CITY OF LILBURN, GEORGIA

ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

CITY OF LILBURN, GEORGIA

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Council
City of Lilburn
Lilburn, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lilburn, Georgia as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining non-major fund financial statements and schedules (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of the City of Lilburn, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2020

Management's discussion and analysis of the financial performance of the City of Lilburn, Georgia (the "City") is intended to provide the readers of these financial statements with an overview of the City's financial activities for the year ended June 30, 2020.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are considered governmental funds.

Governmental funds are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The basic governmental fund financial statements can be found on pages 10-13 of this report.

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 14-29 of this report.

Government-wide Financial Analysis

Summary of the City's Net Position
June 30, 2020 and 2019

	Governmental activities	
	2020	2019
Assets:		
Current and other assets	$ 8,617,787	$ 11,010,231
Capital assets	30,028,601	26,620,251
Total assets	38,646,388	37,630,482
Liabilities:		
Long-term liabilities	2,350,088	3,324,251
Other liabilities	928,165	949,756
Total liabilities	3,278,253	4,274,007
Net position:		
Net investment in capital assets	27,456,497	26,166,093
Restricted	542,996	369,779
Unrestricted	7,368,642	6,820,603
Total net position	$ 35,368,135	$ 33,356,475

The net position of a governmental entity may serve as an indicator of the entity's financial position. The City's net position at June 30, 2020 was $35,368,135 as compared to $33,356,475 at June 30, 2019. At June 30, 2020, a total of $27,456,497 of net position, or 78%, are invested in capital assets (e.g., land, buildings, infrastructure, equipment, etc.) net of related debt. At June 30, 2019, a total of $26,166,093 of the net position, or 78%, was invested in capital assets net of related debt. The increase is primarily due to the construction on the police headquarters/municipal court facility, the Jackson Creek Trail, and the City park restrooms. This increase was offset by the demolition of the old City Hall building. Also at June 30, 2020, the City had restricted net position of $542,996 which was restricted for capital projects and public safety based on intergovernmental and other agreements. This balance was $369,779 at June 30, 2019 and the increase results from less spending of the 2017 SPLOST collections and the additional SPLOST revenue as a result of the sales tax audit by the State Department of Revenue. The remaining balances of net position, $7,368,642 at June 30, 2020 and $6,820,603 at June 30, 2019, are considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

Summary of Changes in the City's Net Position
Years Ended June 30, 2020 and 2019

	Governmental activities	
	2020	**2019**
Revenues:		
Program revenues:		
Charges for services	$ 2,190,587	$ 2,312,572
Capital grants and contributions	3,455,620	2,427,736
General revenues:		
Property taxes	2,408,533	2,349,351
Franchise taxes	950,374	891,379
Alcoholic beverage taxes	628,016	539,779
Other taxes	1,572,619	1,565,531
Unrestricted investment earnings	72,189	108,107
Miscellaneous	111,002	182,844
Total revenues	11,388,940	10,377,299
Expenses:		
General government	2,619,794	3,282,966
Police	4,335,204	3,626,067
Courts	277,071	261,303
Streets	1,284,887	1,189,903
Recreation	59,338	49,976
Planning and zoning	509,356	502,644
Economic development	73,640	68,248
Marketing & events	149,594	215,266
Interest	68,396	89,818
Total expenses	9,377,280	9,286,191
Change in net position	2,011,660	1,091,108
Net position, beginning of year	33,356,475	32,265,367
Net position, end of year	$ 35,368,135	$ 33,356,475

Net position of the City increased by $2,011,660 in 2020 and $1,091,108 in 2019. Revenues remained relatively consistent from 2019 to 2020 seeing the majority of an increase from capital grants and contributions primarily from a transportation enhancement grant. Expenses also saw a slight increase from 2019 mostly attributable to public safety expenses as a result of the demolition of the old City Hall building as well as increased compensation.

Analysis of the City's Funds

The net change in fund balance for the City's governmental funds was a decrease from the prior year of $2,473,771. This decrease was the result of large cash disbursements made for the police headquarters building and other capital outlay activities in the Capital Projects Fund.

The General fund saw an increase of fund balance of $405,132 due to property tax and building permit increases, offset by increased compensation. The fund has a fund balance of $6,055,505 at June 30, 2020.

The 2017 SPLOST fund saw an increase in fund balance as capital outlay and debt service requirements were slightly less than SPLOST collections. The fund has a fund balance of $350,516 at June 30, 2020.

