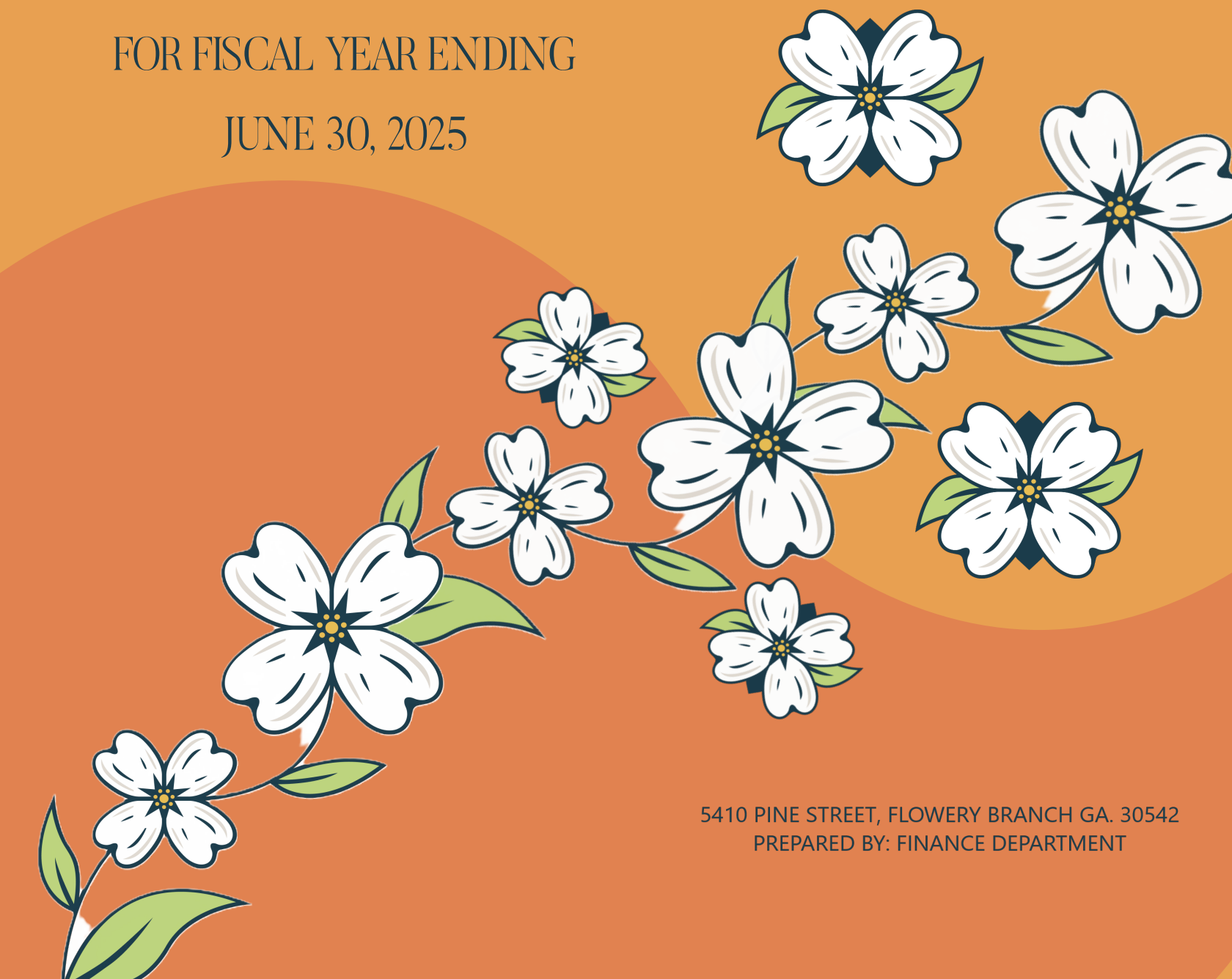
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FLOWERY BRANCH

FY2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDING

JUNE 30, 2025



5410 PINE STREET, FLOWERY BRANCH GA. 30542
PREPARED BY: FINANCE DEPARTMENT

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CITY OF FLOWERY BRANCH, GEORGIA

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2025

Submitted By:
Finance Department

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INTRODUCTORY SECTION

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CITY OF FLOWERY BRANCH, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended June 30, 2025

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Flowery Branch Georgia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

OFFICIALS OF THE CITY OF FLOWERY BRANCH

LEGISLATIVE BRANCH
CITY COUNCIL

Ed Asbridge	**Mayor**
Chris Mundy	**Council Member**
Ed Asbridge	**Council Member**
Joseph Mezzanottee	**Council Member**
Joe Anglin	**Council Member**
Oliver McClellan	**Council Member**
William McDaniel	**Council Member**

OFFICERS OF THE COUNCIL

Shelia Cooper	**City Clerk**
Nancy Rodriguez	**Assistant City Clerk**
Ted Baggett	**City Attorney**

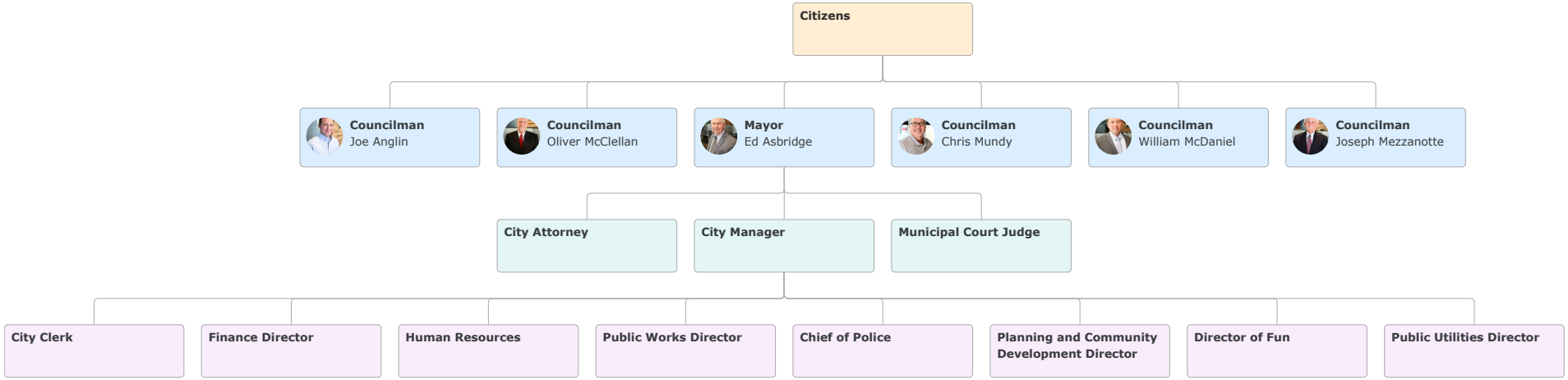
JUDICIAL BRANCH

Graham McKinnon	**Municipal Court Judge and Administrative Hearing Officer**
Ann Bishop	**City Solicitor**

EXECUTIVE BRANCH
CITY MANAGER AND DEPARTMENT DIRECTORS

Tonya Parrish	**City Manager**
Matthew Hamby	**Finance Director**
Chris McCrary	**Planning & Community Development Director**
Chris Hulsey	**Police Chief**
Bill Whidden	**Director of Public Works**
Peter Woerner	**Director of Public Utilities**
Renee Carden	**Director of Fun**
Krystle Hightower	**Human Resources Director**

City of Flowery Branch Organizational Chart



FLOWERY
-BRANCH-

December 4, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Flowery Branch:

It is our pleasure to present the Annual Comprehensive Financial Report (ACFR) of the City of Flowery Branch (the "City) for the fiscal year ended June 30, 2025. The City is required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this report for your consideration.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile enough reliable information for the preparation of the City financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rushton, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a

reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the year ended June 30, 2025, are presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. Special emphasis is given to internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

Based on the 2024 U.S. Census estimate, the City of Flowery Branch has a population of 12,292, while Hall County's population is 221,745. The City of Flowery Branch is empowered to levy a property tax on real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Flowery Branch operates under a Council-Manager form of government. The City of Flowery Branch's City Council is composed of an elected Mayor and five council members responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards and the City Manager. The City Manager is the chief executive officer of the City and is responsible for enforcement of laws and ordinances, as well as appointments and supervision of the various department directors of the municipal government. The City, under the guidance of the City Manager and the Council, provides a full range of services. These services include police protection; the maintenance of streets and infrastructure; parks; cultural events; planning, zoning, and building inspection services; water and water pollution control services; and wastewater collection and treatment. The City provides a full range of municipal services and water and sewer services to the citizens of Flowery Branch. The Annual Comprehensive Financial Report includes all funds and activities directly under control of the City Council.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The location of the City makes it a prime destination for those wishing to move out of the Atlanta metro area while still maintaining a comfortable travel distance to the city for work and leisure activities.

As of June 2025, the top three employers for the City of Flowery Branch are the Atlanta Falcons Football Club, SKF, USA, Inc., and GXO Logistics Supply Chain with 340, 205, and 189 employees, respectively. The City anticipates continued major growth over the next 1-5 years, as approved developments build out and new developments present themselves. Population is expected to exceed 13,000 by the end of year 2025.

Major Initiatives

Each year, the City assesses its priorities as it looks into the future and centers on the needs and wellbeing of the citizens and the community at large.

Aligning with the City's priorities, there are multiple ongoing construction projects in the Downtown area that demonstrate the strategic thinking and reimagining of the Flowery Branch Downtown. These projects will bring additional retail and restaurant opportunities, along with event space, to the Downtown area which align with the City's economic priorities and strategic vision. One of these projects is a mixed-use development on Main Street. It included retail and restaurant space along with luxury condominiums, an event space known as the Market Pavilion and an amphitheater that seats approximately 1,000 people. This project marks Phase 1 of Downtown Development and was completed in early 2023. Phase 2 of the Downtown Development Project is currently in the planning phase and will continue the theme of mixed-use development.

Another major City project in progress is the expansion of the Wastewater Treatment plant. As designed, the plant expansion will increase its sewer capacity to 1.5 million gallons a day initially and 2.2 million gallons after phase 2. As the City continues to grow, the expansion is a much-needed development that will extend the City's ability to provide first class services. Phase 1 of this project is in the construction phase and is anticipated to be completed in the summer of 2026.

An important aspect to any community is enhancing the health and wellbeing of its citizens by creating access to recreation and greenspace. While some of the Downtown development projects will add pieces of greenspace, Downtown Development Phase 2 is anticipated to enhance this area further. Downtown Development Phase 2 will provide connectivity to the Highlands to Islands trail system (a 35-mile multi-use path designed to connect the Rock Creek Greenway and Gainesville Square to the Multi-use pathways along Friendship Road and Lanier Islands Parkway near Flowery Branch) and add additional parks and other greenspace areas. This project is in early planning stages should begin design and construction phases in the coming year.

Another area of importance to the community is transportation and parking. As the City continues to grow and new citizens move to the City of Flowery Branch, transportation and parking will be an area of focus. As part of the Downtown Development Phase 2, the City will begin to evaluate opportunities to improve the City's parking availability. Additionally, the Annual Paving program will continue to improve the streets and sidewalks throughout the City.

Long-term Financial Planning

The City has developed a Capital Improvement Plan consisting of numerous roads and sidewalk improvements, parks and park developments, water line improvements, tank upgrades and new tank developments, and expansion to the water and wastewater treatment plant. The City has identified a series of projects from its Capital Improvement Plan with the highest priority for funding. To ensure adequate funding will be available to finance these capital improvements, the City Manager and the various department directors, with the assistance of a contracted financial analyst and engineers, have developed a multi-year financial plan which is presented to the Council for approval periodically. Consideration has been given to expected increases in revenues as well as projected cost of future projects.

Relevant Financial Policies

In accordance with Georgia statutes, the City operates under an annual budget adopted by local resolution. The annual budget serves as the foundation for the City's financial planning and control. The City's budget is adopted by City Council on or before June 30 at a regular Council meeting that is open to the public. The budget is balanced for each budgeted fund. Total anticipated revenues and a portion of fund balance should equal the fund's anticipated expenditures. The level of legal budgetary control is maintained at the fund/department level. Department directors may request budget adjustments through the Finance Department, provided that the budget adjustment does not increase the overall budget or personal services allocation for that department.

The City attempts to establish an unreserved fund balance in the General Fund. The purpose is to pay expenditures caused by unforeseen emergencies, handle shortfalls caused by revenue declines, and to eliminate any short term borrowing for cash flow purposes. This reserve should accumulate and retain no less than 4.5 months of operating expenditures.

The City's Investment and Cash Management policy states that the City should make investments with prudence, judgement, and care with the primary objective of safety as well as the secondary objective of obtaining competitive market rates of return. Maximum opportunity is provided to all local financial institutions to bid and compete for City investments due to the importance of the financial institutions to the local economy.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City, who contributed to its preparation. Special recognition is given to express our appreciation to the staff of our audit firm, Rushton, LLC, for their technical guidance and assistance to make this a quality report.

Without the efforts of City Staff and our audit firm, the City of Flowery Branch would not have been able to obtain GFOA's Certificate of Achievement for Excellence in Financial Reporting. The FY2022 Audit marks the first year obtaining this prestigious award. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. The City of Flowery Branch looks to continue this trend in financial reporting for years to come.

We would also like to thank the Flowery Branch City Council for their dedication and support in planning and conducting the financial operations of the City. The Council's vision and input are the guiding factors that help City staff continue to strive toward excellence in the quality services we provide to our citizens.

Respectfully Submitted,

Tonya Duncan Parrish
City Manager

Matthew Hamby
Finance Director

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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Flowery Branch, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flowery Branch, Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Flowery Branch, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flowery Branch, Georgia, as of June 30, 2025, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund and Tax Allocation District Special Revenue Fund for the year then ended in conformity 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 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 City of Flowery Branch, Georgia and to meet our 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 opinion.

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 City of Flowery Branch, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 and the required supplementary information on pages 4 through 14 and 67 through 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Flowery Branch, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, on our consideration of City of Flowery Branch, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the 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 City of Flowery Branch, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
December 4, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Flowery Branch, it is our pleasure to present this narrative discussion and analysis of Flowery Branch's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2025. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Flowery Branch. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis provides comparisons with the previous fiscal year.

Financial Highlights

- Flowery Branch's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025 by $79,102,743 (reported as *net position*). Of this amount, $36,537,313 (reported as *unrestricted net position*) may be used to meet the City's ongoing obligations.

- As of June 30, 2025, Flowery Branch's governmental funds reported combined ending fund balances of $24,724,838. The governmental funds reported a combined ending unassigned fund balance of $6,608,260.

More detailed information regarding these activities and funds begins on page 15.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Flowery Branch's basic financial statements. Flowery Branch's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the City as a whole)

The focus of the government-wide financial statements is on the overall financial position and activities of Flowery Branch and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These two statements report information about Flowery Branch using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Position*** (pages 15-16) is to attempt to report all of the assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is labeled *net position*. Although the purpose of the City is not to accumulate net position, in general, as this amount increases it indicates that the financial position of the City is improving over time.

The ***Statement of Activities*** (page 17), on the other hand, presents the revenues and expenses of the City. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net position*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, we divide Flowery Branch into two types of activities:

- ***Governmental activities*** – Most of the City's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: property, sales, insurance premium and intangible finance most of these services.
- ***Business-type activities*** – The City charges fees to customers to assist in covering the cost for providing certain services. The City's water and sewer system is reported in this category.

The City's government-wide financial statements are presented on pages 15-17.

Fund Financial Statements (Reporting the City's Major Funds)

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 71. The City's funds are divided into two broad categories – governmental and proprietary – and use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the City's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  The City of Flowery Branch maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Allocation District Fund, SPLOST Fund, and Local Resources Fund, which are considered major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 71-72 of this report.

  Flowery Branch adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund, and Tax Allocation District Fund to demonstrate compliance with these budgets.

  The City's basic governmental fund financial statements are presented on pages 18-25 of this report.

