CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2021

CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2021, 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) and the Schedule of Expenditures of Federal Awards (as required by Title 2 U.S. *Code of Federal Regulations Part 200*, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, including the Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022 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 21, 2022

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, 2021. 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 the 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, 2021 by $95,506,878 (net position), of this amount, $26,119,743 (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 $9,554,363 during the fiscal year ended June 30, 2021 with an increase in governmental activities of $3,537,719 and an increase of $6,016,644 in business-type activities.
- As of June 30, 2021, the City's governmental funds reported combined ending fund balances of $30,559,968 an increase of $3,036,614 in comparison with the prior year. This increase is due to increases in General Fund revenues including receiving over $2.8 million in Coronavirus Aid, Relief, and Economic Security Act (CARES) funds from the federal government, plus increases in taxes and fines and forfeitures.
- The unassigned fund balance for the General Fund at June 30, 2021 was $14,827,273 which was 62% of total General Fund expenditures and transfers-out for the year.
- The City's total noncurrent liabilities, including the debt of the City's blended component units (Urban Redevelopment Authority and Downtown Development Authority), experienced a net increase of $19,597,385 during the fiscal year ended June 30, 2021. This increase was primarily due to the early retirement of the Series 2015 Revenue Bond, $6,085,000 and the new borrowing for the Series 2021 Revenue Bond $27,250,000 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 14 and 15 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 two categories: governmental and proprietary.

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 five 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 16-19 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 20-22 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 $95,506,878 and $85,952,515 at June 30, 2021 and 2020, 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$35,423,912	$32,618,237	$30,170,496	$ 8,946,221	$65,594,408	$41,564,458
Capital assets	62,147,986	61,986,889	10,088,371	5,558,227	72,236,357	67,545,116
Total assets	97,571,898	94,605,126	40,258,867	14,504,448	137,830,765	109,109,574
Deferred Outflows	1,226,234	1,145,121	48,177	61,714	1,274,411	1,206,835
Liabilities:						
Long-term liabilities outstanding	332,581	609,495	37,304,913	17,430,614	37,637,494	18,040,109
Other liabilities	3,666,626	3,974,820	2,084,590	2,236,301	5,751,216	6,211,121
Total liabilities	3,999,207	4,584,315	39,389,503	19,666,915	43,388,710	24,251,230
Deferred Inflows	205,685	110,411	3,903	2,253	209,588	112,664
Net Position (deficit):						
Net Investment in capital assets	62,052,839	61,723,783	(3,463,772)	(7,661,527)	58,589,067	54,062,256
Restricted	10,798,068	13,215,764	-	-	10,798,068	13,215,764
Unrestricted	21,742,333	16,115,974	4,377,410	2,558,521	26,119,743	18,674,495
Total net position (deficit)	$94,593,240	$91,055,521	$ 913,638	$(5,103,006)	$95,506,878	$85,952,515

The largest portion of the City's net position (61%) 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.

Excluding the City's Net Investment in Capital Assets of $58,589,067. The City has a remaining net position of $36,917,811. Of which $10,387,612 is restricted for capital construction and $110,793 and $299,663 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 $26,119,743 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities increased the City's net position by $3,537,719 and business-type activities increased the City's net position by $6,016,644. The increase in governmental activities was primarily due to increases in overall tax revenue due to increase property values and federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds received due to the pandemic. The increase in Business-Type Activities was primarily due to

transfers in from the General Fund for the early retirement of debt and SPLOST funds for the construction of a downtown parking deck.

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, 2021 and 2020.

City of Duluth – Changes in Net Position

	Governmental Activities		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	$ 4,430,033	$ 3,812,684	$ 1,414,715	$ 1,401,842	$ 5,844,748	$ 5,214,526
Operating grants and contributions	3,723,641	1,310,247	-	-	3,723,641	1,310,247
Capital grants and contributions	7,359,998	6,407,948	294,098	-	7,654,096	6,407,948
General revenues:						
Property taxes	11,088,687	10,490,742	-	-	11,088,687	10,490,742
Insurance premium tax	2,141,345	2,030,666	-	-	2,141,345	2,030,666
Other taxes	5,808,924	5,554,697	-	-	5,808,924	5,554,697
Other	365,337	590,482	137,133	916,522	502,470	1,507,004
Total revenues	34,917,965	30,197,466	1,845,946	2,318,364	36,763,911	32,515,830
Expenses						
General government	6,188,883	6,248,344	-	-	6,188,883	6,248,344
Public safety	9,482,647	10,520,006	-	-	9,482,647	10,520,006
Public works	4,595,990	4,911,951	-	-	4,595,990	4,911,951
Culture & recreation	3,595,462	2,614,569	-	-	3,595,462	2,614,569
Housing & development	596,223	177,388	-	-	596,223	177,388
Interest on long term debt	1,306	6,163	-	-	1,306	6,163
Stormwater	-	-	1,439,747	1,234,103	1,439,747	1,234,103
Development financing	-	-	1,309,290	1,191,360	1,309,290	1,191,360
Total expenses	24,460,511	24,478,421	2,749,037	2,425,463	27,209,548	26,903,884
Transfers	(6,919,735)	(1,694,098)	6,919,735	1,694,098	-	-
Change in net position	3,537,719	4,024,947	6,016,644	1,586,999	9,554,363	5,611,946
Net position-July 1	91,055,521	87,030,574	(5,103,006)	(6,690,005)	85,952,515	80,340,569
Net position-June 30	$94,593,240	$91,055,521	$ 913,638	$(5,103,006)	$95,506,878	$85,952,515

Governmental activities: Governmental activities revenues totaled $34,917,965 for fiscal year 2021. Property taxes are the largest revenue source for governmental activities, accounting for 32% 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%, 17%, and 13%, respectively, of governmental revenues for the year.

Governmental activities expenses totaled $24,460,511 for fiscal year 2021. Of the expenses, 39% is related to public safety. In addition, general government and public works accounted for 25% and 19% of total governmental expenses for the year, respectively. Overall, expenses remained the same compared to the prior year.

Business-type activities: Business-type activities increased the City's net position by $6,016,644 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 $30,559,968 an increase of $3,036,614 or 11% in comparison with the prior year. Approximately 48% of the fund balance or $14,729,232 is classified as unassigned. This unassigned fund balance is net of $98,041 in fund balance deficits to be funded by future revenues or transfers. The remaining fund balance is classified as follows: non-spendable form ($338,137), restricted ($10,702,921), committed ($2,670,271) and assigned ($2,119,407).

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 $14,827,273. 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 63% of total General Fund expenditures plus transfers-out.

The fund balance of the City's General Fund increased by $4,649,666 during the current fiscal year. Key factors in this activity are as follows:

- Overall General Fund revenue increased by $3,950,299 or 17.5% when compared to the prior year.
- Intergovernmental Revenue, meaning revenue received from other governments, increased by $2,413,394 over the prior year. This increase was mainly due to the City receiving $2,853,347 in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding from the federal government.
- Revenue from Fines and Forfeitures increased by $821,766. This was due to traffic levels increasing due to the lifting of Covid restrictions and patrol officers returning to normal assignments.
- Revenue from Taxes increased by $989,731 over the prior year. This increase was due to property taxes from new construction and increases in assessed values.
- In addition, overall expenditures increased by $362,987 or 2% from the prior year while net transfers out increased $2,402,868. The overall expenditure increase resulted from normal increase in the cost of operations, plus salary and benefits increases. Increased transfers out resulted from a one-time transfer to the Downtown Development Authority for the early retirement of its Series 2015 Revenue Bond.

The SPLOST 2009 Fund continues to spend sales tax proceeds primarily, during the year ended June 30, 2021, 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, 2021, 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, 2021, as transfers to reimburse other funds for past allowable SPLOST projects for transportation, parking, 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 2021. 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 2021, 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 expenditures exceeding revenues by $25,032 for the year ended June 30, 2021.

At the fiscal year end, the Workers' Compensation Fund has unrestricted net position of $986,384. 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 $2,189,870. The Health Reimbursement Fund has unrestricted net position of $130,903.

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 did not change the revenues, but increased expenditures by $868,151 or 4.3% and increased net transfers out by $2,934,254 or 138.4%.