The Capital Projects fund is collecting revenues from Intergovernmental agreements with the County and transfers of Title Ad Valorem Tax from the General Fund, to fund various capital construction projects within the City limits. The Fund was holding the cash proceeds from the note payable to finance the construction of the police headquarters at June 30, 2019. All of the proceeds were spent in Jun 30, 2020 and fund balance decreased by $2,971,185. The note will be paid with the 2017 SPLOST collections. The fund has a fund balance of $1,040,752 at June 30, 2020.

The Confiscated Assets fund is collecting revenue from cash confiscations and federal seizures to support police operations. The fund has $65,081 of fund balance at June 30, 2020.

The TAD fund began collecting incremental revenues on properties in the district in 2018. The fund has a fund balance of $46,464, at June 30, 2020.

Budgetary Highlights

The City adopts an annual budget for the General Fund and Confiscated Assets Fund. The budget, as originally adopted, for the General Fund included expenditures of $8,041,161 with no budget amendments. Overall actual results had expenditures of $590,457 less than what was budgeted due to fewer expenditures in all functions (except for Streets and economic development). The budget, as originally adopted, for the Confiscated Asset Fund included expenditures of $80,000 with no budget amendments. Overall actual results had expenditures of $41,922 more than what was budgeted due to more expenditures in the police function than expected.

Capital Assets and Related Liabilities

The City's investment in capital assets for its governmental activities as of year-end amounts to $30,028,061 (net of accumulated depreciation). The investment in capital assets includes land, construction in process, land improvements, buildings and improvements, infrastructure, machinery and equipment. Among the significant activity in 2020 was the police headquarters/municipal court facility, Jackson Creek Trail, and the City park restrooms.

Readers should refer to Note 6 of the financial statements for more information on capital asset activity.

The City issued a $4,000,000 Sales Tax Note Payable for the purpose of financing construction of the police headquarters in fiscal year 2019. Payments of principal and interest were made monthly during fiscal year 2020 reducing the principal balance by $1,000,000. Please refer to note 7 of the financial statements for additional details.

The overall financial impacts of the COVID-19 pandemic on the City's finances are still not fully understood; however, we do expect decreases in some revenue sources in fiscal year 2021 and we continue to monitor our expenditures in expectation of potential revenue shortfalls.

Requests for Information

The annual financial statements are designed to provide a general overview of the City's finances. Questions concerning any of the information provided should be addressed to the City Manager, City of Lilburn, 340 Main Street, Lilburn, Georgia 30047.

CITY OF LILBURN, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government	Component Unit
	Governmental Activities	Downtown Development Authority
ASSETS		
Cash and cash equivalents	$ 5,784,982	$ 1,568,739
Other assets	-	2,994,193
Property taxes receivable, net of allowance for uncollectible accounts	58,720	-
Intergovernmental receivable	524,892	-
Notes receivable, due in one year	-	538,750
Advance to component unit	2,249,193	-
Capital assets, nondepreciable	11,718,293	4,120
Capital assets, depreciable, net of accumulated depreciation	18,310,308	-
Total assets	38,646,388	5,105,802
LIABILITIES		
Accounts payable	818,525	7,123
Accrued liabilities	109,640	-
Advance from primary government	-	2,249,193
Long-term liabilities:		
Note payable, due within one year	1,000,000	-
Note payable, due within more than one year	1,083,333	-
Compensated absences due within one year	266,755	-
Total liabilities	3,278,253	2,256,316
NET POSITION		
Net investment in capital assets	27,456,497	4,120
Restricted for:		
Capital projects	477,915	-
Public safety	65,081	-
Unrestricted	7,368,642	2,845,366
Total net position	$ 35,368,135	$ 2,849,486

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

CITY OF LILBURN, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Component Unit: Downtown Development Authority
Governmental activities:					
General government	$ 2,619,794	$ 247,196	$ 3,275	$ (2,369,323)	
Police	4,335,204	916,825	1,488,217	(1,930,162)	
Courts	277,071	-	-	(277,071)	
Streets	1,284,887	546,248	1,799,042	1,060,403	
Recreation	59,338	28,374	165,086	134,122	
Planning and zoning	509,356	451,944	-	(57,412)	
Economic development	73,640	-	-	(73,640)	
Marketing and events	149,594	-	-	(149,594)	
Interest on long term debt	68,396	-	-	(68,396)	
Total governmental activities	$ 9,377,280	$ 2,190,587	$ 3,455,620	(3,731,073)	
Component Unit:					
Downtown Development Authority	$ 1,094,049	$ 46,850	$ -		$ (1,047,199)
General revenues:					
Property taxes				2,408,533	-
Franchise taxes				950,374	-
Alcoholic beverage taxes				628,016	-
Other taxes				1,572,619	-
Unrestricted investment earnings				72,189	20,257
Miscellaneous				111,002	-
Total general revenues				5,742,733	20,257
Change in net position				2,011,660	(1,026,942)
Net position, beginning of year				33,356,475	3,876,428
Net position, end of year				$ 35,368,135	$ 2,849,486

