CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

June 30, 2022

CITY OF DULUTH, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds (as required by the Official Code of Georgia §48-8-121), and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the 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 June 6, 2023 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
June 6, 2023

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, 2022. 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, 2022 by $102,773,003 (net position), of this amount, $30,679,613,681 (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 $7,266,125 during the fiscal year ended June 30, 2022, with an increase in governmental activities of $6,594,338 and an increase of $671,787 in business-type activities.
- As of June 30, 2022, the City's governmental funds reported combined ending fund balances of $34,458,600 an increase of $3,898,632 in comparison with the prior year. The two funds with a positive change in fund balance were the General Fund $2,391,102 and the SPLOST 2017 Fund $2,907,055. The General Fund increase is due to increases in taxes, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue. The SPLOST 2017 Fund increase was a result of the fund collecting sales taxes in excess of the transfer to reimburse other funds for past allowable SPLOST project expenditures.
- The unassigned fund balance for the General Fund at June 30, 2022 was $17,983,488 which was 80% of total General Fund expenditures and transfers-out for the year.
- General Fund taxes, which includes property taxes, motor vehicle title ad valorem tax (TAVT), franchise, occupational, insurance premium and alcohol excise taxes, increased by $902,536 or 5% from the prior year. Taxes are the largest General Fund revenue source accounting for 78% of the total revenue.

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 15 and 16 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 17-20 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 Agency ("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 21-23 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 24-51 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 52-57 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 58-69 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 $102,773,003 and $95,506,878 at June 30, 2022 and 2021, 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	$ 46,845,974	$35,423,912	$27,465,450	$30,170,496	$ 74,311,424	$65,594,408
Capital assets	64,832,752	62,147,986	12,869,451	10,088,371	77,702,203	72,236,357
Total assets	111,678,726	97,571,898	40,334,901	40,258,867	152,013,627	137,830,765
Deferred Outflows	1,338,655	1,226,234	38,971	48,177	1,377,626	1,274,411
Liabilities:						
Long-term liabilities outstanding	-	332,581	35,482,528	37,304,913	35,482,528	37,637,494
Other liabilities	10,023,261	3,666,626	3,271,639	2,084,590	13,294,900	5,751,216
Total liabilities	10,023,261	3,999,207	38,754,167	39,389,503	48,777,428	43,388,710
Deferred Inflows	1,806,542	205,685	34,280	3,903	1,840,822	209,588
Net Position (deficit):						
Net Investment in capital assets	63,224,397	62,052,839	(4,182,496)	(3,463,772)	59,041,901	58,589,067
Restricted	13,051,489	10,798,068	-	-	13,051,489	10,798,068
Unrestricted	24,911,692	21,742,333	5,767,921	4,377,410	30,679,613	26,119,743
Total net position (deficit)	$101,187,578	$94,593,240	$ 1,585,425	$ 913,638	$102,773,003	$95,506,878

The largest portion of the City's net position (57%) 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 $59,041,901. The City has a remaining net position of $43,731,102. Of which $12,604,951 is restricted for capital construction and $88,809 and $357,729 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 $30,679,613 may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental activities increased the City's net position by $6,594,338 and business-type activities increased the City's net position by $671,787. The increase in governmental activities was primarily due to increases in capital grants and contributions for housing and development, other taxes and a reduction in transfers to Business-Type Activities. The increase in Business-Type Activities was primarily due to a contribution from the General Fund

related to a land purchase and sale, excess fund received related to a payment in lieu of taxes agreement and interest earned on unspent bond proceeds.

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, 2022, and 2021.

City of Duluth – Changes in Net Position

	Governmental Activities		Business-Type		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	$ 4,886,272	$ 4,430,033	$ 1,528,089	$ 1,414,715	$ 6,414,361	$ 5,844,748
Operating grants and contributions	321,472	3,723,641	-	-	321,472	3,723,641
Capital grants and contributions	10,635,752	7,359,998	100,000	294,098	10,735,752	7,654,096
General revenues:						
Property taxes	11,825,523	11,088,687	-	-	11,825,523	11,088,687
Insurance premium tax	2,212,202	2,141,345	-	-	2,212,202	2,141,345
Other taxes	6,612,705	5,808,924	-	-	6,612,705	5,808,924
Other	660,281	365,337	282,359	137,133	942,640	502,470
Total revenues	37,154,207	34,917,965	1,910,448	1,845,946	39,064,655	36,763,911
Expenses						
General government	5,567,340	6,188,883	-	-	5,567,340	6,188,883
Public safety	10,049,423	9,482,647	-	-	10,049,423	9,482,647
Public works	4,611,166	4,595,990	-	-	4,611,166	4,595,990
Culture & recreation	6,991,918	3,595,462	-	-	6,991,918	3,595,462
Housing & development	599,446	596,223	-	-	599,446	596,223
Interest on long term debt	-	1,306	-	-	-	1,306
Stormwater	-	-	1,382,381	1,439,747	1,382,381	1,439,747
Development financing	-	-	2,596,856	1,309,290	2,596,856	1,309,290
Total expenses	27,819,293	24,460,511	3,979,237	2,749,037	31,798,530	27,209,548
Transfers	(2,740,576)	(6,919,735)	2,740,576	6,919,735	-	-
Change in net position	6,594,338	3,537,719	671,787	6,016,644	7,266,125	9,554,363
Net position-July 1	94,593,240	91,055,521	913,638	(5,103,006)	95,506,878	85,952,515
Net position-June 30	$ 101,187,578	$ 94,593,240	$ 1,585,425	$ 913,638	$ 102,773,003	$ 95,506,878

Governmental activities: Governmental activities revenues totaled $37,154,207 for the fiscal year 2022. 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 29%, 18%, and 14%, respectively, of governmental revenues for the year.

Governmental activities expenses totaled $27,819,293 for the fiscal year 2022. Of the expenses, 37% are related to public safety. In addition, cultural and recreation and general government accounted for 26% and 20% of total governmental expenses for the year, respectively. Overall, expenses increased 14% when compared to the prior year. Most notable was the increase in cultural and recreation expenditures of $3,396,456, which was largely due to one-time expenditures at Rodgers Bridge Park.

Business-type activities: Business-type activities increased the City's net position by $671,787 primarily due to a contribution from the General Fund related to a land purchase and sale, excess fund received related to a payment in lieu of taxes agreement and interest earned on unspent bond proceeds.

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 $34,458,600 an increase of $3,898,632 or 13% in comparison with the prior year. Approximately 50% of the fund balance or $17,126,190 is classified as unassigned. This unassigned fund balance is net of $857,298 in fund balance deficits to be funded by future revenues or transfers. The remaining fund balance is classified as follows: non-spendable form ($346,186), restricted ($12,917,452), committed ($2,763,495) and assigned ($1,305,277).

The General Fund is the chief operating fund of the City, at the end of the current fiscal year, the unassigned fund balance of the General Fund was $17,983,488. 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 80% of total General Fund expenditures plus transfers-out.

The fund balance of the City's General Fund increased by $2,391,102 during the current fiscal year. Key factors in this activity are as follows:

- Overall General Fund revenue before transfer and proceeds from the sale of capital assets, exceed expenditures by $3,594,891 or 117%.
- Revenues from taxes, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue increased from the prior year. Intergovernmental Revenue, meaning revenue received from other governments, saw the largest decrease of $3,413,927 over the prior year. This was due to the City receiving a one-time payment from the federal government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the prior year.
- Transfer Out, which is transfer to another fund within the government, decreased by $3,371,413. The decrease was the result of a one-time transfer to the Downtown Development Authority for the early retirement of its Series 2015 Revenue Bond.

The American Rescue Plan Fund is the result of funding received from the federal government as part of the American Rescue Plan Act of 2021. The fund is holding cash until allowable expenditures are identified and charged to the program.

The Rogers Bridge Dog Park Fund is a capital project fund which accounts for capital construction related to the replacement of a pedestrian bridge spanning the Chattahoochee River. The project is funded with federal and state grant funds, along with matching funds from the City of Johns Creek, City of Duluth, Gwinnett County and Fulton County. The fund also accounts for the construction of a trailhead public restroom which is 100% funded by the City of Duluth.

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, 2022, as transfers to reimburse other funds for past allowable SPLOST projects for transportation, parking, public safety, and recreation projects. Collections totaled $6,332,237 and remaining fund balance of $10,525,431 is available for spending on eligible projects.

The Other Capital Project Fund was a consolidation of several smaller capital project funds for reporting purposes in the fiscal year 2022. 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 2022, the majority of the debt service of these funds was funded by transfers in from other funds primarily the General Fund and Tax Allocation District.

The Stormwater Fund activity resulted in revenues exceeding expenditures by $35,846 for the year ended June 30, 2022.