During the year, General Fund revenues were more than budgetary projections and expenditures were less than budgetary estimates. Actual revenues were $6,263,853 more than estimates mainly due to higher than anticipated property taxes, residential and commercial permit fees, federal CARES Act funding and fines and forfeitures due to increased traffic and a return to near normal operations. Expenditures were $1,853,756 less than budgetary appropriations due to changes in service levels caused by COVID 19, staff vacancies in various departments, mainly the Police Support, Police Uniforms, and Parks and Recreation.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental activities as of June 30, 2021, amounted to $62,147,986, 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 increased from June 30, 2020, due to additions exceeding depreciation. The additions to governmental capital assets are attributable to ongoing construction projects: Downtown Public Parking Deck,

Davenport Road realignment, Rogers Bridge Park pedestrian bridge, Main Street enhanced sidewalk, Pine Needle Drive improvements and Train Viewing Platform.

City of Duluth – Capital Assets
Governmental Activities

	2021	2020
Land and improvements	$11,726,265	$11,726,265
Buildings	35,778,740	35,778,740
Improvement other than buildings	59,593,354	59,226,945
Land Improvements	8,387,015	5,823,135
Furniture, machinery, and equipment	9,348,550	8,573,988
Construction in progress	4,677,567	4,509,225
Less accumulated depreciation	(67,363,505)	(63,651,409)
Total	$62,147,986	$61,986,889

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: On June 30, 2021, the City had no general obligation bonded debt outstanding. The blended component units of the City, the Downtown Development Authority and the Urban Redevelopment Authority have outstanding revenue bonds of $8,636,008 and $30,185,000, respectively. This represents a net increase of $19,478,005 during the fiscal year 2021 due to the new Series 2021 Revenue Bond, the early retirement of the Series 2015 Revenue Bond, and 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 experience the effects of the COVID-19 pandemic on our citizens, business and operations. Many of the local business continue to experience staffing shortages due to extended unemployment benefits, COVID quarantining, and the lack of people returning to the work force due to fear of getting COVID. However, we have also seen residents and businesses finding ways to adapt to the new normal, no longer willing to stay at home in isolation. People are willing to meet and be together in small groups due to more people being vaccinated. In person meetings are now becoming the norm. This effort has been helped greatly by the lifting of COVID restrictions by the State of Georgia. The City has also taken steps to assist in this effort by mask and hand sanitizer to citizens and staff, creating outdoor gathering areas throughout the downtown that allow for social distancing. These and other efforts both large and small have had a positive impact both personally and financially for our citizens, businesses and overall City operations.

As you can easily see from the above financial excerpts and analysis, the City continues to see its revenues return to or surpass pre-pandemic levels. Taxes, including property taxes, occupational taxes and excise taxes, have increased by 5.7% due in part to reassessment growth and new construction. Intergovernmental revenues, revenue received from other governments, showed the largest increase, increasing by 184% due mainly to funds received from the federal government, fines and forfeitures also increased due in part to increases in traffic volume and police officers being able to return to patrol. The City was also able to control its overall expenditures to a modest increase of 2% from the prior year. This is due to several factors, including reduced

spending on in person activities, such as events, concerts, and exercise/activity classes, reductions in staff training and travel due to conference and seminar event cancellations, and a smaller staff cost of living increase. However, it should be noted that these activities are expected to return in the upcoming fiscal year as in person events such as concerts and training seminars return to in person. The City has also experienced challenges in recruiting new staff members. Wages and salaries have increased across the board for most all types of employees. In order to attract new employees, wages and benefits had to be increased to new levels, some as much as 20% or more. This increase has caused the City to reevaluate and implement wage increases for most all employees across the board. While these mid-year increases have not had the full impact on this year's budget they will on the upcoming budget.

Development continues in and around downtown, with construction now complete on the South on Main 115-unit single family residential development adjacent to City Hall. The new Courtyard by Marriott, a 102-room hotel/parking deck in downtown adjacent to the City's Festival Center opened its doors for business in May 2021. The new Duluth Branch of the Gwinnett County Public Library System located on Main Street just south of City Hall opened it door to the public in June 2021.

There are several projects in and around the downtown which were or are currently under construction. Among the developments is Everleigh Duluth, a 170-unit 55+ active adult apartment community on Hill Street in downtown which opened to the public in November 2021. A related development just outside of the downtown is Annabelle on Main, a 180-unit 55+ active adult apartment community which opened it doors in October 2021. Another development in close proximity to downtown, SODO, a 258-unit apartment community. This development is currently in the land disturbance stage of development and should be completed in the next 12 months. Recently the City awarded a construction bid for the installation of an all-weather synthetic turf area on Main Street adjacent to Taylor Park in downtown. At the same time, construction will start on a 2,500 square foot restaurant adjacent to the turf area. These projects are expected to be completed in the next 10 to 12 months. Construction is under way replace the pedestrian bridge in Rogers Bridge Park that crosses the Chattahoochee River and connects residents of both Duluth and Johns Creek to each city's park on either side of the river. Duluth is also preparing to award a construction bid for a new restroom with storage space in Rogers Bridge Park and shortly thereafter construction of additional parking in the park. This is only some of the development and construction taking place throughout Duluth.

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 focused on building an FY23 budget to meet the Duluth standard. Which will require adding additions expenditures both in terms of service and maintenance to meet this standard. Staff is focused on employee retention and hiring to both keep the current talent we have and attract new qualified talent. Growth in revenues should allow Duluth to continue to maintain its current millage rate in the future, while addressing the need for additional service.

Council and staff feel the City is well positioned to emerge stronger from COVID-19 based on this year's financial results. Staff will continue to closely monitor the City's current financial performance over the next year to assure our service and financial goals can be met to continue to improve the quality of life for all residents of our city.

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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ 31,941,246	$ 26,374,098	$ 58,315,344
Accounts receivable	1,164,712	12,721	1,177,433
Taxes receivable	149,396	-	149,396
Intergovernmental	1,830,250	-	1,830,250
Internal balances	171	(171)	-
Prepaid items	338,137	-	338,137
Notes receivable, current	-	122,774	122,774
Notes receivable, long term	-	3,661,074	3,661,074
Nondepreciable capital assets	16,403,832	1,664,627	18,068,459
Depreciable capital assets, net	45,744,154	8,423,744	54,167,898
TOTAL ASSETS	97,571,898	40,258,867	137,830,765
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	23,118	23,118
Pension related items	1,226,234	25,059	1,251,293
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,226,234	48,177	1,274,411
LIABILITIES			
Accounts payable	1,004,031	326,848	1,330,879
Retainage payable	95,147	-	95,147
Accrued expenses	1,041,829	-	1,041,829
Accrued interest payable	-	168,890	168,890
Unearned revenue	852,237	65,056	917,293
Noncurrent liabilities:			
Net pension liability, due in more than one year	332,581	7,643	340,224
Bonds payable due within one year	-	1,523,796	1,523,796
Bonds payable due in more than one year	-	37,297,270	37,297,270
Compensated absences payable due within one year	673,382	-	673,382
TOTAL LIABILITIES	3,999,207	39,389,503	43,388,710
DEFERRED INFLOWS OF RESOURCES			
Pension related items	205,685	3,903	209,588
TOTAL DEFERRED INFLOWS OF RESOURCES	205,685	3,903	209,588
NET POSITION			
Net investment in capital assets	62,052,839	(3,463,772)	58,589,067
Restricted for capital construction	10,387,612	-	10,387,612
Restricted for law enforcement	110,793	-	110,793
Restricted for recreation	299,663	-	299,663
Unrestricted	21,742,333	4,377,410	26,119,743
TOTAL NET POSITION	$ 94,593,240	$ 913,638	$ 95,506,878

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Activities
For the Year Ended June 30, 2021

