403,924	1,307,786	96,138
Other services and charges	213,362	253,769	221,952	31,817
Supplies	69,850	50,537	46,520	4,017
Streets				
Building/grounds maintenance	75,720	88,060	82,646	5,414
Total public works	3,275,214	3,329,590	3,125,294	204,296

City of Duluth, Georgia

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)

For the Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Culture and recreation:				
Parks/Recreation Admin				
Personal services	$ 1,260,707	$ 1,251,029	$ 1,146,249	$ 104,780
Other services and charges	344,085	356,998	313,128	43,870
Recreation operations	139,472	195,257	185,088	10,169
Total culture and recreation	1,744,264	1,803,284	1,644,465	158,819
Debt service:				
Principal retirement	104,340	104,340	104,340	-
Interest and fiscal charges	6,973	6,973	6,973	-
Total debt service	111,313	111,313	111,313	-
TOTAL EXPENDITURES	20,095,817	20,263,984	18,598,347	1,665,637
EXCESS OF REVENUES OVER EXPENDITURES	1,129,247	966,540	3,900,713	2,934,173
OTHER FINANCING SOURCES (USES)				
Proceeds from capital assets	200	200	98,720	98,520
Transfers in	211,065	251,065	134,994	(116,071)
Transfers out	(2,310,328)	(2,921,595)	(2,350,693)	570,902
TOTAL OTHER FINANCING SOURCES (USES)	(2,099,063)	(2,670,330)	(2,116,979)	553,351
NET CHANGE IN FUND BALANCES	(969,816)	(1,703,790)	1,783,734	3,487,524
FUND BALANCES - BEGINNING OF YEAR	13,422,867	13,422,867	13,422,867	-
FUND BALANCES - END OF YEAR	$ 12,453,051	$ 11,719,077	$ 15,206,601	$ 3,487,524

COMBINING FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Sidewalk Fund – This fund accounts for the financial resources donated to the City and committed to be used to maintain City sidewalks.

Police Federal Drug Fund – This fund is established to receive the proceeds of forfeitures under state, local and federal law, and the investment of those funds. The monies deposited into the fund are restricted to cover expenditures in support of the asset forfeiture program that are allowable under state statute.

Police State Drug & Escrow Fund – This fund is established to receive the proceeds of the state share of drug related forfeitures under state, local and federal law, and the investment of those funds. The monies deposited into the fund are restricted to cover expenditures in support of the drug related forfeiture program that are allowable under state statute.

Operation Drive Smart Fund – This fund accounts for the financial resources related to the Operation Drive Smart Grant, the Special Operations Unit Mounted Patrol, and fundraisers and donations restricted for various community policing programs.

Public Art Fund – This fund accounts for financial resources of both grants and donated funds that will be used for the acquisition, commissioning, performance, exhibition and conservation of public art in the City and is restricted by the revenue source.

Rental Motor Vehicle Tax Fund – This fund accounts for the financial resources from excise tax on motor vehicle rentals, restricted for use under state law.

Police Technology Fund – This fund accounts for the financial resources committed for use for police technology.

Capital Projects Funds

TAD Fund – This fund is used to account for the capital investment using tax increment funding to revitalize the City's commercial/downtown organized as a Tax Allocation District.

Buford Highway Interchange Fund – This fund is used to account for safety improvements and landscaping at the Pleasant Hill Road and Buford Highway Interchange.

The Block Fund – This fund accounts for capital improvements to City owned properties that occupy a significant block area of downtown Duluth.

Hospital Connector Fund – This fund accounts for the construction of a ½ mile roadway that connects the roundabout and connecting roundabout.

Rodgers Bridge Dog Park Fund – This fund is used to account for the construction of a public dog park recreational area.

City of Duluth, Georgia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2020

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
ASSETS			
Cash	$ 391,597	$ 559,563	$ 951,160
Taxes receivable	611	-	611
Intergovernmental receivable	-	710,048	710,048
Due from other funds	1,223	4,238	5,461
TOTAL ASSETS	$ 393,431	$ 1,273,849	$ 1,667,280
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 55	$ 56,421	$ 56,476
Due to other funds	8,523	22,262	30,785
Unearned revenue	-	1,051,241	1,051,241
TOTAL LIABILITIES	8,578	1,129,924	1,138,502
FUND BALANCES (DEFICIT)			
Restricted:			
Capital construction	-	182,784	182,784
Law enforcement	158,575	-	158,575
Culture and recreation	196,508	-	196,508
Committed:			
Public works	1,709	-	1,709
Equipment purchases	28,061	-	28,061
Unassigned (deficit)	-	(38,859)	(38,859)
TOTAL FUND BALANCES	384,853	143,925	528,778
TOTAL LIABILITIES, AND FUND BALANCES	$ 393,431	$ 1,273,849	$ 1,667,280