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

CITY OF LILBURN, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	2017 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,752,904	$ 26,693	$ 893,750	$ 111,635	$ 5,784,982
Property taxes receivable, net of allowance for uncollectable amounts	58,720	-	-	-	58,720
Intergovernmental receivable	44,732	459,522	20,638	-	524,892
Advance to component unit	1,622,441	-	626,752	-	2,249,193
Total assets	$ 6,478,797	$ 486,215	$ 1,541,140	$ 111,635	$ 8,617,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 263,283	$ 54,764	$ 500,388	$ 90	$ 818,525
Accrued liabilities	107,793	-	-	-	107,793
Total liabilities	371,076	54,764	500,388	90	926,318
Deferred inflows of resources:					
Unavailable revenue- property taxes	52,216	-	-	-	52,216
Unavailable revenue- sales taxes	-	80,935	-	-	80,935
Total deferred inflows of resources	52,216	80,935	-	-	133,151
Fund balances:					
Nonspendable:					
Advance to component unit	1,622,441	-	626,752	-	2,249,193
Restricted:					
Capital construction	-	350,516	-	46,464	396,980
Public safety	-	-	-	65,081	65,081
Assigned:					
Capital construction	-	-	414,000	-	414,000
Unassigned	4,433,064	-	-	-	4,433,064
Total fund balances	6,055,505	350,516	1,040,752	111,545	7,558,318
Total liabilities, deferred inflows of resources, and fund balances	$ 6,478,797	$ 486,215	$ 1,541,140	$ 111,635	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Capital assets, net of depreciation	30,028,601
Other assets - property taxes and sales taxes receivable not available to pay for current-period expenditures are deferred in the governmental funds.	133,151
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences	(266,755)
Note payable	(2,083,333)
Accrued interest	(1,847)
Net position of governmental activities	$ 35,368,135

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

CITY OF LILBURN, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	2017 SPLOST	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 2,365,943	$ -	$ -	$ 21,494	$ 2,387,437
Franchise taxes	950,374	-	-	-	950,374
Alcoholic beverage taxes	628,016	-	-	-	628,016
Other taxes	1,572,619	-	-	-	1,572,619
Licenses and permits	709,518	-	-	-	709,518
Intergovernmental	194,496	2,104,270	1,003,034	72,885	3,374,685
Charges for services	649,237	-	-	-	649,237
Fines and forfeitures	831,832	-	-	-	831,832
Investment income	70,418	-	1,193	578	72,189
Miscellaneous	50,515	-	60,487	-	111,002
Total revenues	8,022,968	2,104,270	1,064,714	94,957	11,286,909
EXPENDITURES					
Current:					
General government	1,955,159	-	-	7,350	1,962,509
Police	3,409,884	-	-	111,460	3,521,344
Courts	275,506	-	-	-	275,506
Streets	1,126,267	-	-	-	1,126,267
Recreation	29,549	-	-	-	29,549
Planning and zoning	431,806	-	-	-	431,806
Economic development	73,640	-	-	-	73,640
Marketing and events	148,893	-	-	-	148,893
Capital outlay	-	919,606	4,215,277	-	5,134,883
Debt service:					
Principal	-	1,000,000	-	-	1,000,000
Interest	-	69,283	-	-	69,283
Total expenditures	7,450,704	1,988,889	4,215,277	118,810	13,773,680
Excess (deficiency) of revenues over (under) expenditures	572,264	115,381	(3,150,563)	(23,853)	(2,486,771)
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of confiscated property	12,246	-	-	754	13,000
Proceeds from issuance of note payable	-	-	-	-	-
Transfers out to other funds	(179,378)	-	-	-	(179,378)
Transfers in from other funds	-	-	179,378	-	179,378
Total other financing sources (uses)	(167,132)	-	179,378	754	13,000
Net change in fund balances	405,132	115,381	(2,971,185)	(23,099)	(2,473,771)
FUND BALANCES, beginning of year,	5,650,373	235,135	4,011,937	134,644	10,032,089
FUND BALANCES, end of year	$ 6,055,505	$ 350,516	$ 1,040,752	$ 111,545	$ 7,558,318