At the fiscal year end, the Workers' Compensation Fund has an unrestricted net position of $280,605. 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 $2,141,245. The Health Reimbursement Fund has an unrestricted net position of $130,572.

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 $619,459 or 2.8%, increased net transfers in by $114,773 or 72.4% and increased net transfers out by $1,429,037 or 106.9%.

During the year, General Fund revenues were more than budgetary projections and expenditures were less than budgetary estimates. Actual revenues were $1,906,502 more than estimates mainly due to higher than anticipated property taxes, residential and commercial permit fees, recreational program fees and rental, criminal background checks, fines and forfeitures due to increased traffic patrols. Expenditures were $1,944,526 less than budgetary appropriations due to supply chain issues causing long lead times for certain items, staff vacancies in various departments, mainly the Police Uniform Division, and Public Works.

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets for its governmental activities as of June 30, 2022, amounted to $64,832,752, 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, 2021, due to additions exceeding depreciation. The additions to governmental capital assets are attributable to vehicle and land purchases, and ongoing construction projects: Davenport Road realignment, Rogers Bridge Park pedestrian bridge and restroom facilities, Main Street enhanced sidewalk and Pine Needle Drive improvements.

City of Duluth – Capital Assets
Governmental Activities

	2022	2021
Land and improvements	$16,281,772	$11,726,265
Buildings	42,774,872	35,778,740
Improvement other than buildings	61,950,987	59,593,354
Land Improvements	13,027,978	8,387,015
Furniture, machinery, and equipment	9,928,993	9,348,550
Construction in progress	10,311,867	4,677,567
Less accumulated depreciation	(76,574,266)	(67,363,505)
Total	$77,702,203	$62,147,986

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

Long-term debt: On June 30, 2022, 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 $8,624,752 and $28,679,000, respectively. This represents a decrease of $1,517,255 during the fiscal year 2022 due to the repayment of bonds at scheduled maturity during the year.

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

Economic Factors and Next Year's Budget and Rates

The City of Duluth continues to make plans for a post COVID environment with the current easing of restrictions on both the citizens and how they live their daily lives and the expanding of operations of our current business based on the new environment. The City has also seen an increase in economic activity in terms of personal spending locally and increase construction activity in private sector projects which were either shuttered or slowed down significantly. The City of Duluth is continuing to move ahead with its ongoing construction projects, including the pedestrian bridge across the Chattahoochee River in Rogers Bridge Park, street resurfacing throughout the city and the Main Street Enhanced Sidewalk, which will provide greater pedestrian access to downtown. This activity has not only had the effect of creating a sense of normalcy in the minds of the citizens for our city, but it has also resulted in increase in the traditional revenue sources the city relies on to provide the quality of services expected by our citizens and business. Another aspect of the plan for a post COVID environment is the restoration and expansion of city services. Hiring of additional personnel in Public Works, Parks and Recreation and the Police Department. The expansion of the community events calendar and the replacement of the current pay-as-you-use trash bag program with a curb-side cart collection system.

When comparing the City's traditional revenue sources to the prior year, the City has seen a 5% increase in General Property Taxes, the City's largest revenue source. A 50% increase in Regulatory Fees (permit fees), a 8% increase in Business/Occupational Taxes and a 60% increase in Cultural & Recreation Fees. The increase in these and other revenue sources points to the fact that the City's core revenue sources are returning to pre-COVID levels, and some are even growing beyond that level. Along with the increase in revenue, has come the need for additional services. These additional services have resulted in additional operating costs in the City's General Fund in terms of personnel staffing, supplies and equipment and contract services. Excluding the one-time expenditure of $2,364,747 in the prior year for the early extinguishment of the DDA Series 2015 Revenue Bond, General Fund expenditure increased by 5.5% over the prior year. One of the City's main challenges which directly impacts our current financials and more so future budgets is staffing. Like most private employers and

governments, the City has experienced challenges in recruiting new staff members and retaining current staff. Another significant challenge the City faces is the change in residential garbage collections. Under the current system, the cost of residential garbage collection is supported by residents purchasing specially colored garbage bags at local retailers, and the proceeds going to the hauler. Under the new programs, residents will receive 2 carts, one for garbage and one for recycling and the service will be paid 100% by the City. Though not quite as significant, the City also faces challenges with property maintenance both public and private, rising cost of utilities on an ongoing basis, plus the additional cost of adding new irrigation and streetlights, and contracted services for property maintenance of city facilities. It is the city staff's intention to try to address these issues in the upcoming budget based on overall fiscal restraints.

Budget revenue for the fiscal year 2023 General Fund budget are forecasted to increase in several areas due to multiple factors, such as the reassessment of existing properties, added value of new properties, updated distribution formulas based on the 2020 census number, and increased business activity. Excluding transfer to other funds, overall revenues are budgeted to increase by 14.6% compared to the fiscal year 2022 Amended Budget. The largest increase was in the category General Property Taxes, which increased by 18% over the prior year's amount. This category includes property taxes, the City's largest revenue source, Motor Vehicle Title Ad-Valorem Tax, Transfer Tax, Intangible Tax and Franchise. The biggest increase was in property taxes, which increased 22% or $2,270,000. This increase can be attributed to an increase in home values, which is the basis for the tax and new residential and commercial development. The category Business taxes also showed a significant increase of $431,000 or 14%. The taxes in this category include Occupational Tax (Business License), Insurance Premium Tax and Institutional Tax. Occupational Tax increased by 41% or $340,000 and Insurance Premium Tax increased by $80,000 or 4%. These forecast increases are based on new business and increased business activity. These forecasted increases have allowed the City to address some of the budget issues mentioned above.

One of the main issues the City is addressing in the fiscal year 2023 General Fund budget is employee compensation, recruitment, and retention. Due to the expected detailed analysis necessary and cost involved, staff expects this issue to be addressed over the next few budget years. To address this issue in the current year, all sworn police officers and dispatchers will receive a 10% pay increase and all other staff members will receive a 5% pay increase. Staff is also contracting with an outside consultant to complete a comprehensive pay study. The main points of the study will be to address job title classification, pay compression, and pay and compensation based on overall longevity with the City and the length of time in your current position. Due to the comprehensive nature of the study, it is expected to take 6 to 9 months to complete and therefore be considered for implementation in a future budget year. In addition, the City is implementing the policy that all permanent part-time employees will earn no less than $15.00 an hour and all full-time employees will earn no less than $20.00. This should be fully implemented by the beginning of the fiscal year 2024 budget. Regarding residential garbage collections, the City has agreed to a two-year short-term contract with the garbage hauler which calls for the City to pay a $1,500,000 annual payment divided into 12 monthly installments of $125,000 in addition to the current fees they receive for the sale of trash bags. At the end of the two years, each resident will receive two carts, one for garbage and one for recycling. They will no longer be required to purchase colored garbage bags and the City will be billed monthly by the garbage hauler for the cost of curbside pickup service. The two-year contract started in May 2022 and the full annual cost of $1,500,000 is included in the fiscal year 2023 budget. Staff expects the annual cost to rise to $2,250,000 once the residential cart pickup starts in May 2024. It is also worth noting, one of the largest utility bills for the City is electric. The City largest electric provider was granted a 2.8% rate increase in 2023 and a 4.5% rate increase in 2024 and 2025. This increase has been built into the upcoming budget but will also affect future budgets. Regarding public and private project maintenance, the City continues to expand the amount of public right way it maintains. In order to accomplish this, additional duties have been given to the City's Public Works Department and where necessary, the City has contracted with a local landscaper to assist the Public Works Department. For this reason, the City's landscaping budget for contract services has increased $92,168.