		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	$ 6,188,883	$ 964,947	$ 1,258,995	$ 65	$ (3,964,876)	$ -	$ (3,964,876)
Public safety	9,482,647	3,173,271	2,464,646	1,071,506	(2,773,224)	-	(2,773,224)
Public works	4,595,990	5,625	-	4,775,631	185,266	-	185,266
Culture and recreation	3,595,462	286,190	-	249,520	(3,059,752)	-	(3,059,752)
Housing and development	596,223	-	-	1,263,276	667,053	-	667,053
Interest on long-term obligations	1,306	-	-	-	(1,306)	-	(1,306)
Total Governmental Activities	24,460,511	4,430,033	3,723,641	7,359,998	(8,946,839)	-	(8,946,839)
Business-Type Activities:							
Downtown Development Authority	808,262	-	-	-	-	(808,262)	(808,262)
Urban Redevelopment Authority	501,028	-	-	-	-	(501,028)	(501,028)
Stormwater	1,439,747	1,414,715	-	294,098	-	269,066	269,066
Total Business-Type Activities	2,749,037	1,414,715	-	294,098	-	(1,040,224)	(1,040,224)
Total - Primary Government	$ 27,209,548	$ 5,844,748	$ 3,723,641	$ 7,654,096	(8,946,839)	(1,040,224)	(9,987,063)
GENERAL REVENUES:							
Taxes:							
Property					11,088,687	-	11,088,687
Insurance premium					2,141,345	-	2,141,345
Other					5,808,924	-	5,808,924
Interest earned					106,023	31,663	137,686
Miscellaneous					259,314	105,470	364,784
Total General Revenues					19,404,293	137,133	19,541,426
Transfers					(6,919,735)	6,919,735	-
Total General Revenues and Transfers					12,484,558	7,056,868	19,541,426
Change in Net Position					3,537,719	6,016,644	9,554,363
NET POSITION (DEFICIT) BEGINNING OF YEAR					91,055,521	(5,103,006)	85,952,515
NET POSITION END OF YEAR					$ 94,593,240	$ 913,638	$ 95,506,878

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 20,213,140	$ 726,283	$ 1,395,159	$ 6,622,019	$ 296,867	$ 1,544,135	$ 30,797,603
Receivables:							
Taxes	132,485	-	-	-	-	16,911	149,396
Accounts	1,164,712	-	-	-	-	-	1,164,712
Intergovernmental	5,659	-	-	998,577	111,584	714,430	1,830,250
Due from other funds	175,682	-	-	-	-	4,238	179,920
Prepaid items	338,137	-	-	-	-	-	338,137
TOTAL ASSETS	$ 22,029,815	$ 726,283	$ 1,395,159	$ 7,620,596	$ 408,451	$ 2,279,714	$ 34,460,018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 400,595	$ -	$ 90	$ 2,220	$ 94,681	$ 506,445	$ 1,004,031
Retainage payable	-	-	-	-	95,147	-	95,147
Accrued salaries payable	525,344	-	-	-	-	-	525,344
Accrued expenditures	484,516	-	-	-	-	-	484,516
Due to other funds	9,680	-	-	-	-	175,682	185,362
Unearned revenue	-	-	-	-	-	852,237	852,237
TOTAL LIABILITIES	1,420,135	-	90	2,220	189,828	1,534,364	3,146,637
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	753,413	-	-	-	-	-	753,413
TOTAL DEFERRED INFLOWS OF RESOURCES	753,413	-	-	-	-	-	753,413
FUND BALANCES							
Nonspendable:							
Prepaids	338,137	-	-	-	-	-	338,137
Restricted:							
Capital construction	-	726,283	1,395,069	7,618,376	165,107	387,630	10,292,465
Law enforcement	-	-	-	-	-	110,793	110,793
Culture and recreation	-	-	-	-	-	299,663	299,663
Committed:							
Capital construction	2,624,966	-	-	-	-	-	2,624,966
Equipment purchases	-	-	-	-	-	45,305	45,305
Assigned:							
Fiscal year 2022 operations	814,381	-	-	-	-	-	814,381
SDS Settlement	1,251,510	-	-	-	-	-	1,251,510
Gateway construction	-	-	-	-	5,500	-	5,500
Train viewing platform	-	-	-	-	48,016	-	48,016
Unassigned (deficit)	14,827,273	-	-	-	-	(98,041)	14,729,232
TOTAL FUND BALANCES	19,856,267	726,283	1,395,069	7,618,376	218,623	745,350	30,559,968
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 22,029,815	$ 726,283	$ 1,395,159	$ 7,620,596	$ 408,451	$ 2,279,714	$ 34,460,018

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, 2021

TOTAL GOVERNMENTAL FUND BALANCES		$ 30,559,968
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	$ 126,727,471	
Less accumulated depreciation	(66,769,355)	59,958,116
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		753,413
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.		3,307,157
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	$ 1,226,234	
Net pension liability	(332,581)	
Deferred inflows of resources-pension items	(205,685)	687,968
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(673,382)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 94,593,240

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, 2021

	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 18,204,647	$ -	$ -	$ -	$ -	$ 1,050,225	$ 19,254,872
Licenses and permits	943,632	-	-	-	-	-	943,632
Intergovernmental	3,723,641	-	-	5,672,725	411,489	1,263,276	11,071,131
Charges for services	275,224	-	-	-	-	-	275,224
Interest income	103,647	682	1,880	9,946	-	-	116,155
Fines and forfeitures	2,939,254	-	-	-	-	139,052	3,078,306
Miscellaneous	259,314	-	-	-	-	122,465	381,779
TOTAL REVENUES	26,449,359	682	1,880	5,682,671	411,489	2,575,018	35,121,099
EXPENDITURES							
Current:							
General government	5,094,578	-	-	822	201,560	784,022	6,080,982
Public safety	8,995,011	-	-	-	1,213,709	96,702	10,305,422
Public works	3,209,973	-	-	-	1,716,784	408,766	5,335,523
Culture and recreation	1,578,288	-	-	-	198,390	1,430,955	3,207,633
Debt service:							
Principal retirement	81,544	-	-	-	-	-	81,544
Interest and fiscal charges	1,940	-	-	-	-	-	1,940
TOTAL EXPENDITURES	18,961,334	-	-	822	3,330,443	2,720,445	25,013,044
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,488,025	682	1,880	5,681,849	(2,918,954)	(145,427)	10,108,055
OTHER FINANCING SOURCES (USES)							
Proceeds from capital assets	35,294	-	-	-	-	13,000	48,294
Transfers in	1,879,908	-	-	-	3,355,275	503,049	5,738,232
Transfers out	(4,753,561)	(101,684)	(481,189)	(7,367,483)	-	(154,050)	(12,857,967)
TOTAL OTHER FINANCING SOURCES (USES)	(2,838,359)	(101,684)	(481,189)	(7,367,483)	3,355,275	361,999	(7,071,441)
NET CHANGE IN FUND BALANCES	4,649,666	(101,002)	(479,309)	(1,685,634)	436,321	216,572	3,036,614
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	15,206,601	827,285	1,874,378	9,304,010	(217,698)	528,778	27,523,354
FUND BALANCES - END OF YEAR	$ 19,856,267	$ 726,283	$ 1,395,069	$ 7,618,376	$ 218,623	$ 745,350	$ 30,559,968

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, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 3,036,614
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 capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (4,032,194)	
Capital outlay	4,326,457	294,263
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.		(215,916)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position.		(84,541)
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.		81,544
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	$ 3,663	
Change in accrued interest	634	4,297
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		262,753
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.		158,705
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 3,537,719

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash	$ 313,506	$ 25,166,358	$ 894,234	$ 26,374,098	$ 1,143,643
Accounts receivable	-	-	12,721	12,721	-
Notes receivable, current portion	122,774	-	-	122,774	-
Due from other funds	440	-	-	440	5,613
Total Current Assets	436,720	25,166,358	906,955	26,510,033	1,149,256
Noncurrent Assets:					
Notes receivable	3,661,074	-	-	3,661,074	-
Capital assets:					
Nondepreciable capital assets	5,525	1,659,102	-	1,664,627	1,654,854
Depreciable capital assets, net	7,508,467	-	915,277	8,423,744	535,016
Total Noncurrent Assets	11,175,066	1,659,102	915,277	13,749,445	2,189,870
TOTAL ASSETS	11,611,786	26,825,460	1,822,232	40,259,478	3,339,126
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	23,118	-	23,118	-
Pension related items	-	-	25,059	25,059	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	23,118	25,059	48,177	-
LIABILITIES					
Current Liabilities:					
Accounts payable	2,947	64,494	259,407	326,848	-
Due to other funds	-	-	611	611	-
Unearned revenue	65,056	-	-	65,056	-
Claims payable	-	-	-	-	31,969
Accrued interest payable	-	168,890	-	168,890	-
Revenue bonds payable, current portion	17,796	1,506,000	-	1,523,796	-
Total Current Liabilities	85,799	1,739,384	260,018	2,085,201	31,969
Noncurrent Liabilities:					
Revenue bonds payable	8,618,212	28,679,058	-	37,297,270	-
Net pension liability	-	-	7,643	7,643	-
Total Noncurrent Liabilities	8,618,212	28,679,058	7,643	37,304,913	-
TOTAL LIABILITIES	8,704,011	30,418,442	267,661	39,390,114	31,969
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	-	3,903	3,903	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	3,903	3,903	-
NET POSITION (DEFICIT)					
Net investment in capital assets	(1,122,016)	(3,257,033)	915,277	(3,463,772)	2,189,870
Unrestricted	4,029,791	(312,831)	660,450	4,377,410	1,117,287
TOTAL NET POSITION (DEFICIT)	$ 2,907,775	$ (3,569,864)	$ 1,575,727	$ 913,638	$ 3,307,157

