CITY OF STONECREST, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

Prepared by:
City of Stonecrest Finance Department

INTRODUCTORY SECTION

CITY OF STONECREST, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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March 18, 2025

Honorable Jazzmin Cobble, Mayor,
Members of the City Council, and
Citizens of Stonecrest, Georgia

Ladies and Gentlemen:

Enclosed please find the Annual Comprehensive Financial Report of the City of Stonecrest, Georgia, for the year ended December 31, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures, rests with City management. City management is responsible for the contents of this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City of Stonecrest. The report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain an understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, 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 of Stonecrest for the year ended December 31, 2021, 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 on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Stonecrest's financial statements for the year ended December 31, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP) and the standards applicable to financial statements contained in *Government Auditing Standards*. The independent auditor's report is presented as the first component of the financial section of the report. Mauldin & Jenkins, LLC, has issued a disclaimer of opinion on the City's Uniform Guidance report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Stonecrest was incorporated in 2016 and commenced operations in July, 2017. Positioned in the metropolitan area, just east of Atlanta, Stonecrest is a resource rich community, which covers a 29 square mile area in southeast DeKalb County, Georgia. Stonecrest, according to the

Census Bureau's City Population Estimates Program, Vintage 2023, is the fifteenth largest city in the State of Georgia, serving a population of 60,677. The City boasts a strong commercial and retail presence with the Mall at Stonecrest serving as the hub, with surrounding parcels consisting of medical, office and hotels. The DeKalb Medical Center at Hillandale is the City's principal medical facility. The City also has two designated industrial areas, which are home to some of the City's top employers, Dart Container Organization and Home Chef. The crown jewel of the City is the Arabia Mountain National Heritage Area which consists of 2,550 acres of exposed granite formations, wetlands, streams, lakes, and forest, all accessible by a vast trail network. The presence of the Davidson-Arabia Mountain Nature Park and the Panola Mountain State Park creates a unique recreational opportunity within a metropolitan setting.

Policymaking and legislative authority of the government is vested in the Mayor and five Council members, who are elected for four-year terms. Council members are elected by district, and the Mayor is elected at-large by popular vote. The Mayor and Council members serve until their successors are qualified and certified. Terms of office begin after the certification of the election and swearing into office. Elections are held every two years for three of the Council members, utilizing staggered terms.

The City legislative authority of the government of the City of Stonecrest, except as otherwise specifically provided in the charter, shall be vested in the City Council of which the Mayor is a voting member and possesses all the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Stonecrest charter. The City Manager maintains all administrative powers granted to the government under the constitution and laws the State of Georgia and the City's charter.

The City is empowered to levy a property tax on both real and personal property located within its boundaries and is qualified to levy all other taxes granted to municipalities within the State of Georgia.

The City contracted for municipal government services through an agreement dated June 15, 2017 that provided a full range of services including Planning and Zoning, Code Enforcement, Business Licenses, Building and Development permitting and inspections. That full-service agreement terminated December 31, 2021; however, two (2) extensions were executed that provided for limited services through June 30, 2022. After the final delivery of services under the agreement, the performance by the contractor under the agreement, as well as other matters, became the subject of litigation filed by the City on January 31, 2023 in DeKalb Superior Court in a Complaint for Damages and other Relief. That litigation is ongoing.

The City continues to maintain intergovernmental agreements with DeKalb County for services such as police and fire protection, the maintenance of highways, streets, public works, and other infrastructure, and sanitation services. The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The budget is prepared by fund, function, and department. From day one, the budgeting process has included performance management initiatives and priorities as established by the Mayor and City Council.