The Mayor and Council along with City staff are focused on making Duluth a city that is safe, inviting, and welcoming to all visitors. We continue to expand our events to create not only a place where people can gather to have a good time, but also to create a sense of community in the city and create an inviting place where visitors come to have a good time. I believe these efforts are making Duluth a place where people want to live, work, and above all play.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	$ 40,103,619	$ 23,653,293	$ 63,756,912
Accounts receivable	1,288,914	19,492	1,308,406
Taxes receivable	184,156	-	184,156
Intergovernmental	3,110,780	-	3,110,780
Internal balances	7,060	(7,060)	-
Prepaid items	346,186	-	346,186
Notes receivable, current	-	126,877	126,877
Notes receivable, long term	-	3,631,295	3,631,295
Nondepreciable capital assets	21,655,606	4,938,033	26,593,639
Depreciable capital assets, net	43,177,146	7,931,418	51,108,564
Net pension asset	1,805,259	41,553	1,846,812
TOTAL ASSETS	111,678,726	40,334,901	152,013,627
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	11,615	11,615
Pension related items	1,338,655	27,356	1,366,011
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,338,655	38,971	1,377,626
LIABILITIES			
Accounts payable	2,179,087	1,166,634	3,345,721
Retainage payable	129,799	93,066	222,865
Accrued expenses	990,955	-	990,955
Accrued interest payable	-	190,684	190,684
Unearned revenue	6,079,727	-	6,079,727
Noncurrent liabilities:			
Bonds payable due within one year	-	1,821,255	1,821,255
Bonds payable due in more than one year	-	35,482,528	35,482,528
Compensated absences payable due within one year	643,693	-	643,693
TOTAL LIABILITIES	10,023,261	38,754,167	48,777,428
DEFERRED INFLOWS OF RESOURCES			
Pension related items	1,806,542	34,280	1,840,822
TOTAL DEFERRED INFLOWS OF RESOURCES	1,806,542	34,280	1,840,822
NET POSITION			
Net investment in capital assets	63,224,397	(4,182,496)	59,041,901
Restricted for capital construction	12,604,951	-	12,604,951
Restricted for law enforcement	88,809	-	88,809
Restricted for recreation	357,729	-	357,729
Unrestricted	24,911,692	5,767,921	30,679,613
TOTAL NET POSITION	$ 101,187,578	$ 1,585,425	$ 102,773,003

See accompanying notes to the basic financial statements.

City of Duluth, Georgia

Statement of Activities
For the Year Ended June 30, 2022

		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	$ 5,567,340	$ 1,299,635	$ 11,758	$ 20	$ (4,255,927)	$ -	$ (4,255,927)
Public safety	10,049,423	3,294,555	309,714	1,193,537	(5,251,617)	-	(5,251,617)
Public works	4,611,166	5,625	-	5,403,614	798,073	-	798,073
Culture and recreation	6,991,918	286,457	-	277,664	(6,427,797)	-	(6,427,797)
Housing and development	599,446	-	-	3,760,917	3,161,471	-	3,161,471
Total Governmental Activities	27,819,293	4,886,272	321,472	10,635,752	(11,975,797)	-	(11,975,797)
Business-Type Activities:							
Downtown Development Authority	921,020	115,175	-	-	-	(805,845)	(805,845)
Urban Redevelopment Authority	1,675,836	-	-	100,000	-	(1,575,836)	(1,575,836)
Stormwater	1,382,381	1,412,914	-	-	-	30,533	30,533
Total Business-Type Activities	3,979,237	1,528,089	-	100,000	-	(2,351,148)	(2,351,148)
Total - Primary Government	$ 31,798,530	$ 6,414,361	$ 321,472	$ 10,735,752	(11,975,797)	(2,351,148)	(14,326,945)
GENERAL REVENUES:							
Taxes:							
Property					11,825,523	-	11,825,523
Insurance premium					2,212,202	-	2,212,202
Other					6,612,705	-	6,612,705
Interest earned					32,452	192,593	225,045
Miscellaneous					545,585	17,596	563,181
Gain on sale of capital assets					82,244	72,170	154,414
Total General Revenues					21,310,711	282,359	21,593,070
Transfers					(2,740,576)	2,740,576	-
Total General Revenues and Transfers					18,570,135	3,022,935	21,593,070
Change in Net Position					6,594,338	671,787	7,266,125
NET POSITION BEGINNING OF YEAR					94,593,240	913,638	95,506,878
NET POSITION END OF YEAR					$ 101,187,578	$ 1,585,425	$ 102,773,003

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	American Rescue Plan Fund	Rodgers Bridge Dog Park Fund	SPLOST 2017 Fund	Other Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash	$ 22,190,107	$ 5,523,811	$ -	$ 9,406,304	$ 124,973	$ 2,524,578	$ 39,769,773
Receivables:							
Taxes	154,303	-	-	-	-	29,853	184,156
Accounts	1,181,891	-	-	-	-	-	1,181,891
Intergovernmental	7,259	-	1,683,361	1,119,127	301,033	-	3,110,780
Due from other funds	754,715	-	-	-	2,220	19,104	776,039
Prepaid items	346,186	-	-	-	-	-	346,186
TOTAL ASSETS	$ 24,634,461	$ 5,523,811	$ 1,683,361	$ 10,525,431	$ 428,226	$ 2,573,535	$ 45,368,825
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 622,415	$ 7,030	$ 556,812	$ -	$ 908,162	$ 84,668	$ 2,179,087
Retainage payable	-	-	-	-	129,799	-	129,799
Accrued salaries payable	624,653	-	-	-	-	-	624,653
Accrued expenditures	334,240	-	-	-	-	-	334,240
Due to other funds	14,414	-	744,068	-	-	12,867	771,349
Unearned revenue	-	5,516,781	562,946	-	-	-	6,079,727
TOTAL LIABILITIES	1,595,722	5,523,811	1,863,826	-	1,037,961	97,535	10,118,855
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	791,370	-	-	-	-	-	791,370
TOTAL DEFERRED INFLOWS OF RESOURCES	791,370	-	-	-	-	-	791,370
FUND BALANCES							
Nonspendable:							
Prepaid items	346,186	-	-	-	-	-	346,186
Restricted:							
Capital construction	-	-	-	10,525,431	-	1,945,483	12,470,914
Law enforcement	-	-	-	-	-	88,809	88,809
Culture and recreation	-	-	-	-	-	357,729	357,729
Committed:							
Capital construction	2,625,766	-	-	-	-	-	2,625,766
Employee flexible spending	40,168	-	-	-	-	-	40,168
Equipment purchases	-	-	-	-	-	97,561	97,561
Assigned:							
SDS Settlement	1,251,761	-	-	-	-	-	1,251,761
Gateway construction	-	-	-	-	5,500	-	5,500
Train viewing platform	-	-	-	-	48,016	-	48,016
Unassigned (deficit)	17,983,488	-	(180,465)	-	(663,251)	(13,582)	17,126,190
TOTAL FUND BALANCES (DEFICIT)	22,247,369	-	(180,465)	10,525,431	(609,735)	2,476,000	34,458,600
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 24,634,461	$ 5,523,811	$ 1,683,361	$ 10,525,431	$ 428,226	$ 2,573,535	$ 45,368,825

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, 2022

TOTAL GOVERNMENTAL FUND BALANCES		$ 34,458,600
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	$ 132,287,415	
Less accumulated depreciation	(69,595,908)	62,691,507
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes and franchise taxes		791,370
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.		2,552,422
The deferred outflows of resources, deferred inflows of resources, and the net pension asset 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	$ 1,338,655	
Net pension asset	1,805,259	
Deferred inflows of resources-pension items	(1,806,542)	1,337,372
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(643,693)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 101,187,578

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, 2022

	General Fund	American Rescue Plan Fund	Rodgers Bridge Dog Park Fund	SPLOST 2017 Fund	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	$ 19,107,183	$ -	$ -	$ -	$ -	$ 1,505,290	$ 20,612,473
Licenses and permits	1,278,321	-	-	-	-	-	1,278,321
Intergovernmental	309,714	11,758	3,760,917	6,322,237	543,322	-	10,947,948
Charges for services	391,506	-	-	-	-	-	391,506
Interest income	32,261	-	-	8,107	-	1,168	41,536
Fines and forfeitures	3,093,517	-	-	-	-	102,256	3,195,773
Miscellaneous	440,546	-	-	-	-	16,402	456,948
TOTAL REVENUES	24,653,048	11,758	3,760,917	6,330,344	543,322	1,625,116	36,924,505
EXPENDITURES							
Current:							
General government	5,502,201	-	-	-	-	77,090	5,579,291
Public safety	9,811,070	-	-	-	437,111	78,777	10,326,958
Public works	3,875,690	11,758	-	-	3,142,160	1,199,394	8,229,002
Culture and recreation	1,869,196	-	4,392,550	-	201,162	115,140	6,578,048
TOTAL EXPENDITURES	21,058,157	11,758	4,392,550	-	3,780,433	1,470,401	30,713,299
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,594,891	-	(631,633)	6,330,344	(3,237,111)	154,715	6,211,206
OTHER FINANCING SOURCES (USES)							
Proceeds from capital assets	82,244	-	-	-	-	-	82,244
Transfers in	96,115	-	515,509	-	2,408,753	1,219,512	4,239,889
Transfers out	(1,382,148)	-	-	(3,423,289)	-	(1,829,270)	(6,634,707)
TOTAL OTHER FINANCING SOURCES (USES)	(1,203,789)	-	515,509	(3,423,289)	2,408,753	(609,758)	(2,312,574)
NET CHANGE IN FUND BALANCES	2,391,102	-	(116,124)	2,907,055	(828,358)	(455,043)	3,898,632
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	19,856,267	-	(64,341)	7,618,376	218,623	2,931,043	30,559,968
FUND BALANCES (DEFICIT) - END OF YEAR	$ 22,247,369	$ -	$ (180,465)	$ 10,525,431	$ (609,735)	$ 2,476,000	$ 34,458,600