City of Duluth, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2020

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES			
Taxes	$ 42,117	$ 779,931	$ 822,048
Intergovernmental	-	330,764	330,764
Fines and forfeitures	98,805	-	98,805
Miscellaneous	210,617	-	210,617
TOTAL REVENUES	351,539	1,110,695	1,462,234
EXPENDITURES			
Current:			
General government	-	646,758	646,758
Public safety	109,485	-	109,485
Public works	6,291	602,991	609,282
Culture and recreation	647	506,610	507,257
TOTAL EXPENDITURES	116,423	1,756,359	1,872,782
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	235,116	(645,664)	(410,548)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	853,937	853,937
Transfers out	(134,994)	-	(134,994)
TOTAL OTHER FINANCING SOURCES (USES)	(134,994)	853,937	718,943
NET CHANGE IN FUND BALANCES	100,122	208,273	308,395
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	284,731	(64,348)	220,383
FUND BALANCES - END OF YEAR	$ 384,853	$ 143,925	$ 528,778

City of Duluth, Georgia

Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2020

	Sidewalk Fund	Police Federal Drug Fund	Police State Drug & Escrow Fund	Operation Drive Smart Fund	Public Art Fund	Rental Motor Vehicle Tax Fund	Police Technology Fund	Total Non-major Special Revenue Funds
ASSETS								
Cash	$ 1,764	$ 69,816	$ 38,151	$ 57,908	$ 61,326	$ 134,571	$ 28,061	$ 391,597
Due from other funds	-	1,223	-	-	-	-	-	1,223
Taxes receivable	-	-	-	-	-	611	-	611
TOTAL ASSETS	$ 1,764	$ 71,039	$ 38,151	$ 57,908	$ 61,326	$ 135,182	$ 28,061	$ 393,431
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 55	$ -	$ -	$ -	$ -	$ -	$ -	$ 55
Due to other funds	-		8,523	-	-	-	-	8,523
TOTAL LIABILITIES	55	-	8,523	-	-	-	-	8,578
FUND BALANCES								
Restricted:								
Law enforcement	-	71,039	29,628	57,908	-	-	-	158,575
Culture & recreation	-	-	-	-	61,326	135,182	-	196,508
Committed:								
Public works	1,709	-	-	-	-	-	-	1,709
Equipment purchases	-	-	-	-	-	-	28,061	28,061
TOTAL FUND BALANCES	1,709	71,039	29,628	57,908	61,326	135,182	28,061	384,853
TOTAL LIABILITIES AND FUND BALANCES	$ 1,764	$ 71,039	$ 38,151	$ 57,908	$ 61,326	$ 135,182	$ 28,061	$ 393,431

City of Duluth, Georgia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2020

	Sidewalk Fund	Police Federal Drug Fund	Police State Drug & Escrow Fund	Operation Drive Smart Fund	Public Art Fund	Rental Motor Vehicle Tax Fund	Police Technology Fund	Total Non-major Special Revenue Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ -	$ 42,117	$ -	$ 42,117
Fines and forfeitures	-	-	-	-	-	-	98,805	98,805
Other	-	147,399	55,543	3,985	3,690	-	-	210,617
TOTAL REVENUES	-	147,399	55,543	3,985	3,690	42,117	98,805	351,539
EXPENDITURES								
Current:								
Public safety	-	77,087	27,894	2,237	-	2,267	-	109,485
Public works	6,291	-	-	-	-	-	-	6,291
Culture and recreation	-	-	-	-	647	-	-	647
TOTAL EXPENDITURES	6,291	77,087	27,894	2,237	647	2,267	-	116,423
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,291)	70,312	27,649	1,748	3,043	39,850	98,805	235,116
OTHER FINANCING USES								
Transfers out	-	-	(4,994)	-	-	-	(130,000)	(134,994)
TOTAL OTHER FINANCING USES	-	-	(4,994)	-	-	-	(130,000)	(134,994)
NET CHANGE IN FUND BALANCES	(6,291)	70,312	22,655	1,748	3,043	39,850	(31,195)	100,122
FUND BALANCES - BEGINNING OF YEAR	8,000	727	6,973	56,160	58,283	95,332	59,256	284,731
FUND BALANCES - END OF YEAR	$ 1,709	$ 71,039	$ 29,628	$ 57,908	$ 61,326	$ 135,182	$ 28,061	$ 384,853