- ***Proprietary Funds*** – When the City charges customers for the services it provides, whether to outside customers or to other departments of the City, these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Flowery Branch uses enterprise funds to account for its water and sewer system.

Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes internal services funds for Employee Benefits. Due to the nature of the City's internal service funds, they are reported as governmental activities on the government-wide statements.

The City's proprietary fund financial statements are presented on pages 26-30.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-66 of this report.

Required Supplementary Information
The required supplementary information includes required schedules and information (pages 67-70) on the City's defined benefit pension plan.

Other Supplementary Information
Other supplementary information includes combining financial statements for non-major governmental funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 20 and 23) which reconciles the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred inflows of resources on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 15-17):

City of Flowery Branch, Georgia
Net Position (Financial Position)
Fiscal Years 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current assets	$ 25,684,916	$ 23,009,638	$ 24,890,757	$ 13,075,574	$ 50,575,673	$ 36,085,212
Capital assets	34,463,270	30,993,046	40,059,065	20,768,422	74,522,335	51,761,468
Other noncurrent assets	663,639	901,880	0	0	663,639	901,880
Total assets	60,811,825	54,904,564	64,949,822	33,843,996	125,761,647	88,748,560
Deferred outflows of resources	673,890	535,239	111,744	86,905	785,634	622,144
Liabilities						
Current liabilities	1,576,062	1,278,578	3,682,356	1,687,036	5,258,418	2,965,614
Noncurrent liabilities	7,501,772	7,928,251	33,796,932	7,316,554	41,298,704	15,244,805
Total liabilities	9,077,834	9,206,829	37,479,288	9,003,590	46,557,122	18,210,419
Deferred inflows of resources	830,075	967,716	57,341	43,464	887,416	1,011,180
Net Position						
Net investment in capital assets	27,714,052	23,847,022	3,598,211	12,465,098	31,312,263	36,312,120
Restricted	11,048,035	9,524,230	205,132	420,484	11,253,167	9,944,714
Unrestricted	12,815,719	11,894,006	23,721,594	11,998,265	36,537,313	23,892,271
Total net position	$ 51,577,806	$ 45,265,258	$ 27,524,937	$ 24,883,847	$ 79,102,743	$ 70,149,105

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources for Flowery Branch exceeded liabilities and deferred inflows of resources by $79,102,743 at the close of the fiscal year.

Approximately 39.6% of Flowery Branch's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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.

Restricted net position comprises 14.2% of the total net position. This amount represents net position that is subject to external restrictions or enabling legislation on how they can be used.

Unrestricted net position, comprising the remaining 46.2%, represents resources that can be used to meet the City's ongoing obligations to citizens and creditors.

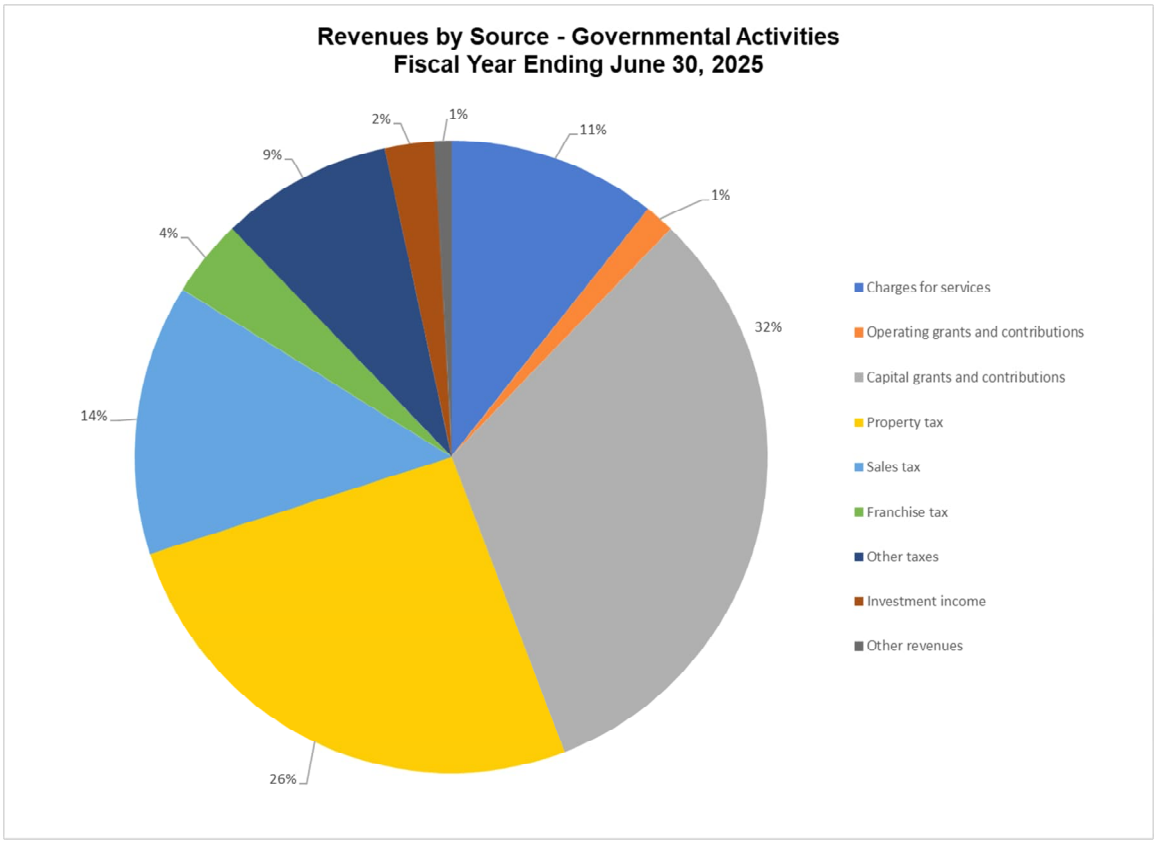
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Flowery Branch's net position changed during the fiscal year.

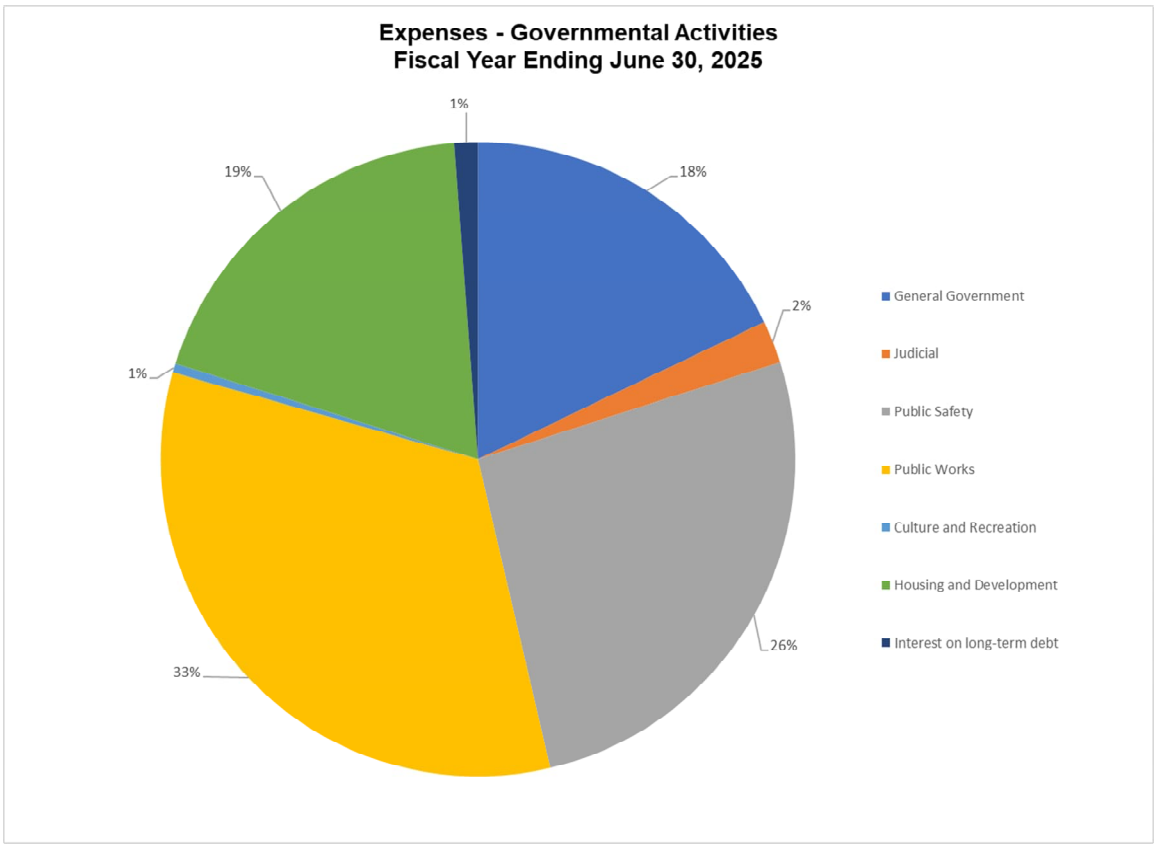
City of Flowery Branch, Georgia
Changes in Net Position
For the Fiscal Years 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for services	$ 2,078,152	$ 1,258,574	$ 6,247,628	$ 4,705,203	$ 8,325,780	$ 5,963,777
Operating grants and contributions	299,097	265,772	0	0	299,097	265,772
Capital grants and contributions	6,226,799	4,445,029	117,253	50,000	6,344,052	4,495,029
General revenues:						
Property tax	5,034,401	4,622,849	0	0	5,034,401	4,622,849
Sales tax	2,695,686	2,668,139	0	0	2,695,686	2,668,139
Franchise tax	775,924	762,612	0	0	775,924	762,612
Other taxes	1,709,008	1,607,403	0	0	1,709,008	1,607,403
Investment income	498,211	476,374	1,447,919	585,045	1,946,130	1,061,419
Other revenues	160,475	188,675	0	0	160,475	188,675
Total revenues	19,477,753	16,295,427	7,812,800	5,340,248	27,290,553	21,635,675
Expenses						
General Government	2,284,959	1,913,400	0	0	2,284,959	1,913,400
Judicial	277,549	267,872	0	0	277,549	267,872
Public Safety	3,353,596	3,016,642	0	0	3,353,596	3,016,642
Public Works	4,220,877	1,985,033	0	0	4,220,877	1,985,033
Culture and Recreation	59,437	49,017	0	0	59,437	49,017
Housing and Development	2,417,154	2,183,072	0	0	2,417,154	2,183,072
Interest on long-term debt	153,379	160,540	0	0	153,379	160,540
Water and sewer	0	0	5,569,964	3,205,607	5,569,964	3,205,607
Total expenses	12,766,951	9,575,576	5,569,964	3,205,607	18,336,915	12,781,183
Indirect cost allocation	812,759	789,679	(812,759)	(789,679)	0	0
Increase (decrease) in net position before transfers	7,523,561	7,509,530	1,430,077	1,344,962	8,953,638	8,854,492
Transfers in (out)	(1,211,013)	(1,055,526)	1,211,013	1,055,526	0	0
Increase (decrease) in net position	6,312,548	6,454,004	2,641,090	2,400,488	8,953,638	8,854,492
Net position - beginning	45,265,258	38,811,254	24,883,847	22,483,359	70,149,105	61,294,613
Net position - ending	$ 51,577,806	$ 45,265,258	$ 27,524,937	$ 24,883,847	$ 79,102,743	$ 70,149,105

Governmental Activities –

The following charts illustrate revenues and expenses of the governmental activities for the fiscal year:





The revenue chart indicates that capital grants and contributions, followed by property tax, and sales tax were the three largest sources of revenue for governmental activities for fiscal year 2025. Total revenues of the governmental activities increased more than $3,180,000. The largest cause of the increase was capital grants and contributions, which increased more than $1,780,000 due to contributions of capital assets from developers in the current year of more than $6,220,000. Property taxes increased more than $410,000 due predominantly to increases in property values. Charges for services increased by more than $810,000 due to the lift of the building moratorium. All other revenues remained relatively similar when comparing to the prior year.

The expense chart indicates that the three most significant governmental activities expenses for Flowery Branch during fiscal year 2025 were public works, followed by public safety, and housing and development. Overall, governmental activities expenses increased more than $3,190,000 from the prior fiscal year. General government expenses increased by more than $370,000 due to general liability insurance and personal services expense. Public safety expenses increased by more than $330,000 due to an increase in personal services expenses. Public works expenses increased by more than $2,230,000 due to increased personal services expense, repairs, and road maintenance. Housing and development expenses increased by more than $230,000 due to an increase in personal services expenses and an increase in tax allocation district expenses. All other expenses remained relatively similar when comparing to the prior year.

Business-Type Activities –

Business-type activities increased Flowery Branch's net position by $2,641,090. Additional information regarding the increase is discussed below.

Financial Analysis of the City's Funds

As noted earlier, Flowery Branch 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 the City completed this fiscal year, its governmental funds reported a combined ending fund balance of $24,724,838. The governmental funds reported a combined unassigned fund balance of $6,608,260. The remainder of fund balance is nonspendable, restricted, committed, or assigned, and is not available for spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $6,615,192, while total fund balance reached $11,034,916. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 79% of total General Fund expenditures, while total fund balance represents approximately 131% of that same amount.

Revenues in the General Fund increased by more than $1,370,000 from the prior fiscal year. Property tax revenues increased by more than $230,000 due predominantly to increased property values. Licenses and permits increased by more than $910,000 due to the lift of the building moratorium. Total expenditures increased by more than $1,290,000. Risk management expenditures increased by more than $150,000 due to increased personal services and increased insurance costs. Police Department expenditures increased by more than $350,000 due to increased personal services. Public Works expenditures increased by more than $240,000 due to increased personal services. Housing and Development expenditures increased by more than $380,000 due to increased tourism personal services and event expenditures. The City ended the fiscal year by increasing fund balance of the General Fund by $1,520,458 or approximately 16%. By comparison, in fiscal year 2024, fund balance of the General Fund increased by 16%.

At the end of the current fiscal year, the Tax Allocation District Special Revenue Fund had total fund balance of $1,344,312, of which $4,097 is nonspendable and $1,340,215 is restricted for Housing and Development. Fund balance decreased $46,383 during fiscal year 2025. Property taxes for the district increased $161,832 due to increased property values and changes in allocation. Expenditures decreased $115,240 due to several projects completed in the prior fiscal year.

At the end of the current fiscal year, the SPLOST Capital Projects Fund had total fund balance of $9,326,836, all of which is restricted for capital outlay. Fund balance of the SPLOST Fund increased $1,483,105 for fiscal year 2025. The City continued to expend the funds collected under the current SPLOST referendums. Further details of the SPLOST expenditures can be found in the Schedule of Projects Financed with Special Purpose Local Option Sales Tax at the end of this report.

At the end of the current fiscal year, the Local Resources Capital Projects Fund had total fund balance of $2,919,579, of which $100,000 is restricted for capital outlay and $2,819,579 is committed for capital outlay. Fund balance decreased $332,463 during fiscal year 2025. Revenues and transfers from other funds decreased from the prior fiscal year due to a significant decrease in transfers from the General Fund. Expenditures and transfers to other funds decreased $466,477 from the prior fiscal year due mostly to decreased capital outlay purchases and projects and transfers to other funds for road maintenance.

General Fund Budget Highlights

The original budget for the General Fund was amended reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. Budgeted expenditures in total increased from original to final budgets. Overall, General Fund revenues were above the final amended budget projections by $2,047,928, or 16.8%. General Fund expenditures were below the final amended budget projections by $203,284, or 2.4%. Current General Fund revenues are meeting estimates for fiscal year 2025 and the fund balance of the General Fund is expected to increase or remain similar.

Proprietary Funds. Flowery Branch's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary fund totaled as follows:

- Water and Sewer $ 27,524,937

The Water and Sewer Fund net position increased by $2,641,090 during the current fiscal year due predominantly to operating income from the water and sewer system coupled with transfers from other funds for capital projects. Interest revenue also increased significantly due to increased interest rates.