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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 3,898,632
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	$ (4,144,251)	
Capital outlay	7,223,400	3,079,149
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.		37,957
The net effect of contribution of capital assets to the business-type activities is to decrease net position.		(345,758)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		29,689
Some expenses reported in the Statement of Activities, related to the change in the net pension asset 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 asset and related deferred inflows and deferred outflows		649,404
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.		(754,735)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 6,594,338

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2022

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash	$ 2,246,753	$ 20,196,109	$ 1,210,431	$ 23,653,293	$ 333,846
Accounts receivable	-	-	19,492	19,492	107,023
Notes receivable, current portion	126,877	-	-	126,877	-
Due from other funds	440	-	-	440	2,370
Total Current Assets	2,374,070	20,196,109	1,229,923	23,800,102	443,239
Noncurrent Assets:					
Notes receivable	3,631,295	-	-	3,631,295	-
Net pension asset	-	-	41,553	41,553	-
Capital assets:					
Nondepreciable capital assets	128,795	4,809,238	-	4,938,033	1,654,854
Depreciable capital assets, net	6,928,573	194,911	807,934	7,931,418	486,391
Total Noncurrent Assets	10,688,663	5,004,149	849,487	16,542,299	2,141,245
TOTAL ASSETS	13,062,733	25,200,258	2,079,410	40,342,401	2,584,484
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	-	11,615	-	11,615	-
Pension related items	-	-	27,356	27,356	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	11,615	27,356	38,971	-
LIABILITIES					
Current Liabilities:					
Accounts payable	17,469	688,252	460,913	1,166,634	-
Retainage payable	-	93,066	-	93,066	-
Due to other funds	-	7,500	-	7,500	-
Unearned revenue	-	-	-	-	-
Claims payable	-	-	-	-	32,062
Accrued interest payable	-	190,684	-	190,684	-
Revenue bonds payable, current portion	11,255	1,810,000	-	1,821,255	-
Total Current Liabilities	28,724	2,789,502	460,913	3,279,139	32,062
Noncurrent Liabilities:					
Revenue bonds payable	8,613,498	26,869,030	-	35,482,528	-
Total Noncurrent Liabilities	8,613,498	26,869,030	-	35,482,528	-
TOTAL LIABILITIES	8,642,222	29,658,532	460,913	38,761,667	32,062
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	-	34,280	34,280	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	34,280	34,280	-
NET POSITION					
Net investment in capital assets	(1,567,385)	(3,423,045)	807,934	(4,182,496)	2,141,245
Unrestricted	5,987,896	(1,023,614)	803,639	5,767,921	411,177
TOTAL NET POSITION	$ 4,420,511	$ (4,446,659)	$ 1,611,573	$ 1,585,425	$ 2,552,422

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, 2022

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
OPERATING REVENUES					
Stormwater fees	$ -	$ -	$ 1,412,914	$ 1,412,914	$ -
Charges for services	-	-	-	-	4,270
Taxes	115,175	-	-	115,175	-
Other	-	-	-	-	105,039
TOTAL OPERATING REVENUES	115,175	-	1,412,914	1,528,089	109,309
OPERATING EXPENSES					
Administration	-	-	369,523	369,523	-
Costs of sales and services	-	-	905,514	905,514	-
Depreciation	579,894	3,304	107,344	690,542	48,625
Claims	-	-	-	-	815,611
Other	340,098	1,020,831	-	1,360,929	-
TOTAL OPERATING EXPENSES	919,992	1,024,135	1,382,381	3,326,508	864,236
OPERATING INCOME (LOSS)	(804,817)	(1,024,135)	30,533	(1,798,419)	(754,927)
NON-OPERATING INCOME (LOSS)					
Interest and fiscal charges	(1,028)	(651,701)	-	(652,729)	-
Miscellaneous	12,283	-	5,313	17,596	-
Interest income	116,377	76,216	-	192,593	192
TOTAL NON-OPERATING INCOME (LOSS)	127,632	(575,485)	5,313	(442,540)	192
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(677,185)	(1,599,620)	35,846	(2,240,959)	(754,735)
Gain on sale of capital assets	72,170	-	-	72,170	-
Capital contributions	176,100	269,658	-	445,758	-
Transfers in	1,941,651	2,376,054	-	4,317,705	-
Transfers out	-	(1,922,887)	-	(1,922,887)	-
	2,189,921	722,825	-	2,912,746	-
CHANGE IN NET POSITION	1,512,736	(876,795)	35,846	671,787	(754,735)
NET POSITION:					
BEGINNING OF YEAR	2,907,775	(3,569,864)	1,575,727	913,638	3,307,157
END OF YEAR	$ 4,420,511	$ (4,446,659)	$ 1,611,573	$ 1,585,425	$ 2,552,422

See accompanying notes to the basic financial statements.

City of Duluth, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Downtown Development Authority	Urban Redevelopment Authority	Stormwater Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for operations	$ 115,175	$ -	$ 1,406,143	$ 1,521,318	$ -
Cash paid for goods and services	(325,576)	(389,573)	(1,095,258)	(1,810,407)	-
Receipts from interfund charges	-	-	-	-	4,270
Cash paid for claims	-	-	-	-	(814,259)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	(210,401)	(389,573)	310,885	(289,089)	(809,989)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,941,651	2,376,054	-	4,317,705	-
Transfers to other funds	-	(1,922,887)	-	(1,922,887)	-
Issuance of notes receivable	(97,100)	-	-	(97,100)	-
Payments received on notes receivable	57,720	-	-	57,720	-
Miscellaneous receipts	12,283	-	5,312	17,595	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	1,914,554	453,167	5,312	2,373,033	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term debt	(11,255)	(1,506,000)	-	(1,517,255)	-
Proceeds from disposal of capital assets	125,000	-	-	125,000	-
Acquisition of capital assets	-	(3,085,628)	-	(3,085,628)	-
Capital grant from governmental activities	-	100,000	-	100,000	-
Interest paid on long-term debt	(1,028)	(618,431)	-	(619,459)	-
NET CASH PROVIDED BY (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES	112,717	(5,110,059)	-	(4,997,342)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	116,377	76,216	-	192,593	192
NET CASH PROVIDED BY INVESTING ACTIVITIES	116,377	76,216	-	192,593	192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,933,247	(4,970,249)	316,197	(2,720,805)	(809,797)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	313,506	25,166,358	894,234	26,374,098	1,143,643
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,246,753	$ 20,196,109	$ 1,210,431	$ 23,653,293	$ 333,846
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES					
Operating income (loss)	$ (804,817)	$ (1,024,135)	$ 30,533	$ (1,798,419)	$ (754,927)
Adjustments:					
Depreciation	579,894	3,304	107,344	690,542	48,625
Changes in assets and liabilities:					
Accounts receivable	-	-	(6,771)	(6,771)	(107,023)
Deferred outflows pension items	-	-	(2,297)	(2,297)	-
Due from other funds	-	-	(611)	(611)	3,243
Due to other funds	-	7,500	-	7,500	-
Accounts payable and claims payable	14,522	623,758	201,506	839,786	93
Net pension liability	-	-	(49,196)	(49,196)	-
Deferred inflows pension items	-	-	30,377	30,377	-
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ (210,401)	$ (389,573)	$ 310,885	$ (289,089)	$ (809,989)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions from governmental activities	$ 176,100	$ 169,658	$ -	$ 345,758	$ -

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 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 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 ***American Rescue Plan (ARP) Fund*** accounts for the revenue and expenditures related to the American Rescue Plan Act grant provided to the City from the United States Department of the Treasury.

The ***Rodgers Bridge Dog Park Fund*** accounts for the construction of the Rodgers Bridge Dog Park recreational area.

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has 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 (asset). Certain changes in the net pension liability (asset) 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 (asset) 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 (asset) 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 (asset) 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 (asset), 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, 2022, the Rodgers Bridge Dog Park Fund had a deficit of $180,465, the Other Capital Projects Fund had a deficit of $609,735, and the Hospital Connector Fund had a deficit of $13,582. 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 $4,446,659. 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, 2022, expenditures exceeded the budget by department as follows:

Fund/Department	Excess
General Fund:	
Other	
Building custodial services	$ 13,676
Police/Admin	
Personal services	66,465
Police/CID	
Other services and charges	208,292
Public Works Administration	
Other services and charges	21,956
Parks/Recreation Administration	
Recreation operations	2,514

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, 2022, 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 $6,108,561 of investments held in certificates of deposit. Those certificates of deposit are considered non participating interest earning investment contracts, and are recorded at cost.