City of Duluth, Georgia

Combining Balance Sheet

Non-major Capital Projects Funds

June 30, 2020

	TAD	Buford Highway Interchange	The Block	Hospital Connector	Rodgers Bridge Dog Park	Total Non-major Capital Projects Funds
ASSETS						
Cash	$ 178,131	$ -	$ 40,238	$ -	$ 341,194	$ 559,563
Intergovernmental receivable	-	-	-	-	710,048	710,048
Due from other funds	-	-	-	4,238	-	4,238
TOTAL ASSETS	$ 178,131	$ -	$ 40,238	$ 4,238	$ 1,051,242	$ 1,273,849
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 13,323	$ -	$ -	$ 12,361	$ 30,737	$ 56,421
Due to other funds	22,262	-	-	-	-	22,262
Unearned revenue	-	-	-	-	1,051,241	1,051,241
TOTAL LIABILITIES	35,585	-	-	12,361	1,081,978	1,129,924
FUND BALANCES (DEFICIT)						
Restricted:						
Capital construction	142,546	-	40,238	-	-	182,784
Unassigned (deficit)	-	-	-	(8,123)	(30,736)	(38,859)
TOTAL FUND BALANCES (DEFICIT)	142,546	-	40,238	(8,123)	(30,736)	143,925
TOTAL LIABILITIES, AND FUND BALANCES (DEFICIT)	$ 178,131	$ -	$ 40,238	$ 4,238	$ 1,051,242	$ 1,273,849

City of Duluth, Georgia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Capital Projects Funds
For the Year Ended June 30, 2020

	TAD	Buford Highway Interchange	The Block	Hospital Connector	Rodgers Bridge Dog Park	Total Non-major Capital Projects Funds
REVENUES						
Intergovernmental	$ -	$ 39,920	$ -	$ -	$ 290,844	$ 330,764
Property taxes	779,931	-	-	-	-	779,931
TOTAL REVENUES	779,931	39,920	-	-	290,844	1,110,695
EXPENDITURES						
Capital outlay:						
General government	646,758	-	-	-	-	646,758
Public works	-	38,188	-	564,803	-	602,991
Culture and recreation	-	-	-	-	506,610	506,610
TOTAL EXPENDITURES	646,758	38,188	-	564,803	506,610	1,756,359
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133,173	1,732	-	(564,803)	(215,766)	(645,664)
OTHER FINANCING SOURCES						
Transfers in	-	77,484	-	559,972	216,481	853,937
TOTAL OTHER FINANCING SOURCES	-	77,484	-	559,972	216,481	853,937
NET CHANGE IN FUND BALANCES	133,173	79,216	-	(4,831)	715	208,273
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	9,373	(79,216)	40,238	(3,292)	(31,451)	(64,348)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 142,546	$ -	$ 40,238	$ (8,123)	$ (30,736)	$ 143,925

City of Duluth, Georgia

Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash	$ -	$ 882,843	$ 128,683	$ 1,011,526
Due from other funds	-	-	2,672	2,672
Total Current Assets	-	882,843	131,355	1,014,198
Noncurrent Assets:				
Capital assets:				
Nondepreciable capital assets	1,654,856	-	-	1,654,856
Depreciable capital assets, net	583,639	-	-	583,639
Total Noncurrent Assets	2,238,495	-	-	2,238,495
TOTAL ASSETS	2,238,495	882,843	131,355	3,252,693
LIABILITIES				
Current Liabilities:				
Accounts payable	-	193	-	193
Claims payable	-	104,048	-	104,048
Total Current Liabilities	-	104,241	-	104,241
TOTAL LIABILITIES	-	104,241	-	104,241
NET POSITION				
Investment in capital assets	2,238,495	-	-	2,238,495
Unrestricted	-	778,602	131,355	909,957
TOTAL NET POSITION	$ 2,238,495	$ 778,602	$ 131,355	$ 3,148,452