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, 2021

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
OPERATING REVENUES					
Stormwater fees	$ -	$ -	$ 1,414,715	$ 1,414,715	$ -
Charges for services	-	-	-	-	10,405
TOTAL OPERATING REVENUES	-	-	1,414,715	1,414,715	10,405
OPERATING EXPENSES					
Administration	-	-	414,607	414,607	-
Costs of sales and services	-	-	925,809	925,809	-
Depreciation	421,337	-	99,331	520,668	48,625
Claims	-	-	-	-	5,452
Other	281,521	37,630	-	319,151	-
TOTAL OPERATING EXPENSES	702,858	37,630	1,439,747	2,180,235	54,077
OPERATING LOSS	(702,858)	(37,630)	(25,032)	(765,520)	(43,672)
NON-OPERATING INCOME (LOSS)					
Interest and fiscal charges	(105,404)	(463,398)	-	(568,802)	-
Miscellaneous	105,470	-	-	105,470	-
Interest income	2,394	29,269	-	31,663	2,377
TOTAL NON-OPERATING INCOME (LOSS)	2,460	(434,129)	-	(431,669)	2,377
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(700,398)	(471,759)	(25,032)	(1,197,189)	(41,295)
Capital contributions	-	-	294,098	294,098	-
Transfers in	7,837,597	1,027,654	-	8,865,251	200,000
Transfers out	-	(1,945,516)	-	(1,945,516)	-
	7,837,597	(917,862)	294,098	7,213,833	200,000
CHANGE IN NET POSITION	7,137,199	(1,389,621)	269,066	6,016,644	158,705
NET POSITION (DEFICIT):					
BEGINNING OF YEAR	(4,229,424)	(2,180,243)	1,306,661	(5,103,006)	3,148,452
END OF YEAR	$ 2,907,775	$ (3,569,864)	$ 1,575,727	$ 913,638	$ 3,307,157

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for operations	$ -	$ 26,864	$ 1,409,908	$ 1,436,772	$ -
Cash paid for goods and services	(272,114)	-	(1,355,016)	(1,627,130)	-
Receipts from interfund charges	-	-	-	-	10,405
Cash paid for claims	-	-	-	-	(80,665)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	(272,114)	26,864	54,892	(190,358)	(70,260)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	7,837,597	1,027,654	-	8,865,251	200,000
Transfers to other funds	-	(1,945,516)	-	(1,945,516)	-
Issuance of notes receivable	(400,000)	-	-	(400,000)	-
Payments received on notes receivable in advance of due date	55,733	-	-	55,733	-
Miscellaneous receipts	105,470	-	-	105,470	-
NET CASH PROVIDED BY (USED BY) NON-CAPITAL FINANCING ACTIVITIES	7,598,800	(917,862)	-	6,680,938	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(6,836,995)	(935,000)	-	(7,771,995)	-
Proceeds from revenue bond	-	27,250,000	-	27,250,000	-
Acquisition of capital assets	(4,756,714)	-	-	(4,756,714)	-
Interest paid on long-term debt	(125,678)	(286,913)	-	(412,591)	-
NET CASH PROVIDED BY (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	(11,719,387)	26,028,087	-	14,308,700	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	2,394	29,269	-	31,663	2,377
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,394	29,269	-	31,663	2,377
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,390,307)	25,166,358	54,892	20,830,943	132,117
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,703,813	-	839,342	5,543,155	1,011,526
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 313,506	$ 25,166,358	$ 894,234	$ 26,374,098	$ 1,143,643
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES					
Operating loss	$ (702,858)	$ (37,630)	$ (25,032)	$ (765,520)	$ (43,672)
Adjustments:					
Depreciation	421,337	-	99,331	520,668	48,625
Changes in assets and liabilities:					
Accounts receivable	10,864	-	(4,807)	6,057	-
Deferred outflows pension items	-	-	(1,689)	(1,689)	-
Due from other funds	-	-	611	611	(2,941)
Accounts payable and claims payable	(1,457)	64,494	(10,376)	52,661	(72,272)
Net pension liability	-	-	(4,796)	(4,796)	-
Deferred inflows pension items	-	-	1,650	1,650	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ (272,114)	$ 26,864	$ 54,892	$ (190,358)	$ (70,260)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	$ -	$ -	$ 294,098	$ 294,098	$ -

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 DDA is presented as a proprietary fund.

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. The URA is presented as a proprietary fund.

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. 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.

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.

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 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, 2021 the Rodger's Bridge Dog Park Fund had a deficit of $64,341 and the Hospital Connector Fund had a deficit of $33,700. The deficits in these funds will be funded with budgeted financing through other funding or with transfers from other funds, if necessary. The Urban Redevelopment Authority had a deficit net position of $3,569,864. 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).

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 2. LEGAL COMPLIANCE – BUDGETS (Continued)

Excess Expenditures Over Appropriations

For the year ended June 30, 2021, expenditures exceeded the budget by department as follows:

Fund/Department	Excess
General Fund	
Other	
Building custodial services	$ 34,913
Police/Admin	
Personal services	68,341
Police/CID	
Personal services	182
Other services and charges	204,426

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, 2021, the City had deposits with four (4) 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 three (3) 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 has $8,099,285 of investments 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, 2021, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	2017 SPLOST	Other Capital Projects	Other Governmental Funds	Stormwater
Receivables:					
Taxes	$ 132,485	$ -	$ -	$ 16,911	$ -
Accounts	1,164,712	-	-	-	12,721
Intergovernmental	5,659	998,577	111,584	714,430	-
Less allowance for uncollectible	-	-	-	-	-
Net total receivable	$ 1,302,856	$ 998,577	$ 111,584	$ 731,341	$ 12,721

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 2nd 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, 2021 and not collected are recorded as receivables, net of estimated uncollectibles.

NOTE 5. NOTES RECEIVABLE

The Downtown Development Authority issued four loans from 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 two property owners at The Block (Dreamland Barbeque 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 Authority does not charge any interest during the draw phase of the loans. Due to the COVID19 pandemic, payments from April 1, 2020 through June 30, 2021 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, 2021 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable:					
Dreamland Barbeque	$ 1,100,092	$ 200,000	$ -	$ 1,300,092	$ 48,179
Good Word A	183,376	-	-	183,376	14,150
Good Word B	2,100,380	200,000	-	2,300,380	60,445
Total	$ 3,383,848	$ 400,000	$ -	$ 3,783,848	$ 122,774

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

Year Ending June 30,	Principal	Interest	Total
2022	$ 122,774	$ 116,261	$ 239,035
2023	126,877	112,159	239,036
2024	131,124	107,911	239,035
2025	135,523	103,513	239,036
2026	140,079	98,957	239,036
2027-2031	3,127,471	420,517	3,547,988
Total	$ 3,783,848	$ 959,318	$ 4,743,166

The repayment schedule above is based on the total amount drawn (reduced by any repayments) as of June 30, 2021 based on the signed agreements with Dreamland Barbeque and Good Word.