NOTE 4. RECEIVABLES

Receivables at June 30, 2022, for the City's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	2017 SPLOST	Other Capital Projects	Rodgers Bridge Dog Park	Other Governmental Funds
Receivables:					
Taxes	$ 154,303	$ -	$ -	$ -	$ 29,853
Accounts	1,181,891	-	-	-	-
Intergovernmental	7,259	1,119,127	301,033	1,683,361	-
Less allowance for uncollectible	-	-	-	-	-
Net total receivable	$ 1,343,453	$ 1,119,127	$ 301,033	$ 1,683,361	$ 29,853

	Stormwater	Workers Compensation
Receivables:		
Taxes	$ -	$ -
Accounts	19,492	107,023
Intergovernmental	-	-
Less allowance for uncollectible	-	-
Net total receivable	$ 19,492	$ 107,023

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, 2022 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. The Dreamland Barbeque note carries an interest rate of 3.0% and the Good Word notes carry interest rates of 5.5% and 3.0%, respectively.

NOTE 5. NOTES RECEIVABLE (Continued)

In 2022, the Downtown Development Authority issued an additional loan to Jewel Box, LLC, for a maximum amount of $1.9 million. Disbursements made in the current year totaled $97,100. No repayment schedule has been established as this loan is in its draw phase. Once complete, an amortization schedule on the principal outstanding will be established at an interest rate of 3.5%.

Activity on the notes for the fiscal year ended June 30, 2022 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable:					
Dreamland Barbeque	$ 1,300,092	$ -	$ 48,179	$ 1,251,913	$ 49,645
Good Word A	183,376	-	14,152	169,224	14,948
Good Word B	2,300,380	-	60,445	2,239,935	62,284
Jewel Box	-	97,100	-	97,100	-
Total	$ 3,783,848	$ 97,100	$ 122,776	$ 3,758,172	$ 126,877

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

Year Ending June 30,	Principal *	Interest	Total
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	144,797	94,238	239,035
2028-2031	2,982,672	326,279	3,308,951
Total	$ 3,661,072	$ 843,057	$ 4,504,129

** The Jewel Box note is exlcuded from the repayment schedule above as it is in its draw phase and no repayment schedule has been established.*

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 11,609,280	$ 1,544,049	$ -	$ (176,100)	$ 12,977,229
Land improvements	116,985	-	-	-	116,985
Construction in progress	4,677,567	4,928,374	-	(1,044,549)	8,561,392
Total	16,403,832	6,472,423	-	(1,220,649)	21,655,606
Capital assets, being depreciated:					
Buildings	35,778,740	-	-	-	35,778,740
Improvements other than buildings	59,593,354	-	-	536,891	60,130,245
Land improvements	8,387,015	-	(411,961)	-	7,975,054
Furniture, machinery and equipment	9,348,550	750,977	(537,014)	338,000	9,900,513
Total	113,107,659	750,977	(948,975)	874,891	113,784,552
Less accumulated depreciation for:					
Buildings	(15,451,234)	(987,307)	-	-	(16,438,541)
Improvements other than buildings	(38,462,084)	(936,432)	-	-	(39,398,516)
Land improvements	(4,733,359)	(1,344,899)	411,961	-	(5,666,297)
Furniture, machinery and equipment	(8,716,828)	(924,238)	537,014	-	(9,104,052)
Total	(67,363,505)	(4,192,876)	948,975	-	(70,607,406)
Total assets being depreciated, net	45,744,154	(3,441,899)	-	874,891	43,177,146
Governmental activities capital assets, net	$ 62,147,986	$ 3,030,524	$ -	$ (345,758)	$ 64,832,752
Business Type Activities:					
Capital assets not being depreciated:					
Land	$ 1,664,627	$ 1,399,661	$ (52,830)	$ 176,100	$ 3,187,558
Construction in progress	-	1,580,817	-	169,658	1,750,475
Total	1,664,627	2,980,478	(52,830)	345,758	4,938,033
Capital assets, being depreciated:					
Buildings	6,996,132	-	-	-	6,996,132
Land improvements	4,854,708	198,216	-	-	5,052,924
Infrastructure	1,820,742	-	-	-	1,820,742
Furniture, machinery and equipment	28,480	-	-	-	28,480
Total	13,700,062	198,216	-	-	13,898,278
Less accumulated depreciation for:					
Buildings	(4,476,869)	(411,537)	-	-	(4,888,406)
Land improvements	(21,231)	(171,661)	-	-	(192,892)
Infrastructure	(757,333)	(101,647)	-	-	(858,980)
Furniture, machinery and equipment	(20,885)	(5,697)	-	-	(26,582)
Total	(5,276,318)	(690,542)	-	-	(5,966,860)
Total assets being depreciated, net	8,423,744	(492,326)	-	-	7,931,418
Business Type activities capital assets, net	$ 10,088,371	$ 2,488,152	$ (52,830)	$ 345,758	$ 12,869,451

NOTE 6. CAPITAL ASSETS (Continued)

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

Governmental activities:		
General government	$	1,090,381
Public safety		1,032,216
Public works		909,209
Culture and recreation		599,446
Housing and development		561,624
Total depreciation expense - governmental activities	$	4,192,876

Business type activities:		
Stormwater	$	107,344
Downtown Development Authority		579,894
Urban Redevelopment Authority		3,304
Total depreciation expense - business-type activities	$	690,542

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 673,382	$ 858,601	$ 888,290	$ 643,693	$ 643,693
Net pension liability (asset)	332,581	1,720,782	3,858,622	(1,805,259)	-
Governmental activities long-term liabilities	$ 1,005,963	$ 2,579,383	$ 4,746,912	$ (1,161,566)	$ 643,693
Business Activities:					
Bonds payable - direct placement	$ 38,821,007	$ -	$ 1,517,255	$ 37,303,752	$ 1,821,255
Premium on bonds	59	-	28	31	-
Net pension liability (asset)	7,643	35,118	84,314	(41,553)	-
Business-type activities long-term liabilities	$ 38,828,709	$ 35,118	$ 1,601,597	$ 37,262,230	$ 1,821,255

The compensated absences and net pension liability (asset) 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 $600,000.

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 bonds 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 bonds in full during the fiscal year ended June 30, 2020, and the balance of the Series 2008 C bonds did not change during fiscal year 2022. The outstanding balance on the Series 2008 A bonds and the Series 2008 C bonds are $34,469 and $8,590,283, 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 $1,445,000 in outstanding refunded bonds at June 30, 2022 are not reported in the City's financial statements. The outstanding balance of the Series 2012 Refunding bonds at year end is $1,380,000.

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 $26,699,000.

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

Fiscal Year	Principal	Interest	Total
2023	$ 1,821,255	$ 611,753	$ 2,433,008
2024	1,984,215	570,213	2,554,428
2025	1,005,000	525,559	1,530,559
2026	1,050,000	504,353	1,554,353
2027	1,176,000	482,198	1,658,198
2028-2032	15,241,282	2,017,371	17,258,653
2033-2037	7,804,000	1,426,172	9,230,172
2038-2041	7,222,000	741,600	7,963,600
Total	$ 37,303,752	$ 6,879,219	$ 44,182,971

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022, is as follows:

	Payable To					
Receivable From	General Fund	Other Capital Projects Fund	Internal Service Fund	Other Governmental Funds	Downtown Development Authority	Total
General Fund	$ -	$ -	$ 2,370	$ 11,604	$ 440	$ 14,414
Urban Redevelopment Authority	-	-	-	7,500	-	7,500
Rodgers Bridge Dog Park Fund	744,068	-	-	-	-	744,068
Other Governmental Funds	10,647	2,220	-	-	-	12,867
Total	$ 754,715	$ 2,220	$ 2,370	$ 19,104	$ 440	$ 778,849

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, 2022 were:

	Transfers From				
Transfers To	General Fund	SPLOST 2017 Fund	Urban Redevelopment Authority	Other Governmental Funds	Total
General Fund	$ -	$ -	$ -	$ 96,115	$ 96,115
Urban Redevelopment Authority	1,277,231	-	-	1,098,823	2,376,054
Downtown Development Authority	18,595	169	1,922,887	-	1,941,651
Rodgers Bridge Dog Park Fund	-	90,844	-	424,665	515,509
Other Capital Projects Fund	86,322	2,231,031	-	91,400	2,408,753
Other Governmental Funds	-	1,101,245	-	118,267	1,219,512
Total	$ 1,382,148	$ 3,423,289	$ 1,922,887	$ 1,829,270	$ 8,557,594

These transfers were used to assist other funds in meeting operating requirements for the year ended June 30, 2022 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 project funds for allowable costs incurred in prior years on referendum approved projects. Transfer from the Tax Allocation District Fund to the Urban Redevelopment Fund was to transfer funds for the TAD Financed Series 2021 semi-annual bond payment.