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

CITY OF LILBURN, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(2,473,771)
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.		
Acquisition of capital assets		5,048,246
Depreciation expense		(949,089)
The effect of disposals of capital assets is to decrease net position		(690,807)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund statements.		102,031
The repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,000,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest		887
Change in compensated absences		(25,837)
Change in net position - governmental activities	$	2,011,660

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

CITY OF LILBURN, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property taxes	$ 2,425,025	$ 2,425,025	$ 2,365,943	$ (59,082)
Franchise taxes	903,000	903,000	950,374	47,374
Alcoholic beverage taxes	568,000	568,000	628,016	60,016
Insurance premium taxes	860,000	860,000	886,894	26,894
Other taxes	760,800	760,800	685,725	(75,075)
Total taxes	5,516,825	5,516,825	5,516,952	127
Licenses and permits:				
Alcoholic beverage fees	201,800	201,800	188,676	(13,124)
Business licenses	66,000	66,000	68,898	2,898
Building permits	275,000	275,000	451,944	176,944
Total licenses and permits	542,800	542,800	709,518	166,718
Intergovernmental revenues:				
Federal grants	-	-	275	275
State grants	3,000	3,000	3,000	-
Local grants	310,446	310,446	191,221	(119,225)
Total intergovernmental revenues	313,446	313,446	194,496	(118,950)
Charges for services:				
Public safety services	104,320	104,320	84,993	(19,327)
Other charges	589,970	589,970	564,244	(25,726)
Total charges for services	694,290	694,290	649,237	(45,053)
Fines and forfeitures	1,045,000	1,045,000	831,832	(213,168)
Investment income	100,000	100,000	70,418	(29,582)
Miscellaneous revenue	63,800	63,800	50,515	(13,285)
Total revenues	8,276,161	8,276,161	8,022,968	(253,193)
EXPENDITURES				
Current:				
General government	2,125,614	2,125,614	1,955,159	170,455
Police	3,715,191	3,715,191	3,409,884	305,307
Courts	307,882	307,882	275,506	32,376
Streets	1,112,503	1,112,503	1,126,267	(13,764)
Recreation	42,475	42,475	29,549	12,926
Planning and zoning	471,364	471,364	431,806	39,558
Economic development	72,797	72,797	73,640	(843)
Marketing and events	193,335	193,335	148,893	44,442
Total expenditures	8,041,161	8,041,161	7,450,704	590,457
Excess of revenues over expenditures	235,000	235,000	572,264	337,264
OTHER FINANCING SOURCES (USES)				
Transfers out to other funds	(250,000)	(250,000)	(179,378)	70,622
Proceeds from the sales of property	15,000	15,000	12,246	(2,754)
Total other financing uses	(235,000)	(235,000)	(167,132)	67,868
Net change in fund balances	-	-	405,132	405,132
FUND BALANCES, beginning of year	5,650,373	5,650,373	5,650,373	-
FUND BALANCES, end of year	$ 5,650,373	$ 5,650,373	$ 6,055,505	$ 405,132

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Lilburn, Georgia, (the "City") was incorporated in 1955 and operates under a Mayor-Council form of government and provides the following services to its citizens: public safety (police), public works (highways and streets), recreation and parks, planning and zoning, building inspection, code enforcement, municipal court services, and general and administrative services.

The financial statements of the City have been prepared in conformity with the accounting principles generally accepted in the United States of America 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 accounting policies of the City are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the "primary government") and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, the financial statements of the component unit are presented as a discretely presented component unit. The City of Lilburn Downtown Development Authority (the "DDA") is the discretely presented component unit of the City. The seven members of the Board of Directors of the DDA are appointed by the City Council. The City also has the ability to impose its will on the DDA as the City Council can remove appointed members of the Board of Directors at will; approve the budget of the DDA; and has the ability to hire and dismiss the personnel responsible for the daily operations of the DDA. The City of Lilburn Downtown Development Authority's financial information is maintained by the City's Finance Department. However, separate financial statements are not prepared.

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. 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 aggregate the City's governmental activities. Governmental activities are normally supported by taxes and intergovernmental revenues. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in a different fund.