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NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 11,609,280	$ -	$ -	$ -	$ 11,609,280
Land improvements	116,985	-	-	-	116,985
Construction in progress	4,509,225	2,391,149	(37,008)	(2,185,799)	4,677,567
Total	16,235,490	2,391,149	(37,008)	(2,185,799)	16,403,832
Capital assets, being depreciated:					
Buildings	35,778,740	-	-	-	35,778,740
Improvements other than buildings	59,226,945	366,409	-	-	59,593,354
Land improvements	5,823,135	378,081	-	2,185,799	8,387,015
Furniture, machinery and equipment	8,573,988	1,190,818	(416,256)	-	9,348,550
Total	109,402,808	1,935,308	(416,256)	2,185,799	113,107,659
Less accumulated depreciation for:					
Building	(14,415,303)	(1,035,931)	-	-	(15,451,234)
Improvements other than buildings	(36,774,859)	(1,687,225)	-	-	(38,462,084)
Land improvements	(4,201,191)	(532,168)	-	-	(4,733,359)
Furniture, machinery and equipment	(8,260,056)	(825,495)	368,723	-	(8,716,828)
Total	(63,651,409)	(4,080,819)	368,723	-	(67,363,505)
Total assets being depreciated, net	45,751,399	(2,145,511)	(47,533)	2,185,799	45,744,154
Governmental activities capital assets, net	$ 61,986,889	$ 245,638	$ (84,541)	$ -	$ 62,147,986
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	4,756,714	-	-	4,854,708
Infrastructure	1,526,644	294,098	-	-	1,820,742
Furniture, machinery and equipment	28,480	-	-	-	28,480
Total	8,649,250	5,050,812	-	-	13,700,062
Less accumulated depreciation:					
Buildings	(4,065,331)	(411,538)	-	-	(4,476,869)
Land improvements	(11,432)	(9,799)	-	-	(21,231)
Infrastructure	(663,698)	(93,635)	-	-	(757,333)
Furniture, machinery and equipment	(15,189)	(5,696)	-	-	(20,885)
Total	(4,755,650)	(520,668)	-	-	(5,276,318)
Business Type Activities capital assets, net	$ 5,558,227	$ 4,530,144	$ -	$ -	$ 10,088,371

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	$ 1,083,962
Public safety	937,333
Public works	892,456
Housing and development	596,223
Culture and recreation	570,845
Total depreciation expense - governmental activities	$ 4,080,819
Business type activities:	
Stormwater	$ 99,331
Downtown Development Authoity	421,337
Total depreciation expense - business type activities	$ 520,668

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Due Within One Year
Governmental activities:					
Compensated absences	$ 677,045	$ 828,572	$ 832,235	$ 673,382	$ 673,382
Net pension liability	609,495	1,560,312	1,837,226	332,581	-
Financed purchases payable	81,544	-	81,544	-	-
Governmental activities long-term liabilities	$ 1,368,084	$ 2,388,884	$ 2,751,005	$ 1,005,963	$ 673,382
Business Activities:					
Bonds payable - direct placement	$ 19,343,002	$ 27,250,000	$ 7,771,995	$ 38,821,007	$ 1,523,796
Premium on bonds	96	-	37	59	-
Net pension liability	12,439	32,698	37,494	7,643	-
Business-type activities long-term liabilities	$ 19,355,537	$ 27,282,698	$ 7,809,526	$ 38,828,709	$ 1,523,796

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 2007, the Urban Redevelopment Authority issued the Series 2006 Revenue Bonds in order to finance the construction of a new city hall and purchase of its related real property. Interest rates on the Series 2006 Bonds range from 4.10% - 4.25% and the bonds are scheduled to mature in fiscal year 2024. The outstanding balance of the Series 2006 Bonds at year end is $880,000.

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, thus the balance of the Series 2008 C Bonds did not change during fiscal year 2021. The outstanding balance on the Series 2008 A Bonds and the Series 2008 C Bonds are $45,725 and $8,590,282, respectively.

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 $2,125,000 in outstanding refunded bonds at June 30, 2021 are not reported in the City's financial statements. The outstanding balance of the Series 2012 Refunding Bonds at year end is $2,055,000.

NOTE 7. LONG-TERM DEBT (Continued)

Bonds Payable- Direct Placement (Continued)

During fiscal year 2021, the Urban Redevelopment Authority issued the Series 2021 bonds for $27,250,000, in order to finance the construction and development of the City of Duluth 2021 Urban Redevelopment Plan and the Downtown Duluth/Buford Highway Corridor Redevelopment Plan projects. Interest rates on the Series 2021 Bonds are initially 2.11%, but in March 2036 the rates will be reset to equal the current FHLB Des Moines advanced fixed rate plus one hundred-sixteen basis points. The bonds mature in fiscal year 2041. The outstanding balance of the Series 2021 Bonds at year end is $27,250,000.

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

Fiscal Year	Principal	Interest	Total
2022	$ 1,523,796	$ 619,425	$ 2,143,221
2023	1,828,232	611,753	2,439,985
2024	1,970,697	570,213	2,540,910
2025	1,005,000	525,559	1,530,559
2026	1,050,000	504,353	1,554,353
2027-2031	14,980,282	2,152,200	17,132,482
2032-2036	7,669,000	1,421,781	9,090,781
2037-2041	8,794,000	1,093,360	9,887,360
Total	$ 38,821,007	$ 7,498,644	$ 46,319,651

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2021, is as follows:

	Payable To				
Receivable From	General Fund	Internal Service Funds	Other Governmental Funds	Downtown Development Authority	Total
General Fund	$ -	$ 5,002	$ 4,238	$ 440	$ 9,680
Stormwater Fund	-	611	-	-	611
Other Governmental Funds Funds	175,682	-	-	-	175,682
Total	$ 175,682	$ 5,613	$ 4,238	$ 440	$ 185,973

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, 2021 were:

	Transfers From						
Transfers To	General Fund	SPLOST 2009 Fund	SPLOST 2014 Fund	SPLOST 2017 Fund	Urban Redevelopment Authority	Other Governmental Funds	Total
General Fund	$ -	$ -	$ -	$ -	$ 1,775,858	$ 104,050	$ 1,879,908
Urban Redevelopment Authority	1,027,654	-	-	-	-	-	1,027,654
Downtown Development Authority	3,031,054	19,999	290,720	4,445,824	-	50,000	7,837,597
Internal Service Funds	200,000	-	-	-	-	-	200,000
Other Capital Projects Fund	394,854	50,274	29,056	2,881,091	-	-	3,355,275
Other Governmental Funds	99,999	31,411	161,413	40,568	169,658	-	503,049
Total	$ 4,753,561	$ 101,684	$ 481,189	$ 7,367,483	$ 1,945,516	$ 154,050	$ 14,803,483

These transfers were used to assist other funds in meeting operating requirements for the year ended June 30, 2021 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 referendum approved 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, 2021, the date of the most recent actuarial valuation, there were 242 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	29
Inactive plan members entitled to but not receiving benefits	68
Active plan members	145
	242

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, 2021, the City's contribution rate was 6.10% of annual payroll. City contributions to the Plan were $743,339 for the fiscal year ended June 30, 2021. 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2020 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

Actuarial assumptions. The total pension liability in the January 1, 2020 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 sex-distinct Prio-2012 head-count weighted Health Mortality Table with rates multiplied by 1.25.

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. Cost of living adjustments were assumed to be 0.00%.

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, 2020 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%	6.40%
International equity	20%	7.05
Domestic fixed income	20%	1.15
Real estate	10%	4.50
Global fixed income	5%	1.25
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%. 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, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/20	$ 11,956,453	$ 11,334,519	$ 621,934
Changes for the year:			
Service cost	335,441	-	335,441
Interest	899,497	-	899,497
Differences between expected and actual experience	332,914	-	332,914
Contributions—employer	-	741,088	(741,088)
Net investment income	-	1,133,632	(1,133,632)
Benefit payments, including refunds of employee contributions	(190,639)	(190,639)	-
Administrative expense	-	(25,158)	25,158
Net changes	1,377,213	1,658,923	(281,710)
Balances at 6/30/21	$ 13,333,666	$ 12,993,442	$ 340,224

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)	$ 2,372,139	$ 340,224	$ (1,334,677)

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, 2020 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, 2021, the City recognized pension expense of $475,022. At June 30, 2021, 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	$ 345,499	$ (64,617)
Changes in assumptions	360,258	-
Net difference between projected and actual earnings on pension plan investments	-	(144,971)
City contributions subsequent to the measurement date	545,536	-
Total	$ 1,251,293	$ (209,588)

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 $545,536 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, 2022. 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:		
2022	$	70,789
2023		143,333
2024		159,703
2025		66,858
2026		55,486
Total	$	496,169

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 2020 and calendar year 2021. 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 $150,204, with employee contributions amounting to $478,109.