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, 2022, the date of the most recent actuarial valuation, there were 256 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefits	33
Inactive plan members entitled to but not receiving benefits	79
Active plan members	144
	256

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, 2022, the City's contribution rate was 6.00% of annual payroll. City contributions to the Plan were $792,647 for the fiscal year ended June 30, 2022. Employees of the City of Duluth do not contribute to the Plan.

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Asset) of the City

The City's net pension asset was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

Actuarial assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.50%, including inflation
Investment rate of return	7.375%, net of investment expense, including inflation

Mortality rates were based on the sex-distinct Pri-2012 head-count weighted Health Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2022 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, 2021 are summarized in the table on the following page.

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Asset) of the City (Continued)

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30
Domestic fixed income	20%	0.40
Real estate	10%	3.65
Global fixed income	5%	0.50
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 (Asset) of the City (Continued)

Changes in the Net Pension Liability (Asset) of the City. The changes in the components of the net pension liability (asset) of the City for the fiscal year ended June 30, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/21	$ 13,333,666	$ 12,993,442	$ 340,224
Changes for the year:			
Service cost	365,326	-	365,326
Interest	1,001,794	-	1,001,794
Differences between expected and actual experience	361,157	-	361,157
Contributions—employer	-	753,583	(753,583)
Net investment income	-	3,189,353	(3,189,353)
Benefit payments, including refunds of employee contributions	(230,698)	(230,698)	-
Administrative expense	-	(27,623)	27,623
Net changes	1,497,579	3,684,615	(2,187,036)
Balances at 6/30/22	$ 14,831,245	$ 16,678,057	$ (1,846,812)

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

	1% Decrease (6.375%)	Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability (asset)	$ 360,533	$ (1,846,812)	$ (3,671,852)

NOTE 9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (Asset) of the City (Continued)

Changes in the Net Pension Liability (Asset) 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, 2021 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, 2022, the City recognized pension expense of $118,672. At June 30, 2022, 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	$ 538,869	$ (44,877)
Changes in assumptions	245,997	-
Net difference between projected and actual earnings on pension plan investments	-	(1,795,945)
City contributions subsequent to the measurement date	581,145	-
Total	$ 1,366,011	$ (1,840,822)

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 $581,145 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the fiscal year ending June 30, 2023. 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:		
2023	$	(227,001)
2024		(210,631)
2025		(303,476)
2026		(314,848)
Total	$	(1,055,956)

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 2021 and 2022. 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 $162,198, with employee contributions amounting to $511,032.

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, 2022, the City had accumulated $205,644 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
2022	$ 31,969	$ 1,997,598	$ (2,061,629)	$ 32,062
2021	$ 104,048	$ 376,960	$ (512,977)	$ 31,969

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 VEHICLE 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, 2022, the City collected $71,691 in motor vehicle excise taxes and $2,332 was expended 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, 2022, City property tax revenues were reduced by $120,952 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, 2022, the City collected $188,022 in hotel/motel taxes. Of this amount, $75,209 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, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

City of Duluth, Georgia

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

	2022	2021	2020	2019
Total pension liability				
Service cost	$ 365,326	$ 335,441	$ 311,115	$ 297,966
Interest on total pension liability	1,001,794	899,497	811,621	733,465
Differences between expected and actual experience	361,157	332,914	(89,753)	140,004
Changes of assumptions	-	-	491,994	-
Benefit payments, including refunds of employee contributions	(230,698)	(190,639)	(158,056)	(126,948)
Net change in total pension liability	1,497,579	1,377,213	1,366,921	1,044,487
Total pension liability - beginning	13,333,666	11,956,453	10,589,532	9,545,045
Total pension liability - ending (a)	$ 14,831,245	$ 13,333,666	$ 11,956,453	$ 10,589,532
Plan fiduciary net position				
Contributions - employer	$ 753,583	$ 741,088	$ 671,082	$ 690,786
Net investment income	3,189,353	1,133,632	341,864	920,333
Benefit payments, including refunds of employee contributions	(230,698)	(190,639)	(158,056)	(126,948)
Administrative expenses	(27,623)	(25,158)	(23,454)	(24,355)
Net change in plan fiduciary net position	3,684,615	1,658,923	831,436	1,459,816
Plan fiduciary net position - beginning	12,993,442	11,334,519	10,503,083	9,043,267
Plan fiduciary net position - ending (b)	$ 16,678,057	$ 12,993,442	$ 11,334,519	$ 10,503,083
City's net pension liability (asset) - ending (a) - (b)	$ (1,846,812)	$ 340,224	$ 621,934	$ 86,449
Plan fiduciary net position as a percentage of the total pension liability	112.5%	97.4%	94.8%	99.2%
Covered payroll	$ 9,288,849	$ 8,886,537	$ 8,280,620	$ 8,478,757
City's net pension liability (asset) as a percentage of covered payroll	-19.9%	3.8%	7.5%	1.0%

	2018	2017	2016	2015
Total pension liability				
Service cost	$ 312,812	$ 318,689	$ 291,136	$ 281,147
Interest on total pension liability	658,743	591,901	517,807	498,803
Differences between expected and actual experience	(23,903)	72,404	250,924	(66,033)
Changes of assumptions	161,311	-	-	(390,741)
Benefit payments, including refunds of employee contributions	(127,649)	(113,395)	(94,236)	(61,694)
Net change in total pension liability	981,314	869,599	965,631	261,482
Total pension liability - beginning	8,563,731	7,694,132	6,728,501	6,467,019
Total pension liability - ending (a)	$ 9,545,045	$ 8,563,731	$ 7,694,132	$ 6,728,501
Plan fiduciary net position				
Contributions - employer	$ 719,424	$ 651,649	$ 591,584	$ 414,749
Net investment income	1,150,219	704,845	43,008	545,407
Benefit payments, including refunds of employee contributions	(127,649)	(113,395)	(94,236)	(61,694)
Administrative expenses	(25,288)	(14,635)	(16,133)	(12,633)
Net change in plan fiduciary net position	1,716,706	1,228,464	524,223	885,829
Plan fiduciary net position - beginning	7,326,561	6,098,097	5,573,874	4,688,045
Plan fiduciary net position - ending (b)	$ 9,043,267	$ 7,326,561	$ 6,098,097	$ 5,573,874
City's net pension liability - ending (a) - (b)	$ 501,778	$ 1,237,170	$ 1,596,035	$ 1,154,627
Plan fiduciary net position as a percentage of the total pension liability	94.7%	85.6%	79.3%	82.8%
Covered payroll	$ 7,840,209	$ 7,729,957	$ 7,630,679	6,915,892
City's net pension liability as a percentage of covered payroll	6.4%	16.0%	20.9%	16.7%

Notes to the Schedule

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

City of Duluth, Georgia

Schedule of City Contributions – Retirement Plan

	2022	2021	2020	2019
Actuarially determined contribution	$ 566,911	$ 544,217	$ 510,845	$ 467,803
Contributions in relation to the actuarially detemined contribution	792,647	743,339	741,050	647,223
Contribution excess	$ (225,736)	$ (199,122)	$ (230,205)	$ (179,420)
Covered payroll	$ 8,980,479	$ 8,374,508	$ 7,668,902	$ 8,196,636
Contributions as a percentage of Covered payroll	8.8%	8.9%	9.7%	7.9%

	2018	2017	2016	2015
Actuarially determined contribution	$ 445,635	$ 424,502	$ 445,633	$ 450,318
Contributions in relation to the actuarially detemined contribution	691,765	707,459	618,973	583,486
Contribution excess	$ (246,130)	$ (282,957)	$ (173,340)	$ (133,168)
Covered payroll	$ 7,566,881	$ 7,861,148	$ 7,828,117	$ 6,681,276
Contributions as a percentage of Covered payroll	9.1%	9.0%	7.9%	8.7%