Capital Assets and Debt Administration

Capital Assets. Flowery Branch has invested $74,522,335 in capital assets (net of accumulated depreciation). Of this investment approximately 46% and 54% is related to governmental activities and business-type activities, respectively.

Capital assets held by the City are summarized as follows:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 2,228,000	$ 1,983,663	$ 998,201	$ 998,201	$ 3,226,201	$ 2,981,864
Construction in progress	146,975	94,113	22,176,188	7,284,466	22,323,163	7,378,579
Buildings and improvements	5,542,803	5,405,028	3,589,681	3,472,010	9,132,484	8,877,038
Machinery and equipment	3,343,612	3,005,175	6,252,838	6,079,606	9,596,450	9,084,781
Infrastructure	30,652,417	26,796,785	15,084,548	10,541,139	45,736,965	37,337,924
Intangibles	195,239	105,440	138,513	21,260	333,752	126,700
Land improvements	58,360	58,360	0	0	58,360	58,360
Intangible right-to-use assets Software	136,241	0	0	0	136,241	0
Total	42,303,647	37,448,564	48,239,969	28,396,682	90,543,616	65,845,246
Accumulated depreciation	(7,840,377)	(6,455,518)	(8,180,904)	(7,628,260)	(16,021,281)	(14,083,778)
Net Capital Assets	$34,463,270	$30,993,046	$40,059,065	$20,768,422	$74,522,335	$51,761,468

Major capital asset purchases during the current fiscal year for governmental activities included the following:

- Purchases of property
- Investments in machinery, equipment, and vehicles, mostly for the Police Department
- Paving and resurfacing of roads

Major capital asset purchases during the current fiscal year for business-type activities included the following:

- Continued construction for the expansion of the water and sewer system

Additional information on the City's capital assets can be found in Note 9 to the financial statements on pages 49-50 of this report.

Long-term Debt and Other Liabilities. On June 30, 2025, Flowery Branch had total long-term debt in the amount of $40,535,257, an increase of $26,011,258 from the prior fiscal year. The increase is primarily due to the issuance of Series 2024 Revenue Bonds of $25,000,000. Additional information on the City's long-term debt and other liabilities can be found in Notes 10 and 11 to the financial statements on pages 51-56 of this report.

Economic Condition and Outlook

Flowery Branch continues to fair well after recovering from the COVID-19 pandemic. Several factors were considered during preparation of the budget for fiscal year 2026, including the following:

- Possible increases or decreases in revenues, particularly property, sales, and hotel/motel taxes
- Fluctuations in the price of fuel due to market instability
- Plans for future capital improvements
- Unforeseen natural disasters, such as tornados, storms, etc.
- Capital outlay requirements for vehicles, equipment and program expansions to improve public services to the community

Contacting the City's Finance Department

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of Flowery Branch's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

City of Flowery Branch, Georgia
Attention: Finance Department
5410 Pine Street
Flowery Branch, Georgia 30542
(470) 798-0524

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BASIC FINANCIAL STATEMENTS

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 14,825,196	$ 0	$ 14,825,196
Restricted cash and cash equivalents	47,166	8,126,771	8,173,937
Certificates of deposit	9,692,158	12,655,678	22,347,836
Receivables (net)			
Accounts	68,934	913,496	982,430
Intergovernmental	368,809	3,054,933	3,423,742
Taxes	267,213	0	267,213
Interest	101,375	139,879	241,254
Leases	90,369	0	90,369
Prepaid items	223,696	0	223,696
Total current assets	25,684,916	24,890,757	50,575,673
Noncurrent assets			
Leases receivable	663,639	0	663,639
Capital assets			
Non-depreciable	2,374,975	23,174,389	25,549,364
Depreciable/amortizable (net)	32,088,295	16,884,676	48,972,971
Total noncurrent assets	35,126,909	40,059,065	75,185,974
Total assets	60,811,825	64,949,822	125,761,647
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	0	1,521	1,521
Deferred outflows of resources - pension	673,890	110,223	784,113
Total deferred outflows of resources	673,890	111,744	785,634
LIABILITIES			
Current liabilities			
Accounts payable	303,483	1,805,706	2,109,189
Retainages payable	94,372	972,464	1,066,836
Accrued salaries and payroll liabilities	118,690	14,019	132,709
Compensated absences payable	247,437	78,777	326,214
Accrued interest payable	48,837	0	48,837
Amounts held in trust	104,388	0	104,388
Unearned revenue	61,730	87,659	149,389
Contracts payable	575,370	0	575,370
Subscriptions payable	21,755	0	21,755
Notes payable	0	74,235	74,235
Liabilities payable from restricted assets			
Customer deposits payable	0	249,094	249,094
Accrued interest payable	0	94,402	94,402
Bonds payable	0	306,000	306,000
Total current liabilities	1,576,062	3,682,356	5,258,418
Noncurrent liabilities			
Net pension liability	1,484,806	256,001	1,740,807
Contracts payable	5,923,638	0	5,923,638
Subscriptions payable	93,328	0	93,328
Notes payable	0	8,775,663	8,775,663
Bonds payable	0	24,765,268	24,765,268
Total noncurrent liabilities	7,501,772	33,796,932	41,298,704
Total liabilities	9,077,834	37,479,288	46,557,122

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	$ 131,958	$ 57,341	$ 189,299
Leases	698,117	0	698,117
Total deferred inflows of resources	830,075	57,341	887,416
NET POSITION			
Net investment in capital assets	27,714,052	3,598,211	31,312,263
Restricted for:			
Public safety activities	56,203	0	56,203
Tourism product development	89,654	0	89,654
Housing and development	1,340,215	0	1,340,215
Capital outlay	9,561,963	0	9,561,963
Debt service	0	205,132	205,132
Unrestricted	12,815,719	23,721,594	36,537,313
Total net position	$ 51,577,806	$ 27,524,937	$ 79,102,743

See accompanying notes to the financial statements.

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CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Indirect Costs	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government								
Governmental activities								
General government	$ 2,284,959	$ (812,759)	$ 103,414	$ 14,480	$ 15,000	$ (1,339,306)	$ 0	$ (1,339,306)
Judicial	277,549	0	0	0	0	(277,549)	0	(277,549)
Public safety	3,353,596	0	683,006	22,797	85,091	(2,562,702)	0	(2,562,702)
Public works	4,220,877	0	1,234,874	254,020	5,998,763	3,266,780	0	3,266,780
Culture and recreation	59,437	0	0	7,800	127,945	76,308	0	76,308
Housing and development	2,417,154	0	56,858	0	0	(2,360,296)	0	(2,360,296)
Interest on long-term debt	153,379	0	0	0	0	(153,379)	0	(153,379)
Total governmental activities	12,766,951	(812,759)	2,078,152	299,097	6,226,799	(3,350,144)	0	(3,350,144)
Business-type activities								
Water and Sewer	5,569,964	812,759	6,247,628	0	117,253	0	(17,842)	(17,842)
Total primary government	$ 18,336,915	$ 0	$ 8,325,780	$ 299,097	$ 6,344,052	$ (3,350,144)	$ (17,842)	$ (3,367,986)
General revenues								
Taxes								
Property						$ 5,034,401	$ 0	$ 5,034,401
Sales						2,695,686	0	2,695,686
Franchise						775,924	0	775,924
Alcoholic beverage						375,350	0	375,350
Insurance premium						896,738	0	896,738
Hotel/motel						260,151	0	260,151
Other						176,769	0	176,769
Interest and investment earnings						498,211	1,447,919	1,946,130
Miscellaneous						160,475	0	160,475
Transfers						(1,211,013)	1,211,013	0
Total general revenues and transfers						9,662,692	2,658,932	12,321,624
Change in net position						6,312,548	2,641,090	8,953,638
Net position - beginning						45,265,258	24,883,847	70,149,105
Net position - ending						$ 51,577,806	$ 27,524,937	$ 79,102,743

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Tax Allocation District
ASSETS		
Cash and cash equivalents	$ 812,927	$ 1,568,451
Restricted cash and cash equivalents	47,166	0
Certificates of deposit	9,692,158	0
Receivables		
Accounts	68,934	0
Intergovernmental	41,531	0
Taxes	246,193	0
Interest	101,375	0
Leases	489,868	264,140
Due from other funds	227,941	0
Prepaid items	216,260	0
Total assets	$ 11,944,353	$ 1,832,591
LIABILITIES		
Accounts payable	$ 203,523	$ 740
Retainages payable	0	0
Accrued salaries and payroll liabilities	88,569	0
Due to other funds	0	221,009
Amounts held in trust	97,901	6,487
Unearned revenue	61,730	0
Total liabilities	451,723	228,236
DEFERRED INFLOWS OF RESOURCES		
Unavailable property taxes	19,640	0
Leases	438,074	260,043
Total deferred inflows of resources	457,714	260,043
FUND BALANCES		
Nonspendable prepaid items	216,260	0
Nonspendable leases receivable	51,794	4,097
Restricted for:		
Public safety activities	47,166	0
Tourism product development	0	0
Housing and development	0	1,340,215
Capital outlay	0	0
Committed for capital outlay	0	0
Assigned for subsequent budget	4,104,504	0
Unassigned	6,615,192	0
Total fund balances	11,034,916	1,344,312
Total liabilities, deferred inflows of resources, and fund balances	$ 11,944,353	$ 1,832,591

See accompanying notes to the financial statements.

SPLOST	Local Resources	Nonmajor Governmental Funds	Totals
$ 9,151,818	$ 2,919,579	$ 118,809	$ 14,571,584
0	0	0	47,166
0	0	0	9,692,158
0	0	0	68,934
327,278	0	0	368,809
0	0	21,020	267,213
0	0	0	101,375
0	0	0	754,008
0	0	0	227,941
0	0	7,436	223,696
$ 9,479,096	$ 2,919,579	$ 147,265	$ 26,322,884
$ 57,888	$ 0	$ 41,138	$ 303,289
94,372	0	0	94,372
0	0	0	88,569
0	0	6,932	227,941
0	0	0	104,388
0	0	0	61,730
152,260	0	48,070	880,289
0	0	0	19,640
0	0	0	698,117
0	0	0	717,757
0	0	7,436	223,696
0	0	0	55,891
0	0	9,037	56,203
0	0	89,654	89,654
0	0	0	1,340,215
9,326,836	100,000	0	9,426,836
0	2,819,579	0	2,819,579
0	0	0	4,104,504
0	0	(6,932)	6,608,260
9,326,836	2,919,579	99,195	24,724,838
$ 9,479,096	$ 2,919,579	$ 147,265	$ 26,322,884

See accompanying notes to the financial statements.

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CITY OF FLOWERY BRANCH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balance - total governmental funds		$ 24,724,838
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial resources and, therefore, are not reported in the funds. These are:		
Capital assets	$ 42,303,647	
Accumulated depreciation/amortization	(7,840,377)	34,463,270
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable in the funds. These are:		
Unavailable property taxes		19,640
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources - pension	$ 673,890	
Deferred inflows of resources - pension	(131,958)	541,932
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences payable	$ (247,437)	
Accrued interest payable	(48,837)	
Net pension liability	(1,484,806)	
Contracts payable	(6,499,008)	
Subscriptions payable	(115,083)	(8,395,171)
Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
Internal service funds net position		223,297
Net position of the governmental activities		$ 51,577,806

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2025

	General	Tax Allocation District
REVENUES		
Taxes	$ 8,658,164	$ 1,310,673
Licenses and permits	1,354,953	0
Fines and forfeitures	666,424	0
Charges for services	877,839	0
Intergovernmental	12,259	0
Interest	467,111	29,605
Contributions	48,421	0
Other	91,030	69,445
Total revenues	12,176,201	1,409,723
EXPENDITURES		
Current		
General government	1,929,016	0
Judicial	265,124	0
Public safety	3,051,273	0
Public works	1,297,497	0
Culture and recreation	5,262	0
Housing and development	1,851,841	483,562
Capital outlay	0	0
Debt service	25,000	397,544
Total expenditures	8,425,013	881,106
Excess (deficiency) of revenues over (under) expenditures	3,751,188	528,617
Other financing sources (uses)		
Transfers in	97,557	0
Transfers out	(2,464,528)	(575,000)
Proceeds from debt issuance	136,241	0
Total other financing sources (uses)	(2,230,730)	(575,000)
Net change in fund balances	1,520,458	(46,383)
Fund balances, July 1	9,514,458	1,390,695
Fund balances, June 30	$ 11,034,916	$ 1,344,312

See accompanying notes to the financial statements.

SPLOST	Local Resources	Nonmajor Governmental Funds	Totals
$ 0	$ 0	$ 260,151	$ 10,228,988
0	0	0	1,354,953
0	0	3,304	669,728
0	0	0	877,839
2,217,687	0	0	2,229,946
130,500	0	1,495	628,711
200,000	62,000	0	310,421
0	0	0	160,475
2,548,187	62,000	264,950	16,461,061
0	0	0	1,929,016
0	0	0	265,124
0	0	49,354	3,100,627
0	0	0	1,297,497
0	0	0	5,262
0	0	113,817	2,449,220
2,545,082	400,972	0	2,946,054
0	342,006	0	764,550
2,545,082	742,978	163,171	12,757,350
3,105	(680,978)	101,779	3,703,711
1,730,000	1,948,515	0	3,776,072
(250,000)	(1,600,000)	(97,557)	(4,987,085)
0	0	0	136,241
1,480,000	348,515	(97,557)	(1,074,772)
1,483,105	(332,463)	4,222	2,628,939
7,843,731	3,252,042	94,973	22,095,899
$ 9,326,836	$ 2,919,579	$ 99,195	$ 24,724,838

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2025

Net change in fund balances - total governmental funds		$ 2,628,939
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 and reported as depreciation expense.		
Capital outlays	$ 4,855,083	
Depreciation	(1,384,859)	3,470,224
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.		(26,178)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$ 337,084	
Cost of benefits earned net of employee contributions	(417,101)	(80,017)
The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.		
Proceeds from debt issuance	$ (136,241)	
Debt principal payments	579,601	
Amortization of bond premiums and discounts	27,256	
Net change in interest payable	4,314	474,930
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:		
Net change in compensated absences		(105,740)
Internal service funds are used by management to charge the cost of certain activities to individual funds. Net revenue (expense) of internal service funds is reported with governmental activities.		
Change in net position of internal service funds		(49,610)
Change in net position of governmental activities		$ 6,312,548

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 7,935,561	$ 8,122,861	$ 8,658,164	$ 535,303
Licenses and permits	387,700	387,700	1,354,953	967,253
Fines and forfeitures	505,000	505,000	666,424	161,424
Charges for services	837,129	837,129	877,839	40,710
Intergovernmental	603	603	12,259	11,656
Interest	160,000	160,000	467,111	307,111
Contributions	7,000	36,480	48,421	11,941
Other	78,500	78,500	91,030	12,530
Total revenues	9,911,493	10,128,273	12,176,201	2,047,928
EXPENDITURES				
Current				
General government				
Council	83,507	83,507	56,950	26,557
City clerk	204,021	204,021	159,500	44,521
City manager	227,677	227,677	213,262	14,415
General administration	905,233	905,233	889,274	15,959
Human resources	24,550	36,550	36,249	301
Risk management	310,000	310,000	314,502	(4,502)
Building and plant	286,300	286,300	241,999	44,301
Public information	24,607	24,607	17,280	7,327
Judicial				
Municipal court	285,922	285,922	265,124	20,798
Public safety				
Police administration	2,875,785	3,051,515	3,051,273	242
Public works				
Highways and streets administration	1,326,315	1,326,315	1,297,497	28,818
Culture and recreation				
Railroad right-of-way	0	5,300	5,262	38
Housing and development				
Planning and community development	1,119,175	1,117,925	1,121,203	(3,278)
Economic development	48,000	48,000	27,571	20,429
Tourism	690,425	690,425	703,067	(12,642)
Debt service				
Public safety				
Police administration	0	25,000	25,000	0
Total expenditures	8,411,517	8,628,297	8,425,013	203,284
Excess (deficiency) of revenues over (under) expenditures	1,499,976	1,499,976	3,751,188	2,251,212
Other financing sources (uses)				
Transfers in	70,000	70,000	97,557	27,557
Transfers out	(1,233,515)	(2,464,528)	(2,464,528)	0
Proceeds from debt issuance	0	0	136,241	136,241
Contingency	(336,461)	(336,461)	0	336,461
Total other financing sources (uses)	(1,499,976)	(2,730,989)	(2,230,730)	500,259
Net change in fund balances	0	(1,231,013)	1,520,458	2,751,471
Fund balances, July 1	0	1,231,013	9,514,458	8,283,445
Fund balances, June 30	$ 0	$ 0	$ 11,034,916	$ 11,034,916