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, 229 Peachtree Street, NE, STE 100, 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, 2021, the City had accumulated $1,017,740 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
2021	$ 104,048	$ 376,960	$ (512,977)	$ 31,969
2020	$ 12,943	$ 462,042	$ (579,033)	$ 104,048

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, 2021, the City collected $44,966 in motor vehicle excise taxes. This entire amount, plus an additional $13,929 was spent and/or transferred out of the fund in accordance with provisions of 48-13-93. The remaining fund balance of the Rental Motor Vehicle Excise Tax Fund 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, 2021, City property tax revenues were reduced by $99,775 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.

NOTE 16. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax. The Official Code of Georgia Annotated (O.C.G.A) 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the fiscal year ended June 30, 2021, the City collected $16,391 in hotel/motel taxes. Of this amount, $6,557 or 40% was used for the promotion of tourism, conventions, or trade shows and/or remitted to Explore Gwinnett in accordance with O.C.G.A 48-13-51 as of June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

City of Duluth, Georgia

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

	2021	2020	2019	2018
Total pension liability				
Service cost	$ 335,441	$ 311,115	$ 297,966	$ 312,812
Interest on total pension liability	899,497	811,621	733,465	658,743
Differences between expected and actual experience	332,914	(89,753)	140,004	(23,903)
Changes of assumptions	-	491,994	-	161,311
Benefit payments, including refunds of employee contributions	(190,639)	(158,056)	(126,948)	(127,649)
Net change in total pension liability	1,377,213	1,366,921	1,044,487	981,314
Total pension liability - beginning	11,956,453	10,589,532	9,545,045	8,563,731
Total pension liability - ending (a)	$ 13,333,666	$ 11,956,453	$ 10,589,532	$ 9,545,045
Plan fiduciary net position				
Contributions - employer	$ 741,088	$ 671,082	$ 690,786	$ 719,424
Net investment income	1,133,632	341,864	920,333	1,150,219
Benefit payments, including refunds of employee contributions	(190,639)	(158,056)	(126,948)	(127,649)
Administrative expenses	(25,158)	(23,454)	(24,355)	(25,288)
Net change in plan fiduciary net position	1,658,923	831,436	1,459,816	1,716,706
Plan fiduciary net position - beginning	11,334,519	10,503,083	9,043,267	7,326,561
Plan fiduciary net position - ending (b)	$ 12,993,442	$ 11,334,519	$ 10,503,083	$ 9,043,267
City's net pension liability - ending (a) - (b)	$ 340,224	$ 621,934	$ 86,449	$ 501,778
Plan fiduciary net position as a percentage of the total pension liability	97.4%	94.8%	99.2%	94.7%
Covered payroll	$ 8,886,537	$ 8,280,620	$ 8,478,757	$ 7,840,209
City's net pension liability as a percentage of covered payroll	3.8%	7.5%	1.0%	6.4%

	2017	2016	2015
Total pension liability			
Service cost	$ 318,689	$ 291,136	$ 281,147
Interest on total pension liability	591,901	517,807	498,803
Differences between expected and actual experience	72,404	250,924	(66,033)
Changes of assumptions	-	-	(390,741)
Benefit payments, including refunds of employee contributions	(113,395)	(94,236)	(61,694)
Net change in total pension liability	869,599	965,631	261,482
Total pension liability - beginning	7,694,132	6,728,501	6,467,019
Total pension liability - ending (a)	$ 8,563,731	$ 7,694,132	$ 6,728,501
Plan fiduciary net position			
Contributions - employer	$ 651,649	$ 591,584	$ 414,749
Net investment income	704,845	43,008	545,407
Benefit payments, including refunds of employee contributions	(113,395)	(94,236)	(61,694)
Administrative expenses	(14,635)	(16,133)	(12,633)
Net change in plan fiduciary net position	1,228,464	524,223	885,829
Plan fiduciary net position - beginning	6,098,097	5,573,874	4,688,045
Plan fiduciary net position - ending (b)	$ 7,326,561	$ 6,098,097	$ 5,573,874
City's net pension liability - ending (a) - (b)	$ 1,237,170	$ 1,596,035	$ 1,154,627
Plan fiduciary net position as a percentage of the total pension liability	85.6%	79.3%	82.8%
Covered payroll	$ 7,729,957	$ 7,630,679	6,915,892
City's net pension liability as a percentage of covered payroll	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

	2021	2020	2019	2018
Actuarially determined contribution	$ 544,217	$ 510,845	$ 467,803	$ 445,635
Contributions in relation to the actuarially detemined contribution	743,339	741,050	647,223	691,765
Contribution deficiency (excess)	$ (199,122)	$ (230,205)	$ (179,420)	$ (246,130)
Covered payroll	$ 8,374,508	$ 7,668,902	$ 8,196,636	$ 7,566,881
Contributions as a percentage of Covered payroll	8.9%	9.7%	7.9%	9.1%

Actuarially determined contribution	2017	2016	2015
Contributions in relation to the actuarially detemined contribution	$ 424,502	$ 445,633	$ 450,318
Contribution deficiency (excess)	707,459	618,973	583,486
Covered payroll	$ (282,957)	$ (173,340)	$ (133,168)
Contributions as a percentage of Covered payroll	$ 7,861,148	$ 7,828,117	$ 6,681,276
	9.0%	7.9%	8.7%

Notes to the Schedule

Valuation Date	January 1, 2021
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% - plus service based 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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 15,689,650	$ 15,689,650	$ 18,204,647	$ 2,514,997
Licenses and permits	841,809	783,709	943,632	159,923
Charges for services	298,698	357,898	275,224	(82,674)
Fines and forfeitures	2,053,000	2,053,000	2,939,254	886,254
Intergovernmental	1,044,090	1,044,090	3,723,641	2,679,551
Interest income	69,500	69,500	103,647	34,147
Miscellaneous	188,759	187,659	259,314	71,655
TOTAL REVENUES	20,185,506	20,185,506	26,449,359	6,263,853
EXPENDITURES				
Current:				
General government:				
Mayor and Council				
Personal services	80,274	61,274	38,027	23,247
Other services and charges	208,292	222,564	177,660	44,904
City Administrator				
Personal services	426,100	713,583	711,459	2,124
Other services and charges	173,165	641,700	541,967	99,733
City Clerk/Business Office				
Personal services	1,386,104	1,084,719	1,077,463	7,256
Other services and charges	1,360,420	1,317,497	1,237,412	80,085
City Clerk/Human resources	270,331	281,516	256,236	25,280
Other				
Public information & marketing	941,478	956,988	841,173	115,815
Building custodial services	46,206	40,920	75,833	(34,913)
Landscape maintenance	102,920	139,037	137,348	1,689
Contingency	70,000	70,000	-	70,000
Total general government	5,065,290	5,529,798	5,094,578	435,220

(continued)

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public safety:				
Municipal Court				
Personal services	$ 648,485	$ 635,990	$ 633,666	$ 2,324
Other services and charges	28,339	29,545	21,164	8,381
Police/Admin				
Personal services	602,379	603,774	672,115	(68,341)
Other services and charges	274,267	294,873	289,152	5,721
Police/CID				
Personal services	709,949	746,718	746,900	(182)
Other services and charges	63,903	62,403	266,829	(204,426)
Police/Uniform Division				
Personal services	4,010,922	4,198,554	3,873,122	325,432
Other services and charges	130,065	130,171	82,146	48,025
Police/Other				
Police vehicles	467,340	467,653	378,810	88,843
Police Support Services	2,813,323	2,709,685	2,031,107	678,578
Total public safety	9,748,972	9,879,366	8,995,011	884,355
Public works:				
Planning & Development				
Personal services	891,333	910,321	886,389	23,932
Other services and charges	567,575	676,508	644,180	32,328
Administration				
Personal services	1,234,935	1,326,157	1,260,665	65,492
Other services and charges	324,284	398,841	289,836	109,005
Supplies	64,450	60,655	52,831	7,824
Streets				
Building/grounds maintenance	86,441	81,441	76,072	5,369
Total public works	3,169,018	3,453,923	3,209,973	243,950