The ***2017 SPLOST Fund*** is a capital project fund the City established to account for the financial resources provided from a one cent special purpose local option sales tax approved by voters in 2017.

The ***Capital Projects Fund*** accounts for capital projects with financing other than SPLOST.

The City aggregates the non-major governmental funds into a single column in the fund financial statements. This includes a special revenue fund to account for the activity related to specific revenue streams.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Sales taxes are recognized predominately when the underlying transaction occurs. 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 for current obligations. 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. Revenue related to reimbursement basis grants are recognized as allowable expenditures are incurred. Expenditures generally are 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, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants’ shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City’s investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Assets

The City's other assets consist of real estate properties held by the Downtown Development Authority. These properties are held with the intention of future development within the City's downtown area and are not held for income or profit purposes. As such, these assets are recorded at cost.

F. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

Activity between the City and its component unit that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "advance to component unit" and "advance from primary government" as it is not expected to be repaid within the current period.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. As allowed under GASB Statement No. 34, the City did not capitalize any infrastructure purchased or donated prior to the implementation of GASB Statement No. 34.

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

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Asset	Years
Land improvements	30
Buildings and improvements	20-40
Machinery and equipment	3-10
Infrastructure (roads)	10-50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

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

I. Net Position and Fund Equity

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position and Fund Equity (Continued)

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

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. 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. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no financial items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and sales taxes as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Use of 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 amounts of assets, liabilities, deferred inflows of resources, and deferred outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting

The City of Lilburn, Georgia follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipation is designed to help insure fiscal responsibility and maintain a balanced budget. Budgeting is the responsibility of the Mayor and the City Council members, with assistance provided by the City Manager and his designated staff persons.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted by passage of an ordinance.
4. The level of legal budgetary control is the department level. Council approval is required to increase or decrease the total budget of any department.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. A project length budget is adopted for all Capital Projects Funds.

No significant supplementary budgetary appropriations related to expenditures were made during the current year.

The following funds had departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2020:

General Fund - Streets	$	13,764
General Fund - Economic development		843
Confiscated Assets - Police		31,460

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 3. DEPOSITS AND OTHER ASSETS

Governmental fund balances in excess of amounts required for the City's daily operating activities were invested in the Georgia Fund 1 during the year. Georgia law authorizes local governments to invest in the following types of obligations:

1. Obligations of the State of Georgia or of any other states;
2. Obligations issued by the United States;
3. Obligations fully insured or guaranteed by the United States Government or governmental agency;
4. Obligations of any corporation of the United States Government;
5. Prime bankers' acceptances;
6. Georgia Fund I state investment pool;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

Any bank deposit in excess of the total FDIC insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations or the bank is required to participate in the State’s pledging pool.

NOTE 3. DEPOSITS AND OTHER ASSETS (Continued)

Investments, with a fair value of $3,135,162 consist of an investment in the Georgia Fund 1, a local government investment pool managed by the State of Georgia Office of the State Treasurer. As the investment in the Georgia Fund 1 represents ownership of a portion of a large pool of investments these amounts are not categorizable for custodial risk disclosure. The City's investment in the Georgia Fund 1 has been valued at fair value.

Credit Risk:

At June 30, 2020, the City's investment in the Georgia Fund 1 was rated AAAf by Standard & Poor's and had the following weighted average maturity:

Investment	Maturities	Fair Value
Georgia Fund 1	38 day weighted average	$ 3,135,162

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The City manages interest rate risk by limiting maturities to three years.

Fair Value Measurements:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

NOTE 3. DEPOSITS AND OTHER ASSETS (Continued)

Custodial Credit Risk - Deposit:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations back by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2020, the financial institutions holding the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State.

NOTE 4. RECEIVABLES

The City receives property tax assessments from Gwinnett County, Georgia. Tax bills were levied on all real and personal property as of January 1, 2019 and were mailed to taxpayers in August 2019. The due date for these taxes was October 15, 2019, and after that date, both penalty and interest are accrued until the taxes are collected. The lien date was January 1, 2020. Receivables are recorded when taxes are levied and billed (October 1).

Receivables at June 30, 2020, along with the allowance for uncollectible accounts, are as follows.