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,237,438	$ 1,237,438	$ 1,310,673	$ 73,235
Interest	40,000	40,000	29,605	(10,395)
Other	116,341	116,341	69,445	(46,896)
Total revenues	1,393,779	1,393,779	1,409,723	15,944
EXPENDITURES				
Current				
Housing and development	998,985	719,185	483,562	235,623
Debt service	394,794	394,794	397,544	(2,750)
Total expenditures	1,393,779	1,113,979	881,106	232,873
Excess (deficiency) of revenues over (under) expenditures	0	279,800	528,617	248,817
Other financing sources (uses)				
Transfers out	0	(575,000)	(575,000)	0
Net change in fund balances	0	(295,200)	(46,383)	248,817
Fund balances, July 1	0	295,200	1,390,695	1,095,495
Fund balances, June 30	$ 0	$ 0	$ 1,344,312	$ 1,344,312

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund
ASSETS		
Current assets		
Cash and cash equivalents	$ 0	$ 253,612
Restricted cash and cash equivalents		
Construction	7,578,143	0
Customer deposits	249,094	0
Debt service	299,534	0
Certificates of deposit	12,655,678	0
Receivables (net)		
Accounts	913,496	0
Intergovernmental	3,054,933	0
Interest	139,879	0
Total current assets	24,890,757	253,612
Noncurrent assets		
Capital assets		
Nondepreciable	23,174,389	0
Depreciable (net)	16,884,676	0
Total noncurrent assets	40,059,065	0
Total assets	64,949,822	253,612
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	1,521	0
Deferred outflows of resources - pension	110,223	0
Total deferred outflows of resources	111,744	0
LIABILITIES		
Current liabilities		
Accounts payable	1,805,706	194
Retainages payable	972,464	0
Accrued salaries and payroll liabilities	14,019	30,121
Compensated absences payable	78,777	0
Unearned revenue	87,659	0
Notes payable	74,235	0
Liabilities payable from restricted assets		
Customer deposits payable	249,094	0
Accrued interest payable	94,402	0
Bonds payable	306,000	0
Total current liabilities	3,682,356	30,315
Noncurrent liabilities		
Net pension liability	256,001	0
Notes payable	8,775,663	0
Bonds payable	24,765,268	0
Total noncurrent liabilities	33,796,932	0
Total liabilities	37,479,288	30,315
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	57,341	0

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund
NET POSITION		
Net investment in capital assets	$ 3,598,211	$ 0
Restricted for debt service	205,132	0
Unrestricted	23,721,594	223,297
Total net position	$ 27,524,937	$ 223,297

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund
OPERATING REVENUES		
Interfund services provided	$ 0	$ 1,452,000
Water charges	1,855,094	0
Sewer charges	3,139,145	0
Development charges	1,234,956	0
Miscellaneous	18,433	0
Total operating revenues	6,247,628	1,452,000
OPERATING EXPENSES		
Personal services	818,710	1,501,610
Costs of sales and services	3,556,250	0
Depreciation	567,726	0
Total operating expenses	4,942,686	1,501,610
Operating income (loss)	1,304,942	(49,610)
Non-operating revenues (expenses)		
Interest revenue	1,447,919	0
Interest expense	(1,440,037)	0
Total non-operating revenues (expenses)	7,882	0
Net income (loss) before capital contributions and transfers	1,312,824	(49,610)
Capital contributions		
Intergovernmental	117,253	0
Net income (loss) before transfers	1,430,077	(49,610)
Transfers		
Transfers in	1,211,013	0
Change in net position	2,641,090	(49,610)
Net position, July 1	24,883,847	272,907
Net position, June 30	$ 27,524,937	$ 223,297

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund
Cash flows from operating activities:		
Receipts from interfund services provided	$ 0	$ 1,452,000
Receipts from customers and users	6,227,993	0
Payments to suppliers	(3,142,841)	70,544
Payments to employees	(780,366)	(1,491,372)
Other receipts	18,433	0
Net cash provided (used) by operating activities	2,323,219	31,172
Cash flows from non-capital financing activities:		
Receipts from other funds	(1,703,680)	0
Cash flows from capital and related financing activities:		
Receipts from other funds	1,211,013	0
Receipts of capital contributions	117,253	0
Acquisition of capital assets	(17,317,160)	0
Payment of capital related payables	(1,125,420)	0
Proceeds - notes payable	972,067	0
Principal payments - notes payable	(73,204)	0
Proceeds - bonds payable	24,757,603	
Principal payments - bonds payable	(299,000)	0
Interest paid	(1,338,298)	0
Net cash provided (used) by capital and related financing activities	6,904,854	0
Cash flows from investing activities:		
Interest received	1,498,969	0
Proceeds from maturity of certificates of deposit	9,473,306	
Purchases of certificates of deposit	(11,024,640)	0
Net cash provided (used) by investing activities	(52,365)	0
Net increase in cash and cash equivalents	7,472,028	31,172
Cash and cash equivalents, July 1	654,743	222,440
Cash and cash equivalents, June 30	$ 8,126,771	$ 253,612

See accompanying notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2025

	Business-Type Activities	Governmental Activities
	Water and Sewer	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,304,942	$ (49,610)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	567,726	0
(Increase) decrease in accounts receivable	(22,448)	0
(Increase) decrease in prepaid items	0	75,131
(Increase) decrease in deferred outflows of resources - pension	(30,922)	0
Increase (decrease) in accounts payable	413,409	(4,587)
Increase (decrease) in accrued salaries and payroll liabilities	2,372	10,238
Increase (decrease) in compensated absences payable	20,059	0
Increase (decrease) in customer deposits payable	21,246	0
Increase (decrease) in net pension liability	32,958	0
Increase (decrease) in deferred inflows of resources - pension	13,877	0
Total adjustments	1,018,277	80,782
Net cash provided (used) by operating activities	$ 2,323,219	$ 31,172
Cash and cash equivalents reconciliation		
Cash and cash equivalents	$ 0	$ 253,612
Cash and cash equivalents restricted for construction	7,578,143	0
Cash and cash equivalents restricted for customer deposits	249,094	0
Cash and cash equivalents restricted for debt service	299,534	0
	$ 8,126,771	$ 253,612

Noncash investing and capital and related financing activities:

Acquisition of capital assets through accounts payable totaled $1,568,745.

Acquisition of capital assets through retainages payable totaled $972,464.

Increase in notes payable through intergovernmental receivable totaled $1,116,743.

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is a municipal corporation governed by a five member City Council, a Mayor, and full time City Manager. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that the entity is legally separate from the City.

All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government.

Discretely Presented Component Unit

The Flowery Branch Development Authority is governed by a separate board and is a separate legal, public body created and existing under instrumentality of the City of Flowery Branch for the purpose of revitalizing and developing the central business district of Flowery Branch, Georgia. Separate financial statements for the Flowery Branch Development Authority are not prepared. Currently, the Development Authority is an inactive entity with no activity in the current fiscal year.

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. (For the most part, the effect of interfund activity has been removed from these statements). Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component unit. The Statement of Net Position will include noncurrent assets and noncurrent liabilities. In addition, the government-wide Statement of Activities reflects depreciation expense on the City's capital assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (continued)

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Custodial funds use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, fines and forfeitures, intergovernmental grants, and interest 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. 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.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

The **Tax Allocation District (TAD) Special Revenue Fund** accounts for the tax allocation district revenues and expenditures.

The **SPLOST Capital Projects Fund** accounts for the receipt and disbursement of special purpose local option sales tax (SPLOST) funds.

The **Local Resources Capital Projects Fund** accounts for capital purchases as approved by the City Council.

The City reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the operations of the City's water and sewer services.

The City also reports the following fund types:

The **Special Revenue Funds** are used to account for specific revenues, such intergovernmental revenues and hotel/motel tax revenues, which are legally restricted or committed to expenditures for specific, restricted purposes.

The **Capital Project Funds** are used to account for the collection and expenditures of certain restricted revenues, such as special purpose local option sales tax receipts.

1. Summary of Significant Accounting Policies (continued)

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

The **Internal Service Fund** accounts for the financing of goods and services provided to the departments of the government on a cost reimbursement basis. The City's internal service fund is used to account for the financing of employee benefits.

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 and 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.

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.

D. Cash and Investments

Amounts reported as cash by the City in the accompanying financial statements include cash on hand and on deposit with financial institutions.

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia.

1. Summary of Significant Accounting Policies (continued)

D. Cash and Investments, continued

Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

E. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Customer accounts receivable include billed but uncollected amounts and unbilled receivables based upon a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

1. Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Prepaid items are accounted for using the consumption method. Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items in both government-wide and fund financial statements.

H. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased and is adjusted when accounted for at interval periods during the year or at year-end.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts expended for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets, continued

Major outlays for capital assets and improvements are capitalized as projects as they are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Useful Life in Years
Buildings and improvements	20-50
Public domain infrastructure	14-40
Machinery and equipment	5-20
Vehicles	5
Intangibles	10
Intangible right-to-use assets	
Software	5-10

J. Deferred Outflows / 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/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plan.

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows of Resources, continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City's unavailable revenues arise only under a modified accrual basis of accounting. Accordingly, they are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and forfeitures, which will be recognized as an inflow of resources in the period in which the amounts become available. The City also reports deferred inflows of resources related to their leases and defined benefit pension plan.

K. Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, general leave for the City includes both vacation and compensatory time pay. Vacation leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued leave earned not to exceed the number of leave hours outlined in the employee policy manual.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represents a reconciling item between the fund and government-wide presentations. Vested or accumulated general leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

1. Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Contract and bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Contracts and bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as expenses when incurred.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as expenses when incurred. In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

M. Fund Equity and Net Position

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 management 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 purpose 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.

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, 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 a formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

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 Manager 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.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

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

1. Summary of Significant Accounting Policies (continued)

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

O. Interfund Transactions

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

P. Budgets

Formal budgetary accounting is employed as a management control device for all governmental fund types, except for the Capital Project Funds, for the upcoming fiscal year. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principle basis. Capital budgets are adopted for the Capital Project Funds on a project basis. Additional capital projects are budgeted by the City Council as capital projects are approved throughout the year.

1. Summary of Significant Accounting Policies (continued)

P. Budgets, continued

All governmental funds with revenues and/or expenditures as defined by State law are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is at the department level within a fund. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The government's City Manager may make transfers of appropriations within a department at the department heads request. Transfers of appropriations between departments require the approval of council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Amendments to the original budget appropriations are approved by the City Council.

The City prepares its annual operating budget under the provisions of the official Code of Georgia. In accordance with those provisions, the following process is used to adopt the annual budget:

(a) Prior to June 1, the City Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
(b) Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are normally scheduled no later than 15 days prior to the beginning of the budget year.
(c) Subsequent to the public hearings, the budget is legally enacted through the passage of a resolution by the City Council.

2. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's investment policy follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. At the end of the current fiscal year, the City had no uninsured or uncollateralized deposits. These deposits are collateralized with securities not held in the City's name. These deposits are held by the pledging financial institution's agent, the Georgia Bankers Association, in the State of Georgia Pledging Pool. The State of Georgia Pledging Pool is collateralized by securities within the pool at 110% of deposits.

Interest Rate Risk and Concentration of Credit Risk

To limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and concentrations, the City investment policy allows no more than 15% of the overall portfolio to be invested in the securities of a single issuer, except for the securities of the U.S. Treasury. No more than 15% of the portfolio may be invested in each of the following categories: money market mutual funds, negotiable certificates of deposit, bankers' acceptances, and any other obligation that does not bear the full faith and credit of the United States government or which is not fully collateralized or insured. At least 10% of the overall portfolio shall be invested in overnight instruments or in marketable securities, which can be converted to cash within one day. No more than 20% of the portfolio may be invested beyond 12 months, and the weighted average maturity of the portfolio shall never exceed 5 years.

Credit Risk

The City's policy is to adhere to State statutes as it relates to credit risk for investments. State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. Other than noted above regarding interest rate risk, the City has no investment policy that would further limit its investment choices.

Foreign Currency Risk

The City has no investments denominated in a foreign currency.

2. Deposit and Investment Risk (continued)

The City participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA §36-83-8, which is a stable net asset investment pool that follows Fitch's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf/S1 by Fitch. The weighted average maturity at the end of the current fiscal year was 51 days. At the end of the current fiscal year, the City's balance in Georgia Fund 1 was $9,594,955.

3. Accounts Receivable

Net accounts receivable at the end of the current fiscal year consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 68,934
Water and Sewer Enterprise Fund	$ 1,177,213	
Less: Allowance for Uncollectible Accounts	(263,717)	913,496
Total primary government		$ 982,430

4. Intergovernmental Receivables

Intergovernmental receivables at the end of the current fiscal year consist of the following:

Primary Government:	
Major Funds	
General Fund	$ 41,531
SPLOST Capital Projects Fund	327,278
Water and Sewer Enterprise Fund	3,054,933
Total primary government	$ 3,423,742

5. Leases Receivable

In 1990, the City entered into a lease with a cell phone service provider to provide the tenant the right to use a portion of real property. The lease was subsequently amended and provides for additional five-year terms through 2040. In 2022 and 2024, the City entered into multiple leases with restaurant, retail, and professional services companies for the right to use buildings in the downtown area. The lease terms vary between 36 and 217 months and provide options for extensions. The lease to the cell phone service provider requires annual payments starting at $28,000 with an annual escalation of 3%. Monthly payments on the other leases vary between $1,854 and $3,064 and provide for annual escalations. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 1.39% and 2.74%. During the current fiscal year, one of the leases was terminated without full payment.

During the current fiscal year, the City recognized $100,551 of lease revenue (reported as other revenue on the statement of revenues, expenditures, and changes in fund balances) and $17,566 of interest revenue under the leases.

6. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for the 2024 tax digest year, based upon the assessments as of January 1, 2024, were levied on August 9, 2024, billed on September 24, 2024, and due on December 31, 2024. FIFAs on delinquent tax accounts could be filed no earlier than January 1, 2025.