Notes to the Schedule

Valuation Date	January 1, 2022
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% - plus service based merit increases
Cost-of-living Adjustment	0.00%
Amortization Method	Closed level dollar for 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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 17,666,950	$ 17,666,950	$ 19,107,183	$ 1,440,233
Licenses and permits	1,043,386	1,043,386	1,278,321	234,935
Charges for services	289,109	289,109	391,506	102,397
Fines and forfeitures	2,803,000	2,803,000	3,093,517	290,517
Intergovernmental	671,101	671,101	309,714	(361,387)
Interest income	67,500	67,500	32,261	(35,239)
Miscellaneous	205,500	205,500	440,546	235,046
TOTAL REVENUES	22,746,546	22,746,546	24,653,048	1,906,502
EXPENDITURES				
Current:				
General government:				
Mayor and Council				
Personal services	83,350	68,350	49,995	18,355
Other services and charges	237,673	270,093	247,875	22,218
City Administrator				
Personal services	807,675	798,565	786,825	11,740
Other services and charges	255,379	441,014	368,974	72,040
City Clerk/Business Office				
Personal services	1,157,647	1,145,891	1,127,648	18,243
Other services and charges	1,431,335	1,515,949	1,400,982	114,967
City Clerk/Human resources	332,671	322,671	254,174	68,497
Other				
Public information & marketing	1,098,040	1,118,333	1,037,824	80,509
Building custodial services	66,879	69,879	83,555	(13,676)
Landscape maintenance	150,933	157,276	144,349	12,927
Contingency	70,000	70,000	-	70,000
Total general government	5,691,582	5,978,021	5,502,201	475,820

(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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Public safety:				
Municipal Court				
Personal services	$ 692,892	$ 655,942	$ 616,176	$ 39,766
Other services and charges	31,095	33,045	31,623	1,422
Police/Admin				
Personal services	648,582	648,582	715,047	(66,465)
Other services and charges	288,027	309,169	304,084	5,085
Police/CID				
Personal services	1,017,894	987,894	951,366	36,528
Other services and charges	83,251	83,106	291,398	(208,292)
Police/Uniform Division				
Personal services	4,394,809	4,173,073	4,038,578	134,495
Other services and charges	170,064	170,064	79,797	90,267
Police/Other				
Police vehicles	486,298	522,703	486,756	35,947
Police Support Services	3,069,552	3,019,699	2,296,245	723,454
Total public safety	10,882,462	10,603,275	9,811,070	792,205
Public works:				
Planning & Development				
Personal services	1,088,677	1,080,268	1,074,839	5,429
Other services and charges	760,279	799,796	755,343	44,453
Administration				
Personal services	1,511,281	1,719,476	1,424,202	295,274
Other services and charges	397,081	486,450	508,406	(21,956)
Supplies	75,450	53,059	46,214	6,845
Streets				
Building/grounds maintenance	89,981	339,981	66,686	273,295
Total public works	3,922,749	4,479,030	3,875,690	603,340

(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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Culture and recreation:				
Parks/Recreation Admin				
Personal services	$ 1,361,866	$ 1,313,039	$ 1,251,034	$ 62,005
Other services and charges	361,863	459,246	445,577	13,669
Recreation operations	162,701	170,071	172,585	(2,514)
Total culture and recreation	1,886,430	1,942,356	1,869,196	73,160
TOTAL EXPENDITURES	22,383,224	23,002,683	21,058,157	1,944,526
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	363,322	(256,137)	3,594,891	3,851,028
OTHER FINANCING SOURCES (USES)				
Proceeds from capital assets	200	200	82,244	82,044
Transfers in	158,601	273,374	96,115	(177,259)
Transfers out	(1,336,504)	(2,765,541)	(1,382,148)	1,383,393
TOTAL OTHER FINANCING SOURCES (USES)	(1,177,703)	(2,491,967)	(1,203,789)	1,288,178
NET CHANGE IN FUND BALANCES	(814,381)	(2,748,104)	2,391,102	5,139,206
FUND BALANCES - BEGINNING OF YEAR	19,856,267	19,856,267	19,856,267	-
FUND BALANCES - END OF YEAR	$ 19,041,886	$ 17,108,163	$ 22,247,369	$ 5,139,206

City of Duluth, Georgia

American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (GAAP Basis)
For the Year Ended June 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	$ 20,000	$ 20,000	$ 11,758	$ (8,242)
TOTAL REVENUES	20,000	20,000	11,758	(8,242)
EXPENDITURES				
Current:				
Public works:				
Planning & Development				
Personal services	20,000	20,000	11,758	8,242
TOTAL EXPENDITURES	20,000	20,000	11758	8,242
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - BEGINNING OF YEAR	-	-	-	-
FUND BALANCES - END OF YEAR	$ -	$ -	$ -	$ -

COMBINING FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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.

SPLOST 2009 Fund – This 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.

SPLOST 2014 Fund – This 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.

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

City of Duluth, Georgia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2022

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
ASSETS			
Cash	$ 585,795	$ 1,938,783	$ 2,524,578
Taxes receivable	29,853	-	29,853
Due from other funds	7,366	11,738	19,104
TOTAL ASSETS	$ 623,014	$ 1,950,521	$ 2,573,535
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 66,048	$ 18,620	$ 84,668
Due to other funds	12,867	-	12,867
TOTAL LIABILITIES	78,915	18,620	97,535
FUND BALANCES (DEFICIT)			
Restricted:			
Capital construction	-	1,945,483	1,945,483
Law enforcement	88,809	-	88,809
Culture and recreation	357,729	-	357,729
Committed:			
Equipment purchases	97,561	-	97,561
Unassigned (deficit)	-	(13,582)	(13,582)
TOTAL FUND BALANCES	544,099	1,931,901	2,476,000
TOTAL LIABILITIES, AND FUND BALANCES	$ 623,014	$ 1,950,521	$ 2,573,535

City of Duluth, Georgia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2022

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES			
Taxes	$ 259,713	$ 1,245,577	$ 1,505,290
Fines and forfeitures	102,256	-	102,256
Interest income	-	1,168	1,168
Miscellaneous	16,402	-	16,402
TOTAL REVENUES	378,371	1,246,745	1,625,116
EXPENDITURES			
Current:			
General government	-	77,090	77,090
Public safety	78,777	-	78,777
Public works	-	1,199,394	1,199,394
Culture and recreation	115,140	-	115,140
TOTAL EXPENDITURES	193,917	1,276,484	1,470,401
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	184,454	(29,739)	154,715
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,219,512	1,219,512
Transfers out	(96,116)	(1,733,154)	(1,829,270)
TOTAL OTHER FINANCING SOURCES (USES)	(96,116)	(513,642)	(609,758)
NET CHANGE IN FUND BALANCES	88,338	(543,381)	(455,043)
FUND BALANCES - BEGINNING OF YEAR	455,761	2,475,282	2,931,043
FUND BALANCES - END OF YEAR	$ 544,099	$ 1,931,901	$ 2,476,000

City of Duluth, Georgia
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2022

	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	$ 8,465	$ 73,394	$ 61,050	$ 133,341	$ 180,697	$ 38,653	$ 90,195	$ 585,795
Taxes receivable	-	-	-	-	9,915	19,938	-	29,853
Due from other funds	-	-	-	-	-	-	7,366	7,366
TOTAL ASSETS	$ 8,465	$ 73,394	$ 61,050	$ 133,341	$ 190,612	$ 58,591	$ 97,561	$ 623,014
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 41,233	$ -	$ 1,378	$ -	$ 23,437	$ -	$ 66,048
Due to other funds	-	12,867	-	-	-	-	-	12,867
TOTAL LIABILITIES	-	54,100	-	1,378	-	23,437	-	78,915
FUND BALANCES								
Restricted:								
Law enforcement	8,465	19,294	61,050	-	-	-	-	88,809
Culture & recreation	-	-	-	131,963	190,612	35,154	-	357,729
Committed:								
Equipment purchases	-	-	-	-	-	-	97,561	97,561
TOTAL FUND BALANCES	8,465	19,294	61,050	131,963	190,612	35,154	97,561	544,099
TOTAL LIABILITIES AND FUND BALANCES	$ 8,465	$ 73,394	$ 61,050	$ 133,341	$ 190,612	$ 58,591	$ 97,561	$ 623,014

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, 2022

	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	$ -	$ -	$ -	$ -	$ 71,691	$ 188,022	$ -	$ 259,713
Fines and forfeitures	-	-	-	-	-	-	102,256	102,256
Other	1,677	7,207	4,200	3,318	-	-	-	16,402
TOTAL REVENUES	1,677	7,207	4,200	3,318	71,691	188,022	102,256	378,371
EXPENDITURES								
Current:								
Public safety	12,028	11,892	2,525	-	2,332	-	50,000	78,777
Culture and recreation	-	-	-	39,931	-	75,209	-	115,140
TOTAL EXPENDITURES	12,028	11,892	2,525	39,931	2,332	75,209	50,000	193,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,351)	(4,685)	1,675	(36,613)	69,359	112,813	52,256	184,454
OTHER FINANCING USES								
Transfers out	-	(8,623)	-	-	-	(87,493)	-	(96,116)
TOTAL OTHER FINANCING USES	-	(8,623)	-	-	-	(87,493)	-	(96,116)
NET CHANGE IN FUND BALANCES	(10,351)	(13,308)	1,675	(36,613)	69,359	25,320	52,256	88,338
FUND BALANCES - BEGINNING OF YEAR	18,816	32,602	59,375	168,576	121,253	9,834	45,305	455,761
FUND BALANCES - END OF YEAR	$ 8,465	$ 19,294	$ 61,050	$ 131,963	$ 190,612	$ 35,154	$ 97,561	$ 544,099