	General	2017 SPLOST	Capital Projects
Receivables:			
Property taxes	$ 68,563	$ -	$ -
Intergovernmental	44,732	459,522	20,638
Less allowance for uncollectible	(9,843)	-	-
Net total receivable	$ 103,452	$ 459,522	$ 20,638

NOTE 5. NOTES RECEIVABLE

The Downtown Development Authority sold properties during fiscal year 2018. For two of the properties, the Downtown Development Authority issued notes receivable (loans) for either all or a portion of the sales price. The primary purpose of the notes is to transfer the properties to developers and start the planned development of the downtown area. A loan for $100,000 was issued to Bonaventure Construction Company in July 2017 and was due in full on May 31, 2018 with monthly interest payments due at a rate of seven percent. The loan was paid in full during the fiscal year ended June 30, 2020. A loan for $588,750 was issued to Superior Design Group on December 22, 2017. Monthly interest payments are due at a rate of two percent with a balloon payment of all outstanding principal and interest due during the year ending June 30, 2020. The note was amended during the fiscal year ended June 30, 2020 to extend the due date for the balloon payment to June 30, 2021. The outstanding note is secured by a security deed and security agreement between the borrower and the Downtown Development Authority.

Activity on the notes for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable:					
Bonaventure Construction	$ 57,000	$ -	$ (57,000)	$ -	$ -
Superior Design Group	588,750	-	(50,000)	538,750	538,750
Total	$ 645,750	$ -	$ (107,000)	$ 538,750	$ 538,750

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NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 4,317,662	$ -	$ -	$ -	$ 4,317,662
Construction in process	4,615,231	4,974,186	(45,531)	(2,143,255)	7,400,631
	8,932,893	4,974,186	(45,531)	(2,143,255)	11,718,293
Capital assets, being depreciated:					
Land improvements	6,296,486	-	-	1,262,875	7,559,361
Buildings and improvements	10,374,889	-	(1,656,324)	880,380	9,598,945
Machinery and equipment	3,620,870	74,060	-	-	3,694,930
Infrastructure	6,305,100	-	-	-	6,305,100
Total	26,597,345	74,060	(1,656,324)	2,143,255	27,158,336
Less accumulated depreciation for:					
Land improvements	2,796,801	277,916	-	-	3,074,717
Buildings and improvements	2,002,544	251,492	(1,011,048)	-	1,242,988
Machinery and equipment	2,486,742	157,354	-	-	2,644,096
Infrastructure	1,623,900	262,327	-	-	1,886,227
Total	8,909,987	949,089	(1,011,048)	-	8,848,028
Total capital assets, being depreciated, net	17,687,358	(875,029)	(645,276)	2,143,255	18,310,308
Governmental activities capital assets, net	$ 26,620,251	$ 4,099,157	$ (690,807)	$ -	$ 30,028,601

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

Governmental activities:	
General government	$ 284,727
Police	427,090
Streets	142,363
Recreation	18,982
Planning and zoning	75,927
Total depreciation expense - governmental activities	$ 949,089

NOTE 7. LONG-TERM LIABILITIES

Activity of the long-term liabilities of the City for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 240,918	$ 345,083	$ 319,246	$ 266,755	$ 266,755
Note payable from direct borrowing	3,083,333	-	1,000,000	2,083,333	1,000,000
Governmental activity Long-term liabilities	$ 3,324,251	$ 345,083	$ 1,319,246	$ 2,350,088	$ 1,266,755

The General Fund typically is the funding source of payment for the compensated absences payable. The 2017 SPLOST fund is the funding source for payment of the note payable.

The City has reported 100% of the compensated absences liability as due in one year as historical usage patterns show employees use earned vacation within one year.

In July 2018, the City issued a $4,000,000 Sales Tax Note Payable for the purpose of financing construction of the police headquarters. The issuance of this note was approved by a Special Purpose Local Option Sales Tax (SPLOST) referendum in November 2016. Pursuant to Georgia Law, this note will be repaid with the proceeds of a one percent sales tax. Principal and interest are due monthly commencing on August 18, 2018 until maturity July 18, 2022. The note carries an interest rate of 2.66%.

The total debt service requirements to maturity for the City's note payable is as follows:

Year ending June 30,	Principal	Interest	Total
2021	$ 1,000,000	$ 43,225	$ 1,043,225
2022	1,000,000	16,625	1,016,625
2023	83,333	185	83,518
Total	$ 2,083,333	$ 60,035	$ 2,143,368

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Advance to component unit:

Receivable Fund	Payable Fund	Amount
General Fund	DDA	$ 1,622,441
Capital Projects Fund	DDA	626,752

The General Fund and Capital Projects Fund (primary government) advanced funds to the Downtown Development Authority (DDA) which will not be repaid within the next fiscal year. Amounts are shown as an advance (long-term). Amounts were for the DDA to purchase real estate properties within the City and the advance will be repaid when properties are sold as part of redevelopment of the City.