7. Interfund Receivables and Payables

A summary of interfund receivables and payables at the end of the current fiscal year follows:

Receivable Fund	Payable Fund	Amount
General	Tax Allocation District	$ 221,009
	Nonmajor Governmental	6,932
		$ 227,941

The balances reported as Due to/Due from represent loans between funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. Interfund Transfers

A summary of interfund transfers for the current fiscal year follows:

Transfer Out Fund	Transfer In Fund	Amount
General	SPLOST	$ 130,000
	Local Resources	1,373,515
	Water and Sewer	961,013
Tax Allocation District	Local Resources	575,000
SPLOST	Water and Sewer	250,000
Local Resources	SPLOST	1,600,000
Nonmajor Governmental	General	97,557
		$ 4,987,085

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

9. Capital Assets

Capital asset activity for the primary government for the current fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Nondepreciable assets				
Land	$ 1,983,663	$ 244,337	$ 0	$ 2,228,000
Construction in progress	94,113	3,075,364	(3,022,502)	146,975
Total nondepreciable assets	2,077,776	3,319,701	(3,022,502)	2,374,975
Depreciable/amortizable assets				
Buildings and improvements	5,405,028	137,775	0	5,542,803
Machinery and equipment	3,005,175	338,437	0	3,343,612
Infrastructure	26,796,785	3,855,632	0	30,652,417
Intangibles	105,440	89,799	0	195,239
Land improvements	58,360	0	0	58,360
Intangible right-to-use assets				
Software	0	136,241	0	136,241
Total depreciable/amortizable assets	35,370,788	4,557,884	0	39,928,672
Accumulated depreciation/amortization				
Buildings and improvements	(876,814)	(113,268)	0	(990,082)
Machinery and equipment	(1,485,516)	(436,018)	0	(1,921,534)
Infrastructure	(4,042,780)	(789,451)	0	(4,832,231)
Intangibles	(50,084)	(19,524)	0	(69,608)
Land improvements	(324)	(3,891)	0	(4,215)
Intangible right-to-use assets				
Software	0	(22,707)	0	(22,707)
Total accumulated depreciation/amortization	(6,455,518)	(1,384,859)	0	(7,840,377)
Total depreciable/amortizable assets, net	28,915,270	3,173,025	0	32,088,295
Governmental activities capital assets, net	$ 30,993,046	$ 6,492,726	$ (3,022,502)	$ 34,463,270

9. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Non-depreciable assets				
Land	$ 998,201	$ 0	$ 0	$ 998,201
Construction in progress	7,284,466	19,858,369	(4,966,647)	22,176,188
Total non-depreciable assets	8,282,667	19,858,369	(4,966,647)	23,174,389
Depreciable assets				
Buildings and improvements	3,472,010	117,671	0	3,589,681
Machinery and equipment	6,079,606	188,314	(15,082)	6,252,838
Infrastructure	10,541,139	4,543,409	0	15,084,548
Intangibles	21,260	117,253	0	138,513
Total depreciable assets	20,114,015	4,966,647	(15,082)	25,065,580
Accumulated depreciation				
Buildings and improvements	(1,833,944)	(69,710)	0	(1,903,654)
Machinery and equipment	(3,000,813)	(189,774)	15,082	(3,175,505)
Infrastructure	(2,776,224)	(304,261)	0	(3,080,485)
Intangibles	(17,279)	(3,981)	0	(21,260)
Total accumulated depreciation	(7,628,260)	(567,726)	15,082	(8,180,904)
Total depreciable assets, net	12,485,755	4,398,921	0	16,884,676
Business-type activities capital assets, net	$ 20,768,422	$ 24,257,290	$ (4,966,647)	$ 40,059,065

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

Governmental activities	
General Government	$ 232,606
Public Safety	295,355
Public Works	728,527
Culture and Recreation	54,175
Housing and Development	74,196
Total depreciation/amortization expense for governmental activities	$ 1,384,859
Business-type activities	
Water and Sewer	$ 567,726

10. Long-Term Debt

Governmental Activities

Contracts Payable

On August 18, 2016, the City entered into a contract with Gainesville and Hall County Development Authority to issue tax-exempt revenue bonds, series 2016, in the amount of $4,000,000. The bonds bear an interest rate of 1.56% per annum, with semi-annual interest payments beginning January 5, 2017 and annual principal payments beginning July 5, 2017, with a maturity date of July 5, 2029. These funds were used to finance the construction of the new City Hall. The City is responsible for all principal and interest payments on the bonds.

On March 10, 2020, the City entered into a contract with the Gainesville and Hall County Development Authority to issue tax-exempt revenue bonds, Series 2020, in the amount of $4,995,000. The bonds bear various interest rates ranging from 2.128% to 4%, with semi-annual interest payments beginning October 1, 2020, and annual principal payments beginning April 1, 2023, with a maturity date of April 1, 2039. These funds were used for Old Town redevelopments by streetscaping, Farmers Market Pavilion, two downtown parks, and an old town bike-pedestrian path. The City is responsible for all principal and interest payments on the bonds. The payments will be paid with tax allocation district funds.

Contracts payable currently outstanding mature as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 575,370	$ 168,897	$ 744,267
2027	587,450	156,185	743,635
2028	604,687	143,211	747,898
2029	622,083	129,823	751,906
2030	634,644	116,018	750,662
2031-2035	1,620,000	370,869	1,990,869
2036-2039	1,480,000	109,394	1,589,394
Totals	$ 6,124,234	$ 1,194,397	$ 7,318,631

10. Long-Term Debt (continued)

Governmental Activities, continued

Subscriptions Payable

In February 2025, the City entered into a subscription-based information technology arrangement (SBITA) with a vendor for software. The subscription requires 6 annual payments of $25,000 beginning in February 2025. The subscription liability was measured at a discount rate of 2.82%.

Debt service requirements to maturity for subscriptions are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 21,755	$ 3,245	$ 25,000
2027	22,368	2,632	25,000
2028	22,999	2,001	25,000
2029	23,647	1,353	25,000
2030	24,314	686	25,000
Totals	$ 115,083	$ 9,917	$ 125,000

Business-Type Activities

Revenue Bonds

Series 2014 Revenues Bonds: In October 2014, the City funded the repayment of $2,860,078 of its Series 2004 Water and Sewer Revenue Bonds with the issuance of $2,990,000 of Series 2014 Water and Sewerage Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt in the amount of $63,200, which is included in deferred outflows of resources and is amortized over the term of the new bond using the straight-line method. The initial proceeds of $5,060,000 from the issuance of the 2004 Bonds were for additions to and improvements of the water and sewerage system. The refunding was undertaken to reduce the interest rate. The Series 2014 Water and Sewerage Revenue Bonds carry an interest rate of 2.38%, with semi-annual interest payments beginning April 1, 2015, and annual principal payments beginning October 1, 2015, with a maturity date of October 1, 2025. The City has pledged net revenues of the water and sewer system as collateral for the bonds. Upon the happening and continuance of any event of default, the holder of the bonds may, by a notice in writing to the City, declare the principal and any accrued interest to be due and payable immediately.

10. Long-Term Debt (continued)

Business-Type Activities, continued

Revenue Bonds, continued

Series 2024 Revenues Bonds: In July 2024, the City issued $25,000,000 of Series 2024 Water and Sewerage Revenue Bonds. The proceeds are for additions to and improvements of the water and sewerage system. The Series 2024 Water and Sewerage Revenue Bonds carry an interest rate of 5.00%, with semi-annual interest payments beginning December 1, 2024, and annual principal payments beginning June 1, 2027, with a maturity date of June 1, 2054. The City has pledged net revenues of the water and sewer system as collateral for the bonds. Upon the happening and continuance of any event of default, the holder of the bonds may, by a notice in writing to the City, declare the principal and any accrued interest to be due and payable immediately.

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 306,000	$ 1,064,327	$ 1,370,327
2027	380,000	1,062,506	1,442,506
2028	135,000	1,043,506	1,178,506
2029	140,000	1,036,756	1,176,756
2030	145,000	1,029,756	1,174,756
2031-2035	855,000	5,031,531	5,886,531
2036-2040	1,465,000	4,768,281	6,233,281
2041-2045	2,185,000	4,345,031	6,530,031
2046-2050	9,315,000	3,418,131	12,733,131
2051-2054	10,380,000	1,092,094	11,472,094
Totals	$ 25,306,000	$ 23,891,919	$ 49,197,919

10. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings

In August 2014, the City entered into an agreement with the Georgia Environmental Finance Authority (GEFA) to borrow up to $1,500,000 to finance the diversion of sewerage flows from the Cinnamon Cove complex to the City's existing wastewater treatment plant. The note bears an interest rate of 1.40% and requires monthly payments of $7,169, with a maturity date of June 1, 2036. At the end of the current fiscal year, the note has a balance of $876,619. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

In February 2021, the City entered into a note agreement with GEFA to borrow up to $5,710,000 to finance the upgrade of the water distribution system and related appurtenances. At the end of the current fiscal year, the note has a balance of $4,421,364 and is still in the draw down phase. Therefore, a future payment schedule has not been established. The note requires interest only payments until the earlier of October 1, 2024, the completion date, or the date that the loan is fully disbursed. The note bears an interest rate of 0.99%. The maturity schedule below does not include this note. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

10. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings, continued

In April 2021, the City entered into a note agreement with GEFA to borrow up to $23,300,000 to finance the upgrade of the water reclamation facility and related appurtenances. At the end of the current fiscal year, the note has a balance of $3,551,915 and is still in the draw down phase. Therefore, a future payment schedule has not been established. The note requires interest only payments until the earlier of April 1, 2027, the completion date, or the date that the loan is fully disbursed. The note bears an interest rate of 1.04%. The maturity schedule below does not include this note. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

The City's notes from direct borrowings debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	$ 74,235	$ 11,798	$ 86,033
2027	75,281	10,752	86,033
2028	76,342	9,691	86,033
2029	77,418	8,615	86,033
2030	78,509	7,524	86,033
2031-2035	409,450	20,714	430,164
2036	85,384	649	86,033
Totals	$ 876,619	$ 69,743	$ 946,362

11. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the current fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Contracts payable	$ 6,682,677	$ 0	$ (558,443)	$ 6,124,234	$ 575,370
Plus premiums	402,030	0	(27,256)	374,774	0
Total contracts payable	7,084,707	0	(585,699)	6,499,008	575,370
Subscriptions payable	0	136,241	(21,158)	115,083	21,755
Compensated absences	141,697	105,740	0	247,437	247,437
Total governmental activities	$ 7,226,404	$ 241,981	$ (606,857)	$ 6,861,528	$ 844,562
Business-type activities					
Revenue bonds payable	$ 605,000	$ 25,000,000	$ (299,000)	$ 25,306,000	$ 306,000
Less discounts	0	(242,397)	7,665	(234,732)	0
Total revenue bonds payable	605,000	24,757,603	(291,335)	25,071,268	306,000
Notes from direct borrowings	6,834,292	2,088,810	(73,204)	8,849,898	74,235
Compensated absences	58,718	20,059	0	78,777	78,777
Total business-type activities	$ 7,498,010	$ 26,866,472	$ (364,539)	$ 33,999,943	$ 459,012

Contract and bond discounts/premiums are amortized over the life of the related debt. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund. The total interest incurred and charged to expense for the current fiscal year was $153,379 and $1,440,037 for the governmental activities and business-type activities, respectively.

In accordance with GASB Statement No. 101, *Compensated Absences*, the additions noted for compensated absences reflect the net change for the period.

12. Net Investment in Capital Assets

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 42,303,647	$ 48,239,969
Accumulated depreciation	(7,840,377)	(8,180,904)
Book value	34,463,270	40,059,065
Deferred charge on refunding	0	1,521
Capital-related accounts payable	(40,755)	(1,568,745)
Retainages payable	(94,372)	(972,464)
Contracts payable	(6,499,008)	0
Notes payable	0	(8,849,898)
Bonds payable	0	(25,071,268)
Subscriptions payable	(115,083)	0
Net investment in capital assets	$ 27,714,052	$ 3,598,211

13. Pension Plans

Defined Benefit Pension Plan

Plan Description. Beginning on November 1, 2015, the Georgia Municipal Employees Benefit System (GMEBS) administers an agent multiple-employer defined benefit pension plan, the City of Flowery Branch Retirement Plan, as defined in the Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. Under the GMEBS Retirement Fund, the contributions made by the City of Flowery Branch, Georgia are commingled with contributions made by other participants of the GMEBS Retirement Fund for investment purposes. The plan was effective on November 1, 2014.

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The Board of Trustees of GMEBS is authorized to amend the "Plan" documents pursuant to a formally adopted resolution. The adoption agreements, executed by the City Council, establish the specific benefit provisions of the Defined Benefit Plan and may be amended by a formally adopted resolution by the City Council and approved by the Plan Board of Trustees. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

At January 1, 2025, the date of the most recent actuarial valuation, there were 86 participants consisting of the following:

Active participants	60
Vested terminated participants	19
Retired participants and beneficiaries	7
Total number of participants	86

Benefits Provided. As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. Eligibility for participation is available immediately beginning with the date of employment for all full-time employees who work at least thirty hours a week. Elected officials are not covered by the Plan. Employee benefits vest after five years of service. Employees who retire at age 65 with 5 years of service is entitled to benefits of 2.00% of final average earnings in excess of covered compensation. Effective September 1, 2023, the benefit multiplier for those with less than 37.5 years of service was increased from 2.00% to 2.50%. Those receiving the 2.50% multiplier have maximum credited service of 30 years. An employee may elect early retirement at age 55 provided he has a minimum of 10 years total credited service. Retirement between the ages of 55 and 65 will result in a reduced monthly benefit. To receive full benefits, an employee must be employed until age 65. The benefit is calculated on the last 3 years' highest averaged earnings.

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets the 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 recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to the plan for the current fiscal year totaled $337,084, or 7.69% of covered payroll. Employees do not contribute to the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current fiscal year, the City reported a net pension liability of $1,740,807. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. For the current year, the City recognized pension expense of $433,014.

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2023	$ 3,175,207	$ 1,564,347	$ 1,610,860
Changes for the year:			
Service cost	212,726	0	212,726
Interest	246,679	0	246,679
Differences between expected and actual experience	283,779	0	283,779
Contributions—employer	0	235,023	(235,023)
Net investment income	0	385,120	(385,120)
Benefit payments, including refunds of employee contributions	(86,254)	(86,254)	0
Administrative expense	0	(6,906)	6,906
Other	0	0	0
Net changes	656,930	526,983	129,947
Balances at September 30, 2024	$ 3,832,137	$ 2,091,330	$ 1,740,807

Plan fiduciary net position as a percentage of the total pension liability	54.57%
Covered payroll	$ 3,765,393
Employer's net pension liability as a percentage of covered payroll	46.23%

At the end of the current year, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	$ 252,814	$ 0
Changes in participant fund allocation	34,590	(34,590)
Changes of assumptions	7,551	0
Differences between expected and actual experience	489,158	(5,216)
Net difference between projected and actual earnings on pension plan investments	0	(149,493)
Totals	$ 784,113	$ (189,299)

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The $252,814 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,		
2026	$	93,343
2027		115,264
2028		43,204
2029		42,892
2030		47,297
Totals	$	342,000

Actuarial Assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	N/A
Net investment rate of return	7.375%

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

The methods and assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

13. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.375%	$ 2,349,523
Current discount rate	7.375%	1,740,807
1% increase	8.375%	1,244,711

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans

In addition to the plan above, various City employees are also covered under the Peace Officers' Annuity and Benefit Fund of Georgia and the Georgia Firefighters' Pension Fund. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

14. Deferred Compensation Plan

The City of Flowery Branch offers its employees a deferred compensation plan (the City of Flowery Branch 457b Deferred Compensation Plan) created in accordance with Internal Revenue Code Section 457. The Mayor and Council established this defined contribution plan and Georgia Municipal Association administers the plan. Full-time City employees are eligible and participation is optional. Employees' contributions are vested immediately. During the current fiscal year, employee contributions totaled $49,815.

15. Hotel/Motel Lodging Tax

The City has levied an 8% lodging tax in accordance with OCGA 48-13-51(b). A summary of the transactions for the current fiscal year follows:

Lodging tax receipts	$ 260,151	
Disbursements for tourism	$ 113,817	44% of tax receipts
Transfers to the General Fund	$ 97,557	38% of tax receipts

16. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the current fiscal year, the City paid $13,673 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in 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 RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

17. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which, except as described in the following paragraph, the City carries commercial insurance in amounts deemed prudent by City management.

The City purchased general liability insurance from Travelers Indemnity Company. The City's policy starts May 1st and end April 30th of each year. The City participates in the Georgia Municipal Association Group Workers' Compensation Self-Insurance Fund (GMA), a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

17. Risk Management (continued)

As part of the risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss.

As a participant in GMA's risk pool, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims.

However, the enabling statute creating the fund permits the fund to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency, as management believes the likelihood for assessment is remote.

The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

There have been no significant reductions of insurance coverage from coverage in the prior fiscal year and settled claims have not exceeded the coverages in the past three fiscal years.

18. Commitments and Contingencies

Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were $29,196,060.