(continued)

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, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Culture and recreation:				
Parks/Recreation Admin				
Personal services	$ 1,312,679	$ 1,177,117	$ 1,088,906	$ 88,211
Other services and charges	337,269	461,175	347,536	113,639
Recreation operations	202,397	202,397	141,846	60,551
Total culture and recreation	1,852,345	1,840,689	1,578,288	262,401
Debt service:				
Principal retirement	108,092	108,092	81,544	26,548
Interest and fiscal charges	3,222	3,222	1,940	1,282
Total debt service	111,314	111,314	83,484	27,830
TOTAL EXPENDITURES	19,946,939	20,815,090	18,961,334	1,853,756
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	238,567	(629,584)	7,488,025	8,117,609
OTHER FINANCING SOURCES (USES)				
Proceeds from capital assets	200	200	35,294	35,094
Transfers in	406,090	414,490	1,879,908	1,465,418
Transfers out	(2,120,400)	(5,054,654)	(4,753,561)	301,093
TOTAL OTHER FINANCING SOURCES (USES)	(1,714,110)	(4,639,964)	(2,838,359)	1,801,605
NET CHANGE IN FUND BALANCES	(1,475,543)	(5,269,548)	4,649,666	9,919,214
FUND BALANCES - BEGINNING OF YEAR	15,206,601	15,206,601	15,206,601	-
FUND BALANCES - END OF YEAR	$ 13,731,058	$ 9,937,053	$ 19,856,267	$ 9,919,214

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.

Hotel/Motel Tax Fund – This fund accounts for the collection of hotel/motel taxes within the City, which are restricted for the promotion of tourism and culture and recreation.

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.

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, 2021

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
ASSETS			
Cash	$ 462,112	$ 1,082,023	$ 1,544,135
Taxes receivable	16,911	-	16,911
Intergovernmental receivable	-	714,430	714,430
Due from other funds	-	4,238	4,238
TOTAL ASSETS	$ 479,023	$ 1,800,691	$ 2,279,714
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 17,265	$ 489,180	$ 506,445
Due to other funds	5,997	169,685	175,682
Unearned revenue	-	852,237	852,237
TOTAL LIABILITIES	23,262	1,511,102	1,534,364
FUND BALANCES (DEFICIT)			
Restricted:			
Capital construction	-	387,630	387,630
Law enforcement	110,793	-	110,793
Culture and recreation	299,663	-	299,663
Committed:			
Equipment purchases	45,305	-	45,305
Unassigned (deficit)	-	(98,041)	(98,041)
TOTAL FUND BALANCES	455,761	289,589	745,350
TOTAL LIABILITIES, AND FUND BALANCES	$ 479,023	$ 1,800,691	$ 2,279,714

City of Duluth, Georgia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2021

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES			
Taxes	$ 61,357	$ 988,868	$ 1,050,225
Intergovernmental	-	1,263,276	1,263,276
Fines and forfeitures	139,052	-	139,052
Miscellaneous	122,465	-	122,465
TOTAL REVENUES	322,874	2,252,144	2,575,018
EXPENDITURES			
Current:			
General government	-	784,022	784,022
Public safety	96,702	-	96,702
Public works	1,709	407,057	408,766
Culture and recreation	12,505	1,418,450	1,430,955
TOTAL EXPENDITURES	110,916	2,609,529	2,720,445
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	211,958	(357,385)	(145,427)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital assets	13,000	-	13,000
Transfers in	-	503,049	503,049
Transfers out	(154,050)	-	(154,050)
TOTAL OTHER FINANCING SOURCES (USES)	(141,050)	503,049	361,999
NET CHANGE IN FUND BALANCES	70,908	145,664	216,572
FUND BALANCES - BEGINNING OF YEAR	384,853	143,925	528,778
FUND BALANCES - END OF YEAR	$ 455,761	$ 289,589	$ 745,350

City of Duluth, Georgia
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2021

	Sidewalk Fund	Police Federal Drug Fund	Police State Drug & Escrow Fund	Operation Drive Smart Fund	Public Art Fund	Rental Motor Vehicle Tax Fund	Hotel/Motel Tax Fund	Police Technology Fund	Total Non-major Special Revenue Funds
ASSETS									
Cash	$ -	$ 18,816	$ 38,599	$ 63,262	$ 169,031	$ 121,147	$ 5,952	$ 45,305	$ 462,112
Taxes receivable	-	-	-	-	-	5,762	11,149	-	16,911
TOTAL ASSETS	$ -	$ 18,816	$ 38,599	$ 63,262	$ 169,031	$ 126,909	$ 17,101	$ 45,305	$ 479,023
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ -	$ -	$ -	$ 3,887	$ 455	$ 5,656	$ 7,267	$ -	$ 17,265
Due to other funds	-	-	5,997	-	-	-	-	-	5,997
TOTAL LIABILITIES	-	-	5,997	3,887	455	5,656	7,267	-	23,262
FUND BALANCES									
Restricted:									
Law enforcement	-	18,816	32,602	59,375	-	-	-	-	110,793
Culture & recreation	-	-	-	-	168,576	121,253	9,834	-	299,663
Committed:									
Equipment purchases	-	-	-	-	-	-	-	45,305	45,305
TOTAL FUND BALANCES	-	18,816	32,602	59,375	168,576	121,253	9,834	45,305	455,761
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 18,816	$ 38,599	$ 63,262	$ 169,031	$ 126,909	$ 17,101	$ 45,305	$ 479,023

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, 2021

	Sidewalk Fund	Police Federal Drug Fund	Police State Drug & Escrow Fund	Operation Drive Smart Fund	Public Art Fund	Rental Motor Vehicle Tax Fund	Hotel/Motel Tax Fund	Police Technology Fund	Total Non-major Special Revenue Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ -	$ -	$ 44,966	$ 16,391	$ -	$ 61,357
Fines and forfeitures	-	21,808	-	-	-	-	-	117,244	139,052
Other	-	-	3,913	5,354	113,198	-	-	-	122,465
TOTAL REVENUES	-	21,808	3,913	5,354	113,198	44,966	16,391	117,244	322,874
EXPENDITURES									
Current:									
Public safety	-	74,031	9,889	3,887	-	8,895	-	-	96,702
Public works	1,709	-	-	-	-	-	-	-	1,709
Culture and recreation	-	-	-	-	5,948	-	6,557	-	12,505
TOTAL EXPENDITURES	1,709	74,031	9,889	3,887	5,948	8,895	6,557	-	110,916
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,709)	(52,223)	(5,976)	1,467	107,250	36,071	9,834	117,244	211,958
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	-	-	13,000	-	-	-	-	-	13,000
Transfers out	-	-	(4,050)	-	-	(50,000)	-	(100,000)	(154,050)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,950	-	-	(50,000)	-	(100,000)	(141,050)
NET CHANGE IN FUND BALANCES	(1,709)	(52,223)	2,974	1,467	107,250	(13,929)	9,834	17,244	70,908
FUND BALANCES - BEGINNING OF YEAR	1,709	71,039	29,628	57,908	61,326	135,182	-	28,061	384,853
FUND BALANCES - END OF YEAR	$ -	$ 18,816	$ 32,602	$ 59,375	$ 168,576	$ 121,253	$ 9,834	$ 45,305	$ 455,761

City of Duluth, Georgia
Combining Balance Sheet
Non-major Capital Projects Funds
June 30, 2021

	TAD	The Block	Hospital Connector	Rodgers Bridge Dog Park	Total Non-major Capital Projects Funds
ASSETS					
Cash	$ 517,498	$ 40,238	$ -	$ 524,287	$ 1,082,023
Intergovernmental receivable	-	-	-	714,430	714,430
Due from other funds	-	-	4,238	-	4,238
TOTAL ASSETS	$ 517,498	$ 40,238	$ 4,238	$ 1,238,717	$ 1,800,691
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 421	$ -	$ 37,938	$ 450,821	$ 489,180
Due to other funds	169,685	-	-	-	169,685
Unearned revenue	-	-	-	852,237	852,237
TOTAL LIABILITIES	170,106	-	37,938	1,303,058	1,511,102
FUND BALANCES (DEFICIT)					
Restricted:					
Capital construction	347,392	40,238	-	-	387,630
Unassigned (deficit)	-	-	(33,700)	(64,341)	(98,041)
TOTAL FUND BALANCES (DEFICIT)	347,392	40,238	(33,700)	(64,341)	289,589
TOTAL LIABILITIES, AND FUND BALANCES	$ 517,498	$ 40,238	$ 4,238	$ 1,238,717	$ 1,800,691