The composition of interfund transfers for the year ended June 30, 2020 are as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	$ 179,378

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 in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTE 9. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten (10) county Atlanta area, is a member of the Atlanta Regional Commission and is required to pay annual dues thereto. During its fiscal year ended June 30, 2020, the City's membership dues were paid by Gwinnett County, Georgia. The City did not pay any annual dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia.

The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Atlanta Regional Commission
3715 Northside Parkway
200 Northcreek Suite 300
Atlanta, Georgia 30327

NOTE 10. PENSION PLAN

The City's supplemental pension plan, City of Lilburn Money Purchase Pension Plan, a defined contribution plan is administered by an insurance company, Citistreet. All full-time employees are covered after one year of service. The City is required to contribute 10% of annual covered payroll, with 100% of these funds going into a fixed-rate savings account. The City's total payroll for the fiscal year was $3,873,351, including $3,539,342 of payroll covered by the plan. Contributions by the City totaled $339,735 for the fiscal year ended June 30, 2020 and no employees contributed to the Plan. Plan provisions and contribution requirements are established by City ordinance and may be amended by the Lilburn City Council.

Effective January 1, 2009, the City has a five year vesting schedule as follows:

Less than 2 years	0%
At two years	25%
At three years	50%
At four years	75%
At five years	100%

NOTE 11. RISK MANAGEMENT

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. 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 worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three (3) years have not exceeded insurance coverage.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is involved in pending lawsuits in the normal course of the City's business. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies:

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

Construction Commitments:

At June 30, 2020, construction commitments on uncompleted contracts were $168,500. These commitments relate to the engineering and roadway construction at US 20 and Hood Road.

CITY OF LILBURN, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS	Confiscated Assets Fund	TAD Fund	
Cash and cash equivalents	$ 65,171	$ 46,464	$ 111,635
Total assets	$ 65,171	$ 46,464	$ 111,635
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 90	$ -	$ 90
Total liabilities	90	-	90
FUND BALANCES			
Restricted:			
Capital construction	-	46,464	46,464
Public safety	65,081	-	65,081
Total fund balances	65,081	46,464	111,545
Total liabilities and fund balances	$ 65,171	$ 46,464	$ 111,635

CITY OF LILBURN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Confiscated Assets Fund	TAD Fund	
Revenues			
Property taxes	$ -	$ 21,494	$ 21,494
Investment income	572	6	578
Intergovernmental	72,885	-	72,885
Total revenues	73,457	21,500	94,957
Expenditures			
Current:			
General & Administrative	-	7,350	7,350
Police	111,460	-	111,460
Total expenditures	111,460	7,350	118,810
Excess (deficiency) of revenues over (under) expenditures	(38,003)	14,150	(23,853)
Other Financing Sources			
Proceeds from the sale of confiscated property	754	-	754
Total other financing sources	754	-	754
Net change in fund balances	(37,249)	14,150	(23,099)
Fund balances, beginning of year	102,330	32,314	134,644
Fund balances, end of year	$ 65,081	$ 46,464	$ 111,545

CITY OF LILBURN, GEORGIA

CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Investment income	$ 75	$ 75	$ 572	$ 497
Intergovernmental	-	-	72,885	72,885
Total revenues	75	75	73,457	73,382
Expenditures:				
Current:				
Police	80,000	80,000	111,460	(31,460)
Total expenditures	80,000	80,000	111,460	(31,460)
Excess (deficiency) of revenues over (under) expenditures	(79,925)	(79,925)	(38,003)	41,922
Other financing sources:				
Proceeds from sale of confiscated property	25,000	25,000	754	(24,246)
Total other financing sources	25,000	25,000	754	(24,246)
Net change in fund balances	(54,925)	(54,925)	(37,249)	17,676
Fund balance, beginning of year	102,330	102,330	102,330	-
Fund balance, end of year	$ 47,405	$ 47,405	$ 65,081	$ 17,676

CITY OF LILBURN, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS 2017 SPLOST FOR THE FISCAL YEAR ENDED JUNE 30, 2020