Contingencies

From discussion with legal counsel, it is estimated that any losses resulting from pending suits will likely be covered by insurance and should not result in material liabilities to the City. The City has entered into various agreements and contracts in the normal course of business. There were no such agreements which give rise to assets or liabilities that are considered to be material at the end of the current year.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

19. New Accounting Pronouncements

The City implemented GASB Statement No. 101, *Compensated Absences*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after December 15, 2023.

The City implemented GASB Statement No. 102, *Certain Risk Disclosures*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2024.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2025
(Unaudited)

	Fiscal Year End									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Total pension liability										
Service cost	$ 212,726	$ 135,262	$ 114,331	$ 107,662	$ 131,652	$ 116,634	$ 95,013	$ 125,621	$ 118,625	$ 0
Interest	246,679	179,621	156,173	140,576	128,011	105,116	88,504	68,903	56,385	0
Differences between expected and actual experience	283,779	290,992	81,951	13,995	(29,483)	63,146	21,459	(2,714)	(13,494)	0
Changes of assumptions	0	0	0	0	0	48,041	0	6,194	0	0
Changes of benefit terms	0	0	0	0	0	0	0	0	0	727,554
Benefit payments, including refunds of employee contributions	(86,254)	(80,844)	(64,615)	(50,226)	(21,398)	(6,120)	(4,079)	0	0	0
Other	0	309,477	17,282	0	0	0	0	0	0	0
Net change in total pension liability	656,930	834,508	305,122	212,007	208,782	326,817	200,897	198,004	161,516	727,554
Total pension liability - beginning	3,175,207	2,340,699	2,035,577	1,823,570	1,614,788	1,287,971	1,087,074	889,070	727,554	0
Total pension liability - ending (a)	$ 3,832,137	$ 3,175,207	$ 2,340,699	$ 2,035,577	$ 1,823,570	$ 1,614,788	$ 1,287,971	$ 1,087,074	$ 889,070	$ 727,554
Plan fiduciary net position										
Contributions - employer	$ 235,023	$ 181,077	$ 174,580	$ 185,286	$ 174,247	$ 152,496	$ 154,837	$ 149,864	$ 135,830	$ 121,000
Net investment income	385,120	175,751	(250,037)	262,191	88,443	26,557	50,844	50,094	18,604	(4,794)
Benefit payments, including refunds of employee contributions	(86,254)	(80,844)	(64,615)	(50,226)	(21,398)	(6,120)	(4,079)	0	0	0
Administrative expense	(6,906)	(8,311)	(6,733)	(6,912)	(6,451)	(5,907)	(6,374)	(6,886)	(3,771)	(3,896)
Net change in plan fiduciary net position	526,983	267,673	(146,805)	390,339	234,841	167,026	195,228	193,072	150,663	112,310
Plan fiduciary net position - beginning	1,564,347	1,296,674	1,443,479	1,053,140	818,299	651,273	456,045	262,973	112,310	0
Plan fiduciary net position - ending (b)	$ 2,091,330	$ 1,564,347	$ 1,296,674	$ 1,443,479	$ 1,053,140	$ 818,299	$ 651,273	$ 456,045	$ 262,973	$ 112,310
Net pension liability - ending : (a) - (b)	$ 1,740,807	$ 1,610,860	$ 1,044,025	$ 592,098	$ 770,430	$ 796,489	$ 636,698	$ 631,029	$ 626,097	$ 615,244
Plan's fiduciary net position as a percentage of the total pension liability	54.57%	49.27%	55.40%	70.91%	57.75%	50.68%	50.57%	41.95%	29.58%	15.44%
Covered payroll	$ 3,765,393	$ 2,792,967	$ 2,141,262	$ 1,843,692	$ 1,638,190	$ 2,031,478	$ 1,639,971	$ 1,521,906	$ 1,618,606	$ 1,566,019
Net pension liability as a percentage of covered payroll	46.23%	57.68%	48.76%	32.11%	47.03%	39.21%	38.82%	41.46%	38.68%	39.29%

See accompanying notes to the required supplementary information.

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2025
(Unaudited)

	Fiscal Year End									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Actuarially determined contribution	$ 337,084	$ 201,003	$ 172,802	$ 175,172	$ 188,657	$ 169,444	$ 146,847	$ 157,500	$ 147,319	$ 131,762
Contributions in relation to the actuarially determined contribution	(337,084)	(201,003)	(172,802)	(175,172)	(188,657)	(188,656)	(146,847)	(157,500)	(147,319)	(132,000)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (19,212)	$ 0	$ 0	$ 0	$ (238)
Covered payroll	$ 4,380,705	$ 3,930,761	$ 3,435,590	$ 2,389,427	$ 1,638,190	$ 2,031,478	$ 1,639,971	$ 1,521,906	$ 1,618,606	$ 1,566,019
Contributions as a percentage of covered payroll	7.69%	5.11%	5.03%	7.33%	11.52%	9.29%	8.95%	10.35%	9.10%	8.43%

See accompanying notes to the required supplementary information.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2025, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2026.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 14 years

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 amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service-based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

3. Changes in Benefits

No changes in benefits noted.

4. Changes of Assumptions

No changes in assumptions noted.

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NONMAJOR GOVERNMENTAL FUNDS

Confiscated Assets Special Revenue Fund – This fund is used to account for the cash or property received from drug confiscations restricted for law enforcement.

Hotel/Motel Tax Special Revenue Fund – To account for the 8% lodging tax levied in the City, as restricted by state law.

Information Technology Special Revenue Fund – To account for the fee collected through Municipal Court, as authorized by City ordinance, for the purpose of improving/enhancing information technology in the Police Department and Municipal Court.

CITY OF FLOWERY BRANCH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	Special Revenue			
	Confiscated Assets	Hotel/Motel Tax	Information Technology	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 40,979	$ 77,830	$ 0	$ 118,809
Taxes receivable	0	21,020	0	21,020
Prepaid items	0	0	7,436	7,436
Total assets	$ 40,979	$ 98,850	$ 7,436	$ 147,265
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 31,942	$ 9,196	$ 0	$ 41,138
Due to other funds	0	0	6,932	6,932
Total liabilities	31,942	9,196	6,932	48,070
Fund balances				
Nonspendable prepaid items	0	0	7,436	7,436
Restricted for public safety activities	9,037	0	0	9,037
Restricted for tourism product development	0	89,654	0	89,654
Unassigned	0	0	(6,932)	(6,932)
Total fund balances	9,037	89,654	504	99,195
Total liabilities and fund balances	$ 40,979	$ 98,850	$ 7,436	$ 147,265

CITY OF FLOWERY BRANCH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2025

	Special Revenue			
	Confiscated Assets	**Hotel/Motel Tax**	**Information Technology**	**Total Nonmajor Governmental Funds**
REVENUES				
Taxes	$ 0	$ 260,151	$ 0	$ 260,151
Fines and forfeitures	3,304	0	0	3,304
Interest	1,495	0	0	1,495
Total revenues	4,799	260,151	0	264,950
EXPENDITURES				
Current				
Public safety	39,059	0	10,295	49,354
Housing and development	0	113,817	0	113,817
Total expenditures	39,059	113,817	10,295	163,171
Excess (deficiency) of revenues over (under) expenditures	(34,260)	146,334	(10,295)	101,779
Other financing sources (uses)				
Transfers out	0	(97,557)	0	(97,557)
Net change in fund balances	(34,260)	48,777	(10,295)	4,222
Fund balances, July 1	43,297	40,877	10,799	94,973
Fund balances, June 30	$ 9,037	$ 89,654	$ 504	$ 99,195

CITY OF FLOWERY BRANCH, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 25,000	$ 3,304	$ (21,696)
Interest	0	1,495	1,495
Total revenues	25,000	4,799	(20,201)
EXPENDITURES			
Current			
Public safety	39,000	39,059	(59)
Total expenditures	39,000	39,059	(59)
Excess (deficiency) of revenues over (under) expenditures	(14,000)	(34,260)	(20,260)
Other financing sources (uses)			
Transfers in	14,000	0	(14,000)
Net change in fund balances	0	(34,260)	(34,260)
Fund balances, July 1	0	43,297	43,297
Fund balances, June 30	$ 0	$ 9,037	$ 9,037

CITY OF FLOWERY BRANCH, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget	Actual	Variance
REVENUES			
Taxes	$ 185,000	$ 260,151	$ 75,151
Total revenues	185,000	260,151	75,151
EXPENDITURES			
Current			
Housing and development	115,000	113,817	1,183
Total expenditures	115,000	113,817	1,183
Excess (deficiency) of revenues over (under) expenditures	70,000	146,334	76,334
Other financing sources (uses)			
Transfers out	(70,000)	(97,557)	(27,557)
Net change in fund balances	0	48,777	48,777
Fund balances, July 1	0	40,877	40,877
Fund balances, June 30	$ 0	$ 89,654	$ 89,654

CITY OF FLOWERY BRANCH, GEORGIA
INFORMATION TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2025

	Budget	Actual	Variance
REVENUES			
Fines and forfeitures	$ 35,000	$ 0	$ (35,000)
Total revenues	35,000	0	(35,000)
EXPENDITURES			
Current			
Public safety	35,000	10,295	24,705
Total expenditures	35,000	10,295	24,705
Net change in fund balances	0	(10,295)	(10,295)
Fund balances, July 1	0	10,799	10,799
Fund balances, June 30	$ 0	$ 504	$ 504

STATISTICAL SECTION

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City of Flowery Branch, Georgia
Introduction to the Statistical Section
(Unaudited)

This part of the City of Flowery Branch's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information reveals about the City's overall financial health.

Contents **Pages**

Financial Trends……77-83

These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.

Revenue Capacity……..84-89

These tables/schedules contain information that may assist the reader in assessing the viability of the City's most significant revenue sources.

Debt Capacity……..90-93

These tables/schedules present information designed to assist the reader in analyzing the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debit in the future.

Demographic and Economic Information……...94-95

These tables/schedule offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City's financial activities take place.

Operating Information……...96-98

These tables/schedules contact service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the government provides and the activities it performs.

Source: Unless otherwise noted, the information in these tables/schedules is derived from the annual comprehensive financial report for the relevant year.

CITY OF FLOWERY BRANCH, GEORGIA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities:										
Net investment in capital assets	$ 27,714	$ 23,847	$ 22,802	$ 11,808	$ 5,290	$ 10,066	$ 14,896	$ 13,693	$ 9,458	$ 10,676
Restricted	11,048	9,524	5,975	6,245	7,335	910	80	35	2,682	726
Unrestricted	12,816	11,894	10,034	8,932	12,215	10,352	4,132	3,692	3,467	2,926
Total governmental activities net position	$ 51,578	$ 45,265	$ 38,811	$ 26,985	$ 24,840	$ 21,328	$ 19,108	$ 17,419	$ 15,606	$ 14,328
Business-type activities:										
Net investment in capital assets	$ 3,598	$ 12,465	$ 11,034	$ 10,397	$ 10,883	$ 9,826	$ 8,727	$ 7,961	$ 7,626	$ 7,047
Restricted	205	421	545	630	0	0	0	0	0	0
Unrestricted	23,722	11,998	10,904	8,675	6,438	4,809	2,745	2,925	2,577	2,048
Total business-type activities net position	$ 27,525	$ 24,884	$ 22,483	$ 19,702	$ 17,321	$ 14,635	$ 11,472	$ 10,887	$ 10,203	$ 9,095
Primary government:										
Net investment in capital assets	$ 31,312	$ 36,312	$ 33,836	$ 22,205	$ 16,173	$ 19,892	$ 23,622	$ 21,654	$ 17,084	$ 17,723
Restricted	11,253	9,945	6,520	6,875	7,335	910	80	35	2,682	726
Unrestricted	36,538	23,892	20,938	17,607	18,653	15,161	6,878	6,617	6,044	4,974
Total primary government net position	$ 79,103	$ 70,149	$ 61,294	$ 46,687	$ 42,161	$ 35,963	$ 30,580	$ 28,306	$ 25,809	$ 23,423

(1) Reclassification of bond proceeds for TAD redevelopment of Old Town area from net investment in capital assets to restricted in the amount of $5,363,327.

Note: Amounts rounded in thousands.

Source: Statement of Net Position

CITY OF FLOWERY BRANCH, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
General Government	$ 2,285	$ 1,913	$ 1,308	$ 1,389	$ 1,405	$ 1,316	$ 1,231	$ 1,138	$ 979	$ 1,385
Judicial	278	268	204	155	166	144	173	134	147	122
Public Safety	3,354	3,017	2,226	1,695	1,485	1,411	1,247	1,147	1,079	941
Public Works	4,221	1,985	1,422	1,884	1,212	947	833	687	692	498
Health & Welfare	0	0	34	29	0	0	0	0	0	0
Recreation & Culture	59	49	51	158	28	34	39	37	32	34
Housing & Development	2,417	2,183	1,713	1,255	870	721	574	415	428	414
Interest on long-term debt	153	161	169	175	148	214	58	63	94	3
Total governmental activities expenses	12,767	9,576	7,127	6,740	5,313	4,785	4,155	3,621	3,452	3,398
Business-type activities:										
Water and Sewer	5,570	3,205	3,286	2,657	2,697	2,050	1,820	1,814	1,809	1,760
Total business-type activities expenses	5,570	3,205	3,286	2,657	2,697	2,050	1,820	1,814	1,809	1,760
Total primary government expenses	18,337	12,781	10,413	9,397	8,010	6,835	5,975	5,435	5,261	5,158
Indirect Costs										
Governmental activities:										
General Government	(813)	(521)	0	0	0	0	0	0	0	0
Public Works	0	(269)	0	0	0	0	0	0	0	0
Total governmental activities indirect costs	(813)	(790)	0	0	0	0	0	0	0	0
Business-type activities:										
Water and Sewer	813	790	0	0	0	0	0	0	0	0
Total business-type activities indirect costs	813	790	0	0	0	0	0	0	0	0
Total primary government indirect costs	0	0	0	0	0	0	0	0	0	0
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	103	97	89	106	128	97	85	89	90	75
Judicial	0	0	0	0	387	268	489	399	374	322
Public Safety	683	802	433	314	19	21	21	19	19	17
Public Works	1,235	336	251	418	0	0	0	0	0	0
Recreation & Culture	0	0	0	0	0	0	2	3	3	4
Housing & Development	57	23	11	9	891	626	226	344	275	255
Operating grants and contributions	299	266	130	144	556	563	142	216	83	61
Capital grants and contributions	6,227	4,445	10,565	1,852	1,685	1,344	970	909	1,104	1,403
Total governmental activities program revenues	8,604	5,969	11,479	2,843	3,664	2,918	1,934	1,979	1,948	2,138
Business-type activities:										
Charges for services										
Water and Sewer	6,248	4,705	4,658	4,846	5,309	5,042	2,143	2,181	2,666	2,469
Capital grants and contributions										
Water and Sewer	117	50	150	0	0	0	0	0	0	0
Total business-type activities program revenues	6,365	4,755	4,808	4,846	5,309	5,042	2,143	2,181	2,666	2,469
Total primary government program revenues	14,969	10,724	16,287	7,689	8,973	7,961	4,077	4,160	4,614	4,606

CITY OF FLOWERY BRANCH, GEORGIA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net (expense) revenue:										
Governmental activities	(3,350)	(2,817)	4,352	(3,897)	(1,648)	(1,867)	(2,221)	(1,643)	(1,504)	(1,261)
Business-type activities	(18)	760	1,522	2,189	2,612	2,992	323	367	857	708
Total primary government net (expense) revenue	$ (3,368)	$ (2,057)	$ 5,874	$ (1,708)	$ 963	$ 1,125	$ (1,899)	$ (1,276)	$ (647)	$ (552)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 5,034	$ 4,623	$ 3,659	$ 2,668	$ 2,107	$ 1,778	$ 1,558	$ 1,282	$ 1,109	$ 1,039
Sales taxes	2,696	2,668	2,392	1,488	1,326	556	1,029	972	896	871
Franchise taxes	776	763	659	705	523	506	479	422	432	423
Excise taxes	375	371	369	372	342	305	301	295	250	342
Business taxes	897	833	831	476	579	96	528	502	472	433
Hotel/Motel occupancy taxes	260	218	262	208	138	1,081	136	139	127	121
Other taxes	177	185	175	210	102	97	105	91	69	95
Interest and investment earnings	498	476	110	13	17	18	8	9	12	6
Miscellaneous	160	186	142	69	77	52	81	41	8	67
Gain (loss) on sale of asset	0	3	0	25	10	(237)	(65)	10	5	0
Transfers	(1,211)	(1,056)	(1,142)	(192)	(61)	(166)	(250)	(306)	(597)	(116)
Total governmental activities	9,662	9,270	7,457	6,042	5,160	4,087	3,910	3,456	2,782	3,282
Business-type activities:										
Interest and investment earnings	1,448	585	67	0	0	1	4	10	10	8
Miscellaneous	0	0	0	0	12	4	9	0	0	0
Gain (loss) on sale of asset	0	0	0	0	0	0	0	0	597	0
Transfers	1,211	1,056	1,142	192	61	166	250	306	0	116
Total business-type activities	2,659	1,641	1,209	192	74	171	263	317	607	124
Total primary government net (expense) revenue	12,321	10,911	8,666	6,234	5,235	4,257	4,173	3,772	3,389	3,406
Change in Net Position										
Governmental activities	6,312	6,453	11,809	2,145	3,512	2,220	1,689	1,813	1,278	2,022
Business-type activities	2,641	2,401	2,731	2,381	2,686	3,163	585	684	1,464	832
Total primary government	$ 8,953	$ 8,854	$ 14,540	$ 4,526	$ 6,198	$ 5,383	$ 2,274	$ 2,496	$ 2,742	$ 2,854

Note: Amounts rounded in thousands.