City of Duluth, Georgia
Combining Balance Sheet
Non-major Capital Projects Funds
June 30, 2022

	TAD	The Block	SPLOST 2009	SPLOST 2014	Hospital Connector	Total Non-major Capital Projects Funds
ASSETS						
Cash	$ 410,356	$ 40,238	$ 358,638	$ 1,129,551	$ -	$ 1,938,783
Due from other funds	7,500	-	-	-	4,238	11,738
TOTAL ASSETS	$ 417,856	$ 40,238	$ 358,638	$ 1,129,551	$ 4,238	$ 1,950,521
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 800	$ -	$ -	$ -	$ 17,820	$ 18,620
TOTAL LIABILITIES	800	-	-	-	17,820	18,620
FUND BALANCES (DEFICIT)						
Restricted:						
Capital construction	417,056	40,238	358,638	1,129,551	-	1,945,483
Unassigned (deficit)	-	-	-	-	(13,582)	(13,582)
TOTAL FUND BALANCES (DEFICIT)	417,056	40,238	358,638	1,129,551	(13,582)	1,931,901
TOTAL LIABILITIES, AND FUND BALANCES	$ 417,856	$ 40,238	$ 358,638	$ 1,129,551	$ 4,238	$ 1,950,521

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, 2022

	TAD	The Block	SPLOST 2009	SPLOST 2014	Hospital Connector	Total Non-major Capital Projects Funds
REVENUES						
Interest income	$ -	$ -	$ 153	$ 1,015	$ -	$ 1,168
Property taxes	1,245,577	-	-	-	-	1,245,577
TOTAL REVENUES	1,245,577	-	153	1,015	-	1,246,745
EXPENDITURES						
Capital outlay:						
General government	77,090	-	-	-	-	77,090
Public works	-	-	-	-	1,199,394	1,199,394
TOTAL EXPENDITURES	77,090	-	-	-	1,199,394	1,276,484
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,168,487	-	153	1,015	(1,199,394)	(29,739)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	1,219,512	1,219,512
Transfers out	(1,098,823)	-	(367,798)	(266,533)	-	(1,733,154)
TOTAL OTHER FINANCING SOURCES (USES)	(1,098,823)	-	(367,798)	(266,533)	1,219,512	(513,642)
NET CHANGE IN FUND BALANCES	69,664	-	(367,645)	(265,518)	20,118	(543,381)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	347,392	40,238	726,283	1,395,069	(33,700)	2,475,282
FUND BALANCES (DEFICIT) - END OF YEAR	$ 417,056	$ 40,238	$ 358,638	$ 1,129,551	$ (13,582)	$ 1,931,901

City of Duluth, Georgia

Combining Statement of Net Position
Internal Service Funds
June 30, 2022

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash	$ -	$ 205,644	$ 128,202	$ 333,846
Accounts receivable	-	107,023	-	107,023
Due from other funds	-	-	2,370	2,370
Total Current Assets	-	312,667	130,572	443,239
Noncurrent Assets:				
Capital assets:				
Nondepreciable capital assets	1,654,854	-	-	1,654,854
Depreciable capital assets, net	486,391	-	-	486,391
Total Noncurrent Assets	2,141,245	-	-	2,141,245
TOTAL ASSETS	2,141,245	312,667	130,572	2,584,484
LIABILITIES				
Current Liabilities:				
Claims payable	-	32,062	-	32,062
Total Current Liabilities	-	32,062	-	32,062
TOTAL LIABILITIES	-	32,062	-	32,062
NET POSITION				
Investment in capital assets	2,141,245	-	-	2,141,245
Unrestricted	-	280,605	130,572	411,177
TOTAL NET POSITION	$ 2,141,245	$ 280,605	$ 130,572	$ 2,552,422

City of Duluth, Georgia

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2022

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ -	$ 4,270	$ 4,270
Other	-	105,039	-	105,039
TOTAL OPERATING REVENUES	-	105,039	4,270	109,309
OPERATING EXPENSES				
Claims	-	811,010	4,601	815,611
Depreciation	48,625	-	-	48,625
TOTAL OPERATING EXPENSES	48,625	811,010	4,601	864,236
OPERATING LOSS	(48,625)	(705,971)	(331)	(754,927)
NON-OPERATING INCOME				
Interest income	-	192	-	192
CHANGE IN NET POSITION	(48,625)	(705,779)	(331)	(754,735)
NET POSITION:				
BEGINNING OF YEAR	2,189,870	986,384	130,903	3,307,157
END OF YEAR	$ 2,141,245	$ 280,605	$ 130,572	$ 2,552,422

City of Duluth, Georgia

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Duluth Governmental Finance Corporation	Workers' Compensation Fund	Health Reimbursement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges	$ -	$ -	$ 4,270	$ 4,270
Cash payments for claims	-	(812,288)	(1,971)	(814,259)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	-	(812,288)	2,299	(809,989)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	-	192	-	192
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	192	-	192
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(812,096)	2,299	(809,797)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	1,017,740	125,903	1,143,643
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ 205,644	$ 128,202	$ 333,846
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating loss	$ (48,625)	$ (705,971)	$ (331)	$ (754,927)
Adjustments:				
Depreciation	48,625	-	-	48,625
Change in assets and liabilities:				
Increase in accounts receivable	-	(107,023)	-	(107,023)
Decrease in due from other funds	-	613	2,630	3,243
Increase in accounts and claims payable	-	93	-	93
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ -	$ (812,288)	$ 2,299	$ (809,989)

SCHEDULES

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2009 Issue
For the Year Ended June 30, 2022

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Library	$ 1,340,000	$ 1,195,363	$ 1,193,284	$ -	$ 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	6,703,418	353,661	7,057,079
Transportation	8,200,000	7,404,453	7,404,453	-	7,404,453
Sewer	1,340,000	1,005,415	632,795	14,137	646,932
	$ 19,920,000	$ 17,777,778	$ 17,051,497	$ 367,798 (1)	$ 17,419,295

(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, 2022

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 3,048,184	$ 2,805,616	$ 2,805,616	$ -	$ 2,805,616
Public Safety Facilities & Equipment	725,757	651,368	651,368	-	651,368
Recreational Facilities & Equipment	725,757	641,768	384,593	(199,271) (2)	185,322
Transportation	9,870,305	8,750,217	7,694,150	465,804	8,159,954
Administrative Facilities & Equipment	145,152	128,354	46,820	-	46,820
	$ 14,515,155	$ 12,977,323	$ 11,582,547	$ 266,533 (1)	$ 11,849,080

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

(2) $270,184 of expenditures previously reported were reclassed from recreational facilities & equipment to transportation.

City of Duluth, Georgia

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2017 Issue
For the Year Ended June 30, 2022

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Parking Facilities	$ 4,397,227	$ 4,987,551	$ 4,987,551	$ -	$ 4,987,551
Public Safety Facilities & Equipment	5,042,154	5,042,154	3,385,077	355,676	3,740,753
Recreational Facilities & Equipment	1,172,594	1,172,594	457,771	(19,950)	437,821
Transportation	16,132,218	16,132,218	4,455,596	3,087,563	7,543,159
Administrative Facilities & Equipment	-	-	-	-	-
	$ 26,744,193	$ 27,334,517	$ 13,285,995	$ 3,423,289 (1)	$ 16,709,284

(1) Reported as a transfer as amount was transferred to another fund to reimburse previous allowable expenditures.
(2) $39,375 of expenditures previously reported were reclassed from recreational facilities & equipment to transportation.

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 6, 2023

MAULDIN & JENKINS
CPAs & ADVISORS

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Duluth, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 6, 2023

City of Duluth, Georgia

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF THE TREASURY			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 11,757
Passed through the State of Georgia			
Public Safety Officials and First Responder	21.027	10269	75,355
Total U.S. Department of the Treasury			87,112
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Atlanta Regional Commission			
Highway Planning and Construction Cluster	20.205	0014160-1	3,085,890
Total U.S. Department of Transportation			3,085,890
U.S. DEPARTMENT OF JUSTICE			
Bullet Proof Vest Partnership Program	16.607	20023154	6,870
Equitable Sharing Agreement Sheriff's Office Forfeited Federal Account	16.922	GA0670600	12,028
Total U.S. Department of Justice			18,898
Total Expenditures of Federal Awards			$ 3,191,900

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, 2022

(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, 2022

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:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

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, 2022

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, 2022

None noted in the prior year audit.