City of Duluth, Georgia

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 5,319	$ 5,319
TOTAL OPERATING REVENUES	-	-	5,319	5,319
OPERATING EXPENSES				
Claims	$ -	$ 245,564	$ 2,740	$ 248,304
Depreciation	48,625	-	-	48,625
TOTAL OPERATING EXPENSES	48,625	245,564	2,740	296,929
OPERATING LOSS	(48,625)	(245,564)	2,579	(291,610)
NON-OPERATING INCOME				
Interest income	-	4,891	-	4,891
TOTAL NON-OPERATING INCOME	-	4,891	-	4,891
INCOME (LOSS) BEFORE TRANSFERS	(48,625)	(240,673)	2,579	(286,719)
Transfers in	-	250,000	-	250,000
CHANGE IN NET POSITION	(48,625)	9,327	2,579	(36,719)
NET POSITION:				
BEGINNING OF YEAR	2,287,120	769,275	128,776	3,185,171
END OF YEAR	$ 2,238,495	$ 778,602	$ 131,355	$ 3,148,452

City of Duluth, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges	$ -	$ -	$ 5,319	$ 5,319
Cash payments for claims	-	(154,363)	(4,664)	(159,027)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	-	(154,363)	655	(153,708)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	250,000	-	250,000
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	250,000	-	250,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	4,891	-	4,891
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	4,891	-	4,891
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	100,528	655	101,183
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	782,315	128,028	910,343
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 882,843	$ 128,683	$ 1,011,526
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	$ (48,625)	$ (245,564)	$ 2,579	$ (291,610)
Adjustments:				
Depreciation	48,625	-	-	48,625
Change in assets and liabilities:				
Increase in due from other funds	-	-	(1,390)	(1,390)
Increase (decrease) in accounts and claims payable	-	91,201	(534)	90,667
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ -	$ (154,363)	$ 655	$ (153,708)

SCHEDULES

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2009 Issue
For the Year Ended June 30, 2020

Project Description	Original Estimated Cost	Revised Estimated Cost*	Expenditures		
			Prior Years	Current Year	Total
Library	$ 1,340,000	$ 1,195,363	$ 1,173,120	$ 165	$ 1,173,285
Public Safety Building	1,240,000	1,117,547	1,117,547	-	1,117,547
Recreational Facilities	7,800,000	7,055,000	6,540,739	95,048	6,635,787
Transportation	8,200,000	7,404,453	7,404,453	-	7,404,453
Sewer	1,340,000	1,004,734	618,741	-	618,741
	$ 19,920,000	$ 17,777,097	$ 16,854,600	95,213 (1)	$ 16,949,813

(1) Reported as a transfer as amount was transferred to another fund to reimburse previous allowable expenditures.

* Revised Estimated Cost was adjusted for interest net of bank and audit fees ($843) with the remaining increase in the budget coming from other funding sources.

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2014 Issue
For the Year Ended June 30, 2020

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 3,048,184	$ 2,736,264	$ 2,487,562	$ -	$ 2,487,562
Public Safety Facilities & Equipment	725,757	651,368	651,337	31	651,368
Recreational Facilities & Equipment	725,757	641,768	99,775	219,035	318,810
Transportation	9,870,305	8,750,217	7,340,247	256,551	7,596,798
Administrative Facilities & Equipment	145,152	128,354	46,820	-	46,820
	$ 14,515,155	$ 12,907,971	$ 10,625,741	$ 475,617 (1)	$ 11,101,358

(1) Reported primarily as a transfer as amount was transferred to another fund to reimburse previous allowable expenditures.

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2017 Issue
For the Year Ended June 30, 2020

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 4,397,227	$ 4,397,227	$ -	$ 206	$ 206
Public Safety Facilities & Equipment	5,042,154	5,042,154	1,221,343	1,049,674	2,271,017
Recreational Facilities & Equipment	1,172,594	1,172,594	426,006	7,390	433,396
Transportation	16,132,218	16,132,218	1,945,815	1,268,078	3,213,893
Administrative Facilities & Equipment	-	-	-	-	-
	$ 26,744,193	$ 26,744,193	$ 3,593,164	2,325,348 (1)	$ 5,918,512
			Expenditures funded with local sources	676	
				$ 2,326,024	

(1) Reported primarily as a transfer as amount was transferred to another fund to reimburse previous allowable expenditures.

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 the City Council
City of Duluth, 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, each major fund, and the aggregate remaining fund information of the **City of Duluth, Georgia** (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 20, 2021.

Internal Control Over Financial Reporting

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

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

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

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
January 20, 2021