Source: Statement of Activities

CITY OF FLOWERY BRANCH, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Taxes	Franchise Taxes	Sales Taxes	Hotel/Motel Occupancy Taxes	Excise Taxes	Business Taxes	Other Taxes	Total
2016	$ 1,039	$ 423	$ 871	$ 121	$ 342	$ 433	$ 95	$ 3,325
2017	1,109	432	896	127	250	472	69	3,355
2018	1,282	422	972	139	295	502	91	3,703
2019	1,558	479	1,029	136	301	528	105	4,137
2020	1,778	506	1,081	96	305	556	97	4,419
2021	2,107	523	1,326	138	342	579	102	5,117
2022	2,668	705	1,488	208	372	476	210	6,127
2023	3,659	659	2,392	262	369	831	175	8,347
2024	4,623	763	2,668	218	371	833	185	9,661
2025	5,034	776	2,696	260	375	897	177	10,215

Note: Amounts rounded in thousands.

Source: Statement of Activities

CITY OF FLOWERY BRANCH, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable:										
Prepaid Items	$ 216	$ 171	$ 173	$ 123	$ 120	$ 123	$ 119	$ 119	$ 107	$ 102
Leases Receivable	52	42	30	8	0	0	0	0	0	0
Restricted:										
Public Safety	47	47	87	104	32	25	34	43	39	32
Assigned	4,105	0	0	0	0	0	0	0	0	0
Unassigned	6,615	9,254	7,902	5,675	4,945	3,847	3,021	2,833	2,573	2,760
Total general fund	$ 11,035	$ 9,514	$ 8,192	$ 5,910	$ 5,097	$ 3,995	$ 3,173	$ 2,995	$ 2,720	$ 2,895
All Other Governmental Funds										
Nonspendable:										
Prepaid Items	$ 7	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Leases Receivable	4	14	0	0	0	0	0	0	0	0
Restricted:										
Public safety activities	9	54	0	0	0	0	0	0	0	0
Tourism product development	90	41	0	0	0	0	0	0	0	0
Housing & development	1,340	1,377	1,106	3,251	5,363	5,352	0	0	204	136
Capital projects	9,427	7,944	4,782	2,890	1,940	885	53	0	2,438	558
Committed:										
Capital projects	2,820	3,152	2,472	2,697	2,422	1,833	1,481	1,573	1,202	459
Unassigned	(7)	0	0	0	0	(304)	(56)	(367)	0	0
Total all other governmental funds	$ 13,690	$ 12,582	$ 8,360	$ 8,838	$ 9,725	$ 7,766	$ 1,478	$ 1,207	$ 3,845	$ 1,153

Note: Amounts rounded in thousands.

Source: Balance Sheet

CITY OF FLOWERY BRANCH, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 10,229	$ 9,694	$ 8,340	$ 6,123	$ 5,005	$ 4,320	$ 4,124	$ 3,691	$ 3,351	$ 3,325
Licenses and Permits	1,355	443	342	508	966	703	301	421	348	321
Fines and Forfeitures	670	789	410	292	395	277	478	422	354	331
Charges for Services	878	823	33	46	71	41	33	34	40	30
Intergovernmental	2,230	4,333	2,837	1,955	2,095	1,218	1,066	1,115	901	1,454
Interest	629	596	126	14	18	19	7	10	13	7
Contributions	310	259	88	41	247	357	45	8	7	10
Other	160	185	142	69	65	52	81	41	47	67
Total Revenues	16,461	17,122	12,318	9,048	8,861	6,988	6,135	5,743	5,061	5,545
Expenditures										
Current:										
General Government	1,929	1,666	1,108	1,261	1,170	1,052	1,024	980	904	884
Judicial	265	251	201	163	170	150	176	143	150	129
Public Safety	3,101	2,779	2,047	1,610	1,472	1,378	1,261	1,164	1,060	954
Public Works	1,297	1,126	642	540	977	726	765	518	595	403
Culture & Recreation	5	0	71	176	28	34	125	37	32	13
Housing & Development	2,449	2,210	4,332	3,402	868	743	582	427	435	436
Capital Outlay	2,946	1,806	378	1,304	406	504	979	4,318	2,227	1,854
Debt Service	765	688	610	498	697	551	525	223	550	3
Total Expenditures	12,757	10,526	9,389	8,954	5,788	5,138	5,436	7,809	5,952	4,675
Excess of revenues over (under) expenditures	3,704	6,596	2,929	94	3,073	1,850	699	(2,067)	(891)	870
Other Financing Sources (Uses)										
Proceeds from the issuance of debt	136	0	0	0	0	5,423	0	0	4,000	724
Insurance refunds and recoveries	0	0	0	0	14	0	0	0	0	0
Proceeds from the sale of assets	0	3	0	25	35	3	0	10	5	0
Transfers in	3,776	5,565	1,627	1,418	1,464	1,144	1,301	1,919	1,181	554
Transfers out	(4,987)	(6,620)	(2,769)	(1,611)	(1,526)	(1,310)	(1,551)	(2,225)	(1,778)	(670)
Total other financing sources (uses)	(1,075)	(1,052)	(1,142)	(168)	(12)	5,260	(250)	(296)	3,408	609
Net change in fund balances	$ 2,629	$ 5,544	$ 1,787	$ (74)	$ 3,060	$ 7,110	$ 449	$ (2,363)	$ 2,517	$ 1,479
Debt service as a percentage of noncapital expenditures	9.7%	7.8%	9.3%	7.8%	13.1%	12.1%	12.6%	6.5%	15.2%	0.1%

Note: Amounts rounded in thousands.

Source: Statement of revenues, expenditures, and changes in fund balance.

CITY OF FLOWERY BRANCH, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Taxes	Franchise Taxes	Sales Taxes	Hotel/Motel Occupancy Taxes	Excise Taxes	Business Taxes	Other Taxes	Total
2016	$ 1,040	$ 423	$ 871	$ 121	$ 342	$ 433	$ 95	$ 3,325
2017	1,106	432	896	127	250	472	69	3,351
2018	1,270	422	972	139	295	502	91	3,691
2019	1,545	479	1,029	136	301	528	105	4,124
2020	1,777	506	1,081	96	305	556	0	4,320
2021	2,107	523	1,326	138	342	579	102	5,117
2022	2,637	705	1,488	208	372	476	210	6,096
2023	3,652	659	2,392	262	369	831	175	8,340
2024	4,656	763	2,668	218	371	833	185	9,694
2025	5,048	776	2,696	260	375	897	177	10,229

Note: Amounts rounded in thousands.

Source: Statement of revenues, expenditures, and changes in fund balance.

CITY OF FLOWERY BRANCH, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property			Personal Property		Public Utility (1)	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Digest Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Motor Vehicles	Other						
2016	$ 156,116	$ 70,189	$ 14,647	$ 9,179	$ 26,867	$ 3,244	$ 4,776	$ 275,466	3.337	$ 688,665	40%
2017	181,583	67,275	8,970	6,968	29,107	3,482	6,731	290,655	3.264	726,638	40%
2018	214,478	83,488	9,487	5,186	26,868	277	4,906	334,877	3.264	837,193	40%
2019	264,813	89,420	14,907	4,038	30,318	3,450	5,357	401,589	3.264	1,003,973	40%
2020	296,575	88,642	19,048	3,538	51,582	3,336	11,120	451,602	3.264	1,129,004	40%
2021	327,784	96,816	19,679	2,995	52,829	4,595	11,454	493,244	3.264	1,233,109	40%
2022	396,021	101,945	21,005	2,563	55,346	3,293	11,366	568,807	3.264	1,422,018	40%
2023	533,700	154,175	39,154	2,516	62,569	4,891	13,482	783,523	3.264	1,958,809	40%
2024	690,124	224,778	89,824	2,888	66,607	5,006	15,708	1,063,519	3.264	2,658,798	40%
2025	750,374	214,342	109,358	2,594	74,846	5,462	21,334	1,135,642	3.264	2,839,104	40%

(1) Public Utility taxes for Georgia Power and Bellsouth were significantly less in tax year 2017 due to appeals.

Note: Amounts rounded in thousands.

Source: Georgia Department of Revenue www.dor.georgia.gov

CITY OF FLOWERY BRANCH, GEORGIA

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Flowery Branch (1)	Hall County								Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Fire District Millage	Emergency Services Millage	Parks Millage	Total County Millage	Total School District Millage	State	
2016	3.337	5.735	0.000	4.080	0.000	0.000	9.815	18.800	0.050	32.002
2017	3.264	5.716	0.000	4.080	0.000	0.000	9.796	18.800	0.000	31.860
2018	3.264	6.700	0.000	4.080	0.000	0.000	10.780	18.500	0.000	32.544
2019	3.264	6.700	0.000	4.080	0.571	0.364	11.715	18.200	0.000	33.179
2020	3.264	5.098	0.000	4.080	0.571	0.364	10.113	17.550	0.000	30.927
2021	3.264	4.853	0.000	4.080	0.571	0.364	9.868	17.550	0.000	30.682
2022	3.264	4.636	0.000	4.080	0.571	0.364	9.651	16.485	0.000	29.400
2023	3.264	4.141	0.000	4.080	0.571	0.364	9.156	15.990	0.000	28.410
2024	3.264	3.440	0.000	4.080	0.571	0.364	8.455	15.640	0.000	27.359
2025	3.264	3.234	0.000	3.880	0.571	0.437	8.122	14.990	0.000	26.376

(1) The City only has one tax rate, there are no components to total.

Source: Georgia Department of Revenue www.dor.georgia.gov

CITY OF FLOWERY BRANCH, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO

	Fiscal Year 2025 / Tax Year 2024			Fiscal Year 2016 / Tax Year 2015		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Makita USA Inc.	$ 191,036,811	1	16.81 %	$		%
VR Tree Park LTD Partnership	43,776,000	2	3.85	12,615,852	1	4.58
Folksong Acquisition LLC	36,231,712	3	3.19			
Gibson Flowery Branch SPE LLC	33,320,000	4	2.93			
SKF USA, Inc	31,025,608	5	2.73			
Atlanta Falcons Football Club, LLC	23,464,592	6	2.07	7,119,400	2	2.58
FCREF Thurmon Tanner A LLC	20,358,680	7	1.79			
Thurmon Tanner Logistic	17,367,960	8	1.53			
Orion IV Falcon Parkway Logistics	11,620,000	9	1.02			
GA - Flowery Stonebridge	9,878,880	10	0.87	5,063,760	4	1.84
Vulcan Lands Inc.				6,308,409	3	2.29
Home Depot				3,421,600	6	1.24
Kohl's Department Stores				2,545,000	8	0.92
GA RE Fund 1, LLC				2,019,440	9	0.73
Group Four Real Estate Investment				1,974,600	10	0.72
Target Corporation				3,545,480	5	1.29
Flowery Branches SC, LLC				3,391,840	7	1.23
Totals	$ 418,080,243		36.79 %	$ 48,005,381		17.43 %

Source: Finance Department

CITY OF FLOWERY BRANCH, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Period Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 919,230	$ 863,031	93.89 %	$ 1,637	$ 864,668	94.06 %
2017	948,698	942,640	99.36	1,232	943,872	99.49
2018	1,093,040	1,095,909	100.26	(11,493)	1,084,416	99.21
2019	1,310,788	1,346,163	102.70	556	1,346,719	102.74
2020	1,474,028	1,452,995	98.6	22,849	1,475,844	100.1
2021	1,609,948	1,613,726	100.2	9,617	1,623,343	100.8
2022	1,856,586	1,851,264	99.7	17,221	1,868,485	100.6
2023	2,557,421	2,544,988	99.5	25,417	2,570,405	100.5
2024	3,471,326	3,402,245	98.0	13,293	3,415,538	98.4
2025	3,706,735	3,709,286	100.1	16,032	3,725,317	100.5

(1) Negative collections can result from adjustments to the tax bills due to appeals. For 2018, the amounts collected in the subsequent year did not exceed the amount of refunds issued due to appeals.