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, 2021

	TAD	The Block	Hospital Connector	Rodgers Bridge Dog Park	Total Non-major Capital Projects Funds
REVENUES					
Intergovernmental	$ -	$ -	$ -	$ 1,263,276	$ 1,263,276
Property taxes	988,868	-	-	-	988,868
TOTAL REVENUES	988,868	-	-	1,263,276	2,252,144
EXPENDITURES					
Capital outlay:					
General government	784,022	-	-	-	784,022
Public works	-	-	407,057	-	407,057
Culture and recreation	-	-	-	1,418,450	1,418,450
TOTAL EXPENDITURES	784,022	-	407,057	1,418,450	2,609,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	204,846	-	(407,057)	(155,174)	(357,385)
OTHER FINANCING SOURCES					
Transfers in	-	-	381,480	121,569	503,049
TOTAL OTHER FINANCING SOURCES	-	-	381,480	121,569	503,049
NET CHANGE IN FUND BALANCES	204,846	-	(25,577)	(33,605)	145,664
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	142,546	40,238	(8,123)	(30,736)	143,925
FUND BALANCES (DEFICIT) - END OF YEAR	$ 347,392	$ 40,238	$ (33,700)	$ (64,341)	$ 289,589

City of Duluth, Georgia

Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash	$ -	$ 1,017,740	$ 125,903	$ 1,143,643
Due from other funds	-	613	5,000	5,613
Total Current Assets	-	1,018,353	130,903	1,149,256
Noncurrent Assets:				
Capital assets:				
Nondepreciable capital assets	1,654,854	-	-	1,654,854
Depreciable capital assets, net	535,016	-	-	535,016
Total Noncurrent Assets	2,189,870	-	-	2,189,870
TOTAL ASSETS	2,189,870	1,018,353	130,903	3,339,126
LIABILITIES				
Current Liabilities:				
Claims payable	-	31,969	-	31,969
Total Current Liabilities	-	31,969	-	31,969
TOTAL LIABILITIES	-	31,969	-	31,969
NET POSITION				
Investment in capital assets	2,189,870	-	-	2,189,870
Unrestricted	-	986,384	130,903	1,117,287
TOTAL NET POSITION	$ 2,189,870	$ 986,384	$ 130,903	$ 3,307,157

City of Duluth, Georgia

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 5,405	$ 5,000	$ 10,405
TOTAL OPERATING REVENUES	-	5,405	5,000	10,405
OPERATING EXPENSES				
Claims	$ -	$ -	$ 5,452	$ 5,452
Depreciation	48,625	-	-	48,625
TOTAL OPERATING EXPENSES	48,625	-	5,452	54,077
OPERATING INCOME (LOSS)	(48,625)	5,405	(452)	(43,672)
NON-OPERATING INCOME				
Interest income	-	2,377	-	2,377
TOTAL NON-OPERATING INCOME	-	2,377	-	2,377
INCOME (LOSS) BEFORE TRANSFERS	(48,625)	7,782	(452)	(41,295)
Transfers in	-	200,000	-	200,000
CHANGE IN NET POSITION	(48,625)	207,782	(452)	158,705
NET POSITION:				
BEGINNING OF YEAR	2,238,495	778,602	131,355	3,148,452
END OF YEAR	$ 2,189,870	$ 986,384	$ 130,903	$ 3,307,157

City of Duluth, Georgia

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges	$ -	$ 5,405	$ 5,000	$ 10,405
Cash payments for claims	-	(72,885)	(7,780)	(80,665)
NET CASH USED IN OPERATING ACTIVITIES	-	(67,480)	(2,780)	(70,260)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	200,000	-	200,000
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	-	200,000	-	200,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	2,377	-	2,377
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	2,377	-	2,377
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	134,897	(2,780)	132,117
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	882,843	128,683	1,011,526
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 1,017,740	$ 125,903	$ 1,143,643
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES				
Operating income (loss)	$ (48,625)	$ 5,405	$ (452)	$ (43,672)
Adjustments:				
Depreciation	48,625	-	-	48,625
Change in assets and liabilities:				
Increase in due from other funds	-	(613)	(2,328)	(2,941)
Decrease in accounts and claims payable	-	(72,272)	-	(72,272)
NET CASH USED IN OPERATING ACTIVITIES	$ -	$ (67,480)	$ (2,780)	$ (70,260)

SCHEDULES

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2009 Issue
For the Year Ended June 30, 2021

Project Description	Original Estimated Cost	Revised Estimated Cost*	Expenditures		
			Prior Years	Current Year	Total
Library	$ 1,340,000	$ 1,195,363	$ 1,173,285	$ 19,999	$ 1,193,284
Public Safety Building	1,240,000	1,117,547	1,117,547	-	1,117,547
Recreational Facilities	7,800,000	7,055,000	6,635,787	67,631	6,703,418
Transportation	8,200,000	7,404,453	7,404,453	-	7,404,453
Sewer	1,340,000	1,004,734	618,741	14,054	632,795
	$ 19,920,000	$ 17,777,097	$ 16,949,813	$ 101,684 (1)	$ 17,051,497

(1) Reported 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
2014 Issue
For the Year Ended June 30, 2021

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 3,048,184	$ 2,805,616	$ 2,487,562	$ 318,054	$ 2,805,616
Public Safety Facilities & Equipment	725,757	651,368	651,368	-	651,368
Recreational Facilities & Equipment	725,757	641,768	318,810	65,783	384,593
Transportation	9,870,305	8,750,217	7,596,798	97,352	7,694,150
Administrative Facilities & Equipment	145,152	128,354	46,820	-	46,820
	$ 14,515,155	$ 12,977,323	$ 11,101,358	$ 481,189 (1)	$ 11,582,547

(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, 2021

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 4,397,227	$ 4,987,551	$ 206	$ 4,987,345	$ 4,987,551
Public Safety Facilities & Equipment	5,042,154	5,042,154	2,271,017	1,114,060	3,385,077
Recreational Facilities & Equipment	1,172,594	1,172,594	433,396	24,375	457,771
Transportation	16,132,218	16,132,218	3,213,893	1,241,703	4,455,596
Administrative Facilities & Equipment	-	-	-	-	-
	$ 26,744,193	$ 27,334,517	$ 5,918,512	7,367,483 (1)	$ 13,285,995
			Expenditures funded with local sources	822	
				$ 7,368,305	

(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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 21, 2022.

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 21, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Duluth, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 21, 2022

City of Duluth, Georgia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed through Gwinnett County, Georgia			
COVID-19 - Coronavirus Relief Fund	21.019	G-0389-000001-0006	$ 2,853,348
Total U.S. Department of the Treasury			2,853,348
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Atlanta Regional Commission			
Highway Planning and Construction	20.205	0014160-1	947,123
Total U.S. Department of Transportation			947,123
U.S. DEPARTMENT OF JUSTICE			
Bullet Proof Vest Partnership Program	16.607	20023154	4,050
Equitable Sharing Agreement Sheriff's Office Forfeited Federal Account	16.922	GA0670600	72,808
Total U.S. Department of Justice			76,858
Total Expenditures of Federal Awards			$ 3,877,329

See notes to schedule of expenditures of federal awards.

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

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

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

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

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

Indirect Cost Rate

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

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

Section I – Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? _____ yes __X__ no

Significant deficiencies identified? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal Control over major federal programs:

Material weaknesses identified? _____ yes __X__ no

Significant deficiencies identified? _____ yes __X__ none reported

Type of auditor's report issued on compliance for Major federal programs: Unmodified

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
21.019	COVID-19 – Coronavirus Relief Fund
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee? _____ yes __X__ no

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

Section II – Financial Statement Findings

None.

Section III – Federal Awards Findings and Questioned Costs

None.

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

None noted in the prior year audit.