2017 SPLOST	(Unaudited) Original Estimated Cost	(Unaudited) Current Estimated Cost	Prior Years Cumulative Expenditures	Total Current Year Expenditures	Total Cumulative Expenditures
Roads & Bridges Improvements					
Misc. Projects - Consulting	$ 4,407,530	$ 4,559,544	$ 1,052,521	$ 99,408	$ 1,151,929
Repaving Program			10,747	-	10,747
LMIG			167,554	41,187	208,741
Main Street Realignment and Improvements			19,996	-	19,996
Equipment			99,302	694	99,996
Vehicle			-	53,422	53,422
Jackson Creek Multi Use Path			-	4,465	4,465
Facility			100	-	100
Greenway Bridge Replacement			153,872	-	153,872
Greenway Trail Improvements			68,028	37,770	105,798
Misc. Projects - Repair and Maintenance			-	20,400	20,400
Signage			55,428	-	55,428
Intersection Improvements			8,129	55,063	63,192
RailRoad Ave. Parking			258,234	11,752	269,986
Police Headquarters Parking Lot			55,000	6,825	61,825
	4,407,530	4,559,544	1,948,911	330,985	2,279,896
Recreational Facilities & Equipment	811,914	911,914			
Misc. Projects - Consulting			954	-	954
Park Improvements			-	38,429	38,429
Equipment			37,179	667	37,846
Playground			334,915	5,200	340,115
Park Restroom			122,805	367,880	490,685
Greenway Trail			3,650	-	3,650
	811,914	911,914	499,503	412,176	911,679
Public Safety Facilities & Equipment	6,379,320	6,599,340			
K-9 Unit			1,520	-	1,520
Miscellaneous Public Safety			150	-	150
Vehicles			372,332	-	372,332
Police Headquarters			1,688,367	166,118	1,854,485
Police Headquarters(Debt Service)			-	1,069,283	1,069,283
Equipment			155,816	10,327	166,143
Security Equipment			40,880	-	40,880
Total Public Safety Facilities & Equipment	6,379,320	6,599,340	2,259,065	1,245,728	3,504,793
Total 2017 SPLOST Expenditures	$ 11,598,764	$ 12,070,798	$ 4,707,479	$ 1,988,889	$ 6,696,368

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
Of City Council
City of Lilburn
Lilburn, Georgia

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lilburn, Georgia (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be material a weakness.

Compliance and Other Matters

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

The City's Response to Finding

The City's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 11, 2020

CITY OF LILBURN, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	X yes	____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2020 due to the total amount of federal awards expended being less than $750,000**.**

Section II – Financial Statement Findings

Finding 2020-001 – Fiscal Year-End Financial Close and Reporting Controls

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are reporting in accordance with generally accepted accounting principles (GAAP) and have been reconciled to subsidiary ledgers and underlying accounting records.

Condition: Due to ineffective controls surrounding the fiscal year-end financial close procedures, certain audit adjustments were necessary at June 30, 2020***.***

Context/Cause: As a result of our testing, audit adjustments were required as follows:

- To properly balance transfers across all funds entries of $64,000 were required in both the General Fund and Capital Projects Fund.
- To remove accounts payable and a transfer out of $108,907 in the General Fund for cash that was not transferred until after year end. A corresponding entry for the same amount was required in the Capital Projects Fund to remove accounts receivable and transfers in.
- To record accounts receivable and revenue in the 2017 SPLOST Fund of $13,365 for amounts earned by the City but not yet collected in accordance with the accrual basis of accounting.
- To record accounts payable and expenditures of $19,846 and $341,340 in the 2017 SPLOST Fund and Capital Projects Fund, respectively, for services rendered but not paid in accordance with the accrual basis of accounting.
- To record retainage payable and expenditures of $488,771 in the Capital Projects Fund, for services rendered but not paid in accordance with the accrual basis of accounting. An entry of $341,340 in the Capital Projects Fund was also required to reverse an entry for retainage payable from the prior year.
- To reduce revenue and notes receivable by $50,000 in the Downtown Development Authority for principal payments received during the year.
- The impact of the above entries also increased government wide capital asset by $178,893.

Effect: Audit adjustments totaling $1,341,645 were required as detailed above.

Recommendation: We recommend the City's Finance Department implement and/or strengthen internal controls surrounding the fiscal year-end financial close out procedures. We also recommend management reconcile account balances monthly to subsidiary ledgers and account statements, reverse prior year audit entries, and review all transactions near year end and subsequent to year end, so as to ensure proper and timely recording of transactions.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the recommendation above. The Finance Department will update controls and ensure account balances are adjusted for timely and accurate reporting.