Source: Finance Department

CITY OF FLOWERY BRANCH, GEORGIA

WATER AND SEWER RATES
2025

Water

Inside City Limits

Residential		Multifamily (per unit)	
Volume (gallons)	**Rate**	**Volume (gallons)**	**Rate**
Base Charge	$9.26 per month	Base Charge	$18.52 per month
0-2,500	$7.41 per 1000 gal	0-2,500	$7.41 per 1000 gal
2,501-4,500	$9.12 per 1000 gal	2,501-4,500	$9.12 per 1000 gal
4,500 and above	$14.82 per 1000 gal	4,500 and above	$14.82 per 1000 gal

Sewer

Inside City Limits

Residential		Multifamily (per unit)	
Base Charge	**All Volume**	**Base Charge**	**All Volume**
$9.26	$11.82 per 1000 gal	$18.52	$9.59 per 1000 gal

Note: The City increased water and sewer rates by approximately 8.7% in January 2023
Source: Water and Sewer Department

CITY OF FLOWERY BRANCH, GEORGIA

PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO

WATER

Customer	Type of Business	Fiscal Year 2025 Total Billings	Fiscal Year 2025 Percentage of System Revenues	Fiscal Year 2016 Total Billings	Fiscal Year 2016 Percentage of System Revenues
VR Tree Park LP	Residential	$ 206,546	14.02 %	$	%
Gibson Flowery Branch SPE, LLC	Residential	85,122	5.78		
ACG Trails West	Mobile Home Park	67,046	4.55		
SHM Hideaway Bay LLC	Commercial	27,624	1.87		
Thurman Tanner Logistics	Logistics	16,437	1.12		
TRY-LA, Inc	Hotel	23,402	1.59		
Coin Laundry Solutions, Inc	Laundromat	10,825	0.73		
FCREF Thurmon Tanner A LLC	Logistics	7,097	0.48		
Buford Housing	Residential	6,533	0.44		
City of Flowery Branch	Government	5,815	0.39		
David Pierce Family	Residential			6,510	0.04
Tree Park	Residential			99,044	0.53
Try-La	Hotel			7,171	0.04
24/7 Laundry	Laundromat			5,476	0.03
MPB Properties	Commercial			1,797	0.01
Buford Housing	Residential			2,925	0.02
Nora Mejia	Residential			923	0.00
Larry Anderson	Residential			675	0.00
Totals		$ 456,447	30.98 %	$ 124,521	0.67 %

SEWER

Customer	Type of Business	Fiscal Year 2025 Total Billings	Fiscal Year 2025 Percentage of System Revenues	Fiscal Year 2016 Total Billings	Fiscal Year 2016 Percentage of System Revenues
VR Tree Park LP	Residential	$ 223,798	7.05 %	$	%
Gibson Flowery Branch SPE, LLC	Residential	88,557	2.79		
Coin Laundry Solutions, Inc.	Laundromat	10,040	0.32		
David Pierce Family, LP	Residential	9,782	0.31	64,437	0.11
TRY-LA, Inc	Hotel	7,180	0.23	8,597	0.01
Buford Housing Authority	Residential	7,023	0.22		
City of Flowery Branch	Government	5,556	0.18		
Crest Flowery Branch Apartments	Residential	5,187	0.16		
La Casa Del Taco	Commercial	4,466	0.14		
Hae Sook Jang	Nursing Home	4,208	0.13		
Deevik Properties LLC	Nursing Home			39,763	0.07
Burger King CSI	Commercial				
Tree Park	Residential			117,228	0.20
Peerless Winsmith	Commercial			30,762	0.05
Atlanta Falcons	Commercial			29,515	0.05
Centro Properties	Commercial			14,565	0.02
Hall Co. Schools	School			11,084	0.02
Brinker Georgia	Restraurant			9,265	0.02
Publix	Supermarket			6,677	0.01
Totals		$ 365,796	11.52 %	$ 331,893	0.56 %

Source: Water and Sewer Department

CITY OF FLOWERY BRANCH, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Period Ended June 30,	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Contracts Payable	Unamortized Premium	Notes Payable	Subscriptions Payable	Revenue Bonds	Unamortized Discount	Notes Payable			
2016	$ 0	$ 0	$ 950,000	$ 0	$ 2,757,000	$ 0	$ 1,500,000	$ 5,207,000	3.05 %	$ 189.41
2017	3,731,030	0	763,102	0	2,510,000	0	1,434,548	8,438,680	4.88	317.21
2018	3,731,030	0	574,666	0	2,257,000	0	1,368,175	7,930,871	3.86	262.30
2019	3,456,115	0	384,679	0	1,998,000	0	1,300,865	7,139,659	2.98	236.13
2020	8,170,125	545,203	193,128	0	1,732,000	0	1,232,607	11,873,063	4.95	392.68
2021	7,882,925	483,798	0	0	1,460,000	0	1,163,388	10,990,111	3.83	318.54
2022	7,589,378	483,798	0	0	1,182,000	0	1,868,107	11,123,283	2.74	278.41
2023	6,682,677	402,030	0	0	897,000	0	4,896,729	12,878,436	2.87	314.10
2024	6,682,677	402,030	0	0	605,000	0	6,834,292	14,523,999	2.90	336.35
2025	6,124,234	374,774	0	115,083	25,306,000	(234,732)	8,849,898	40,535,257	7.08	870.83

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: The City does not have any general obligation debt.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF FLOWERY BRANCH, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping general obligation debt:			
Hall County	$ 25,160,179	8.29 %	$ 2,085,005
Hall County Board of Education	220,633,185	13.68 %	30,176,037
Total overlapping debt	$ 245,793,364		$ 32,261,043
Direct debt:			
Contracts payable	$ 6,124,234	100.00 %	$ 6,124,234
Unamortized premium	374,774	100.00 %	374,774
Subscriptions payable	115,083	100.00 %	115,083
Total direct debt	$ 6,614,091		$ 6,614,091
Total direct and overlapping debt	$ 252,407,455		$ 38,875,134

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Assessed value data used to estimate applicable percentages and debt outstanding obtained from Hall County's Finance Department and Hall County Board of Education Finance Department as of June 30, 2025.

CITY OF FLOWERY BRANCH, GEORGIA

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	$ 117,891,235	$ 107,922,700	$ 79,700,511	$ 58,017,335	$ 49,671,483	$ 45,116,365	$ 40,158,935	$ 33,488,040	$ 29,065,501	$ 27,546,601
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	$ 117,891,235	$ 107,922,700	$ 79,700,511	$ 58,017,335	$ 49,671,483	$ 45,116,365	$ 40,158,935	$ 33,488,040	$ 29,065,501	$ 27,546,601
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Assessed value	$ 1,157,578,536
Add back: exempt real property	21,333,812
Total assessed value	$ 1,178,912,348
Debt limit (10% of total assessed value)	117,891,235
Debt applicable to limit:	
General obligation debt	0
Less: Amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	0
Legal debt margin	$ 117,891,235

Note: The City does not have any general obligation debt.

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repayment.

CITY OF FLOWERY BRANCH, GEORGIA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water and Sewer Revenue Bonds					
	Gross Revenue (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	$ 2,469	$ 1,408	$ 1,061	$ 233	$ 67	3.54
2017	2,666	1,391	1,275	247	61	4.14
2018	2,181	1,391	790	253	55	2.56
2019	2,152	1,374	778	259	49	2.52
2020	4,682	1,566	3,116	266	43	10.09
2021	5,321	1,898	3,423	272	36	11.10
2022	4,846	2,123	2,723	278	28	8.90
2023	4,658	2,713	1,945	285	25	6.27
2024	4,705	3,424	1,281	292	18	4.13
2025	6,248	4,375	1,873	299 (3)	929	1.53

(1) Gross revenue is comprised of operating revenue, connection fees, and miscellaneous revenues

(2) Total operating expenses exclusive of depreciation

(3) The City issued 25 million dollars in revenue bonds for wastewater expansion

Note: Amounts rounded in thousands.

Source: Notes to the Financial Statements

CITY OF FLOWERY BRANCH, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (1)	Unemployment Rate (1)
2016	6,216	$ 170,878	$ 27,490	34.5	1,897	5.0
2017	6,503	172,999	26,603	34.3	1,859	3.5
2018	6,801	205,635	30,236	35.3	1,928	2.6
2019	7,934	239,892	30,236	35.3	1,928	3.6
2020	7,934	239,892	30,236	35.3	1,928	3.6
2021	8,325	287,229	34,502	35.3	1,928	3.6
2022	10,144	405,283	39,953	38.4	1,859	3.5
2023	10,938	448,469	41,001	38.5	1,859	2.5
2024	11,607	501,202	43,181	39.5	1,758	4.0
2025	12,292	572,168	46,548	37.6	1,758	2.7

(1) Source: US Census Bureau QuickFacts

(2) US Census Bureau QuickFacts prior year data updated July 1 of each year.

CITY OF FLOWERY BRANCH, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2025			2016		
Employer	**Employees (1)**	**Rank**	**Percentage of Total City Employment (2)**	**Employees (3)**	**Rank**	**Percentage of Total City Employment (2)**
Atlanta Falcons Football Club	340	1	6.20 %	117	1	2.79 %
SKF USA Inc	205	2	3.74			
GXO Logistics Supply Chain	189	3	3.45			
Publix Super Market	179	4	3.27	94	3	2.24
The Home Depot	163	5	2.97	95	2	2.26
Makita U.S.A	103	6	1.88			
Chick-Fil-A	92	7	1.68	33	6	0.79
Target Store	86	8	1.57	67	4	1.60
Chili's	52	9	0.95	31	8	0.74
Contract Lumber Inc	49	10	0.89	30	9	0.71
Kohl's				62	5	1.48
Crossroads Bar & Grille				32	7	0.76
Reconserve of Georgia Inc.				30	10	0.71
Totals	1,458		26.61 %	591		14.07 %

(1) Source: 2025 individual employer's business license filings.
(2) Source: DATA USA
(3) Source: 2016 individual employer's business license filings.

CITY OF FLOWERY BRANCH, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Legislative	6	6	6	6	6	6	6	6	6	6
Adminstration	3	3	2	2	2	2	2	2	2	2
Finance	6	6	6	5	4	4	2	2	2	2
Judicial	2	2	2	2	2	2	2	2	2	2
Public Safety	27	26	22	18	16	16	16	14	14	13
Public Works*	11	11	11	10	8	8	8	8	7	7
Planning and Community Development	6	6	5	4	3	3	3	3	3	3
Tourism	3	2	2	1	0	0	0	0	0	0
Water and Sewer*	10	9	9	9	9	9	7	7	7	7
Total	74	71	65	57	50	50	46	44	43	42

* Employees in the Public Works Department and Water and Sewer Department are split between both departments based on job allocation.

Source: City Annual Budget Document

CITY OF FLOWERY BRANCH, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
City Hall Buildings	2	2	2	1	1	1	1	3	3	3
Other Municipal Buildings	2	2	2	2	2	2	2	2	2	2
Public Safety										
Patrol Units	31	30	27	24	27	26	24	19	19	17
Public Works										
Streets (miles)	62	60	60	55	52	39	38	38	37	N/A
Culture and Recreation										
Parks	2	2	2	2	2	2	2	1	1	1
Water/Wastewater (1)										
Miles of water mains	20	20	20	20	20	16	16	16	16	16
Maximum daily capacity (thousand gals.)	997	997	997	997	480	700	700	700	700	700
Miles of sanitary sewers	43	43	39	39	41	41	41	41	41	41
Miles of storm sewers	24	24	24	24	24	24	24	24	24	24

(1) Some data for Water and Wasterwater not available. Moving forward this data will be tracked using new maintenance software.

Source: Annual Financial Audit and various city departments

CITY OF FLOWERY BRANCH, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Utility window customers	5,412	8,617	8,723	9,552	10,531	8,691	8,139	8,122	8,825	8,804
Judicial										
Citations adjudicated	3,345	3,940	2,574	2,232	2,433	2,113	3,105	2,432	3,289	2,359
Bindovers	462	462	294	312	290	209	272	132	137	34
Warrants issued	134	130	114	123	97	29	100	68	98	79
Clients successfully completing probation	321	274	226	146	38	84	127	152	250	169
Public Safety										
Arrests	665	609	481	404	376	340	355	235	287	287
Incidents	1,062	1,143	1,067	918	870	603	545	460	479	440
Incidents (field only)	2,744	4,034	3,273	3,113	2,679	2,356	2,346	1,750	1,900	648
Accidents	374	399	369	380	295	257	307	321	304	278
Calls for service	4,415	4,607	4,795	4,190	3,592	3,110	3,212	2,878	2,634	2,791
Calls for service (back up calls only)	3,664	3,820	3,819	4,053	3,962	3,481	2,874	2,414	2,597	1,231
Officer initiated traffic calls	7,503	7,152	6,384	5,230	5,103	3,098	3,967	3,123	3,380	2,769
Extra Patrols / Business Checks	15,803	15,275	19,716	18,385	29,639	18,259	11,705	5,755	6,691	7,615
Citations processed	3,105	3,752	2,909	1,940	2,523	2,290	3,458	3,753	3,301	2,574
Warning tickets issued	6,939	4,831	4,564	4,135	3,555	1,747	1,825	1,475	1,260	933
Police vehicle miles	297,819	267,328	247,258	188,581	194,510	194,189	186,851	176,473	187,258	163,147
Public Works (1)										
Work orders completed	1,484	1,508	1,399	1,286	1,675	1,928	725	765	764	673
Pavement repairs	18	62	77	96	82	110	145	N/A	N/A	N/A
Utility locates	2,962	2,256	3,005	2,630	2,846	2,483	1,916	1,173	2,442	2,662
Street signs replaced	35	94	110	81	86	80	95	50	N/A	N/A
Meters replaced or installed	68	198	65	93	305	139	59	N/A	N/A	N/A
Streets (miles)	62	60	60	55	52	38	38	38	N/A	N/A
Culture and Recreation										
Parks acres maintained	5.917	5.917	5.917	5.917	5.917	5.917	5.917	5.917	5.706	5.706
Community Development										
Residential Building Permits issued	267	122	229	390	496	391	259	245	347	228
Building inspections completed	1,849	1,577	1,046	3,490	2,362	329	1,345	1,113	1,293	941
Soil & erosion inspections completed	101	359	250	13,804	9,538	4,146	1,939	2,744	2,434	535
Code enforcement	125	159	131	157	193	195	132	35	42	13
New business license inspections	64	55	73	54	62	46	49	51	61	28
Certificate of occupancies issued	172	155	344	537	493	278	484	216	240	168
Water/Wastewater (2)										
New water lines installed (in linear feet)*	0	0	0	0	6,412	4,457	9,786	N/A	N/A	N/A
Water cutoffs*	339	303	313	277	290	482	455	244	233	245
Drinking water distributed (million gallons)	138	141	133	123	103	89	87	81	85	79
Average daily consumption (gallons)	378,842	384,167	364,796	336,698	284,777	241,061	239,000	285,385	261,578	N/A
Maximum daily consumption (thousand gall	997,000	586,932	997,000	997,000	480,000	433,910	430,200	513,693	470,840	N/A
Wastewater treated (million gallons)	247	241	301	302	234	210	211	208	176	172
Average daily treatment (gallons)	680,000	797,167	815,000	827,397	641,897	574,132	579,000	562,000	569,000	458,000
Residential water customers	1,938	1,771	1,773	1,787	1,492	1,492	1,391	1,590	1,583	1,459
Commercial water customers	104	93	98	87	92	92	77	84	81	75
Water mains (miles)*	20	20	20	20	20	16	16	16	16	16
Storm sewers (miles)*	24	24	24	24	24	24	24	24	24	24
Sanitary sewers (miles)*	43	43	39	39	41	41	41	41	41	41

(1) Some data for Public Works not available. Moving forward this data will be tracked using new maintenance software.
(2) Some data for Water and Wasterwater not available. Moving forward this data will be tracked using new maintenance software.
* Maintained by the Public Works department.

Source: Various City Departments.

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OTHER REPORTING SECTION

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SINGLE AUDIT SECTION

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RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

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 Flowery Branch, 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 City of Flowery Branch, Georgia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Flowery Branch, Georgia's basic financial statements and have issued our report thereon dated December 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Flowery Branch, Georgia'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 the material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Flowery Branch, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 City of Flowery Branch, Georgia'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.

Rushton, LLC

Gainesville, Georgia
December 4, 2025

RUSHTON
ACCOUNTING & BUSINESS ADVISORS | CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Flowery Branch, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Flowery Branch, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Flowery Branch, Georgia's major federal programs for the year ended June 30, 2025. City of Flowery Branch, Georgia'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, City of Flowery Branch, Georgia 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, 2025.

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 City of Flowery Branch, Georgia 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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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 City of Flowery Branch, Georgia'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.

Rushton, LLC

Gainesville, Georgia
December 4, 2025

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2025

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Number	Expenditures
United States Environmental Protection Agency			
Passed through the Georgia Environmental Finance Authority:			
Clean Water State Revolving Fund	66.458	CW2020010	$ 729,442
Drinking Water State Revolving Fund	66.468	DW2020020	1,359,369
		DWLSL2023058	117,253
			1,476,622
Total United States Environmental Protection Agency			2,206,064
Total Federal Awards			$ 2,206,064

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Flowery Branch, Georgia, under programs for the federal government for the fiscal year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

City of Flowery Branch, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, City of Flowery Branch, Georgia did not pass federal funds through to subrecipients.

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2025

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported

Identification of major programs:

66.468 Drinking Water State Revolving Fund

Dollar threshold used to distinguish Between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings and Responses

A. Current Year Audit Findings

None reported

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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STATE REPORTING SECTION

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2025

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST VIII					
Roads, streets, bridges, sidewalks	$ 5,718,230	$ 9,998,905	$ 942,524	$ 2,372,325	$ 3,314,849
Parks and leisure facilities, land, and equipment	415,000	415,000	0	0	0
Public safety vehicles and equipment	276,000	276,000	451,947	172,757	624,704
Public works facilities, land, vehicles, and equipment	383,384	383,384	56,121	250,000	306,121
Total	$ 6,792,614	$ 11,073,289	$ 1,450,592	$ 2,795,082	$ 4,245,674

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.







FLOWERY BRANCH

Always Blooming!