LOCAL ECONOMY

Stonecrest, the newest and largest city in DeKalb County, is the best place to do business in metropolitan Atlanta. Stonecrest is a young urban community where residents enjoy a growing dining and retail scene in the Stonecrest Mall area. In addition, Stonecrest is rapidly emerging as a premier hub for the transportation and logistics industry. Stonecrest is a strategic location to expand operations and achieve unparalleled growth. Stonecrest offers a unique blend of prime location, exceptional infrastructure, and a thriving business environment, making it the ideal place for transportation and logistics companies to flourish. Stonecrest boasts a prime location within proximity to major highways, interstates, and Hartsfield-Jackson Atlanta International Airport, ensuring seamless connectivity for efficient transportation of goods and materials.

Stonecrest is primarily a bedroom community with a population of 60,677 in approximately 29 square miles. Stonecrest is home to two major industrial parks that include large corporations such as Dart Container Corporation, Home Chef, Trojan Battery Company and more. The largest industries in Stonecrest include government, medical, retail services and manufacturing. Stonecrest also has a large entrepreneurial and small business population.

Despite its young age, Stonecrest has carved its own identity and continues to evolve. With its commitment to diversity, economic growth, and community engagement, Stonecrest promises a bright future. It is a city where residents can pursue their dreams, families can thrive, and visitors can discover a hidden gem in the heart of Georgia.

Stonecrest is a city on the move, witnessing rapid growth and development. Modern office buildings, retail centers, and residential communities are springing up, transforming the landscape. The Stonecrest Mall, a major shopping hub, attracts visitors from across the region. This economic boom promises exciting opportunities for residents and businesses alike.

FEDERAL FUNDING ASSISTANCE

In 2020, the City received $6,227,098 from DeKalb County for the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the federal relief funds. The City engaged a not-for-profit organization to administer a program providing grants to local churches, non-profit organizations, and local businesses to lessen COVID-19's impact on citizens, businesses, and public health. In 2021, a special revenue fund (ARPA) is used to account for amounts awarded under the Coronavirus State and Local Fiscal Recovery Funds program provided for under the American Rescue Plan of 2021.The Act was signed into law on March 11, 2021. It is the sixth COVID-19 relief bill enacted and provides approximately $1.9 trillion in assistance. The City has been allocated $9.7 million in funding to address the negative impacts of the pandemic through several opportunities, including education, housing, food assistance, or loan and grant programs. The City received $4,865,023 in 2021 and initiated expending funds in 2022.

STRATEGIC FINANCIAL PLANNING

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided within estimated resources. The budget policy guides this process. The budget policy also directs the City's financial health and stability.

Georgia law (e.g., O.C.G.A. 36-81-2 et seq.) provides the budget requirements for Georgia local governments. The City's goal will be to adopt operating budgets where current revenues equal anticipated expenditures. All departments supported by the resources of this City must function within the limits of the financial resources identified or available specifically to them. A balance must be struck between revenues and expenditures, so that the public can realize the benefits of a strong and stable government. It is important to understand that this policy is applied to budget entities over periods of time which extend beyond current appropriations. By law, budgets cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they are not tolerated as extended trends. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

To facilitate the provision of City services, the government is committed to a consistent fee structure for business taxes and permitting. The City first assessed a millage rate in 2020 of 1.438. The millage rate for 2021 was set at 1.336. The City relies on franchise taxes, business taxes, permitting fees, and other municipal revenues to fund the remainder of City services not covered by property taxes.

SPLOST PROGRAM

The DeKalb County Special Purpose Local Option Sales Tax (SPLOST), an optional 1% county sales tax used to fund capital outlay projects proposed by the county government and qualified participating municipal governments, was passed in November 2017 by a 76% referendum vote in the City of Stonecrest. The tax is collected on items subject to the state sales tax and use tax within the County and is estimated to bring in over $600 million over 6 years into DeKalb County. Each municipality in DeKalb County will receive a pro-rated share of SPLOST revenue based on its population (2016 US Census estimate); with an estimated population of 53,500 residents, the share for the City of Stonecrest is 7.5%. It is estimated that SPLOST revenues of approximately $45 million over 6 years will be available for infrastructure and capital improvements to the City of Stonecrest.

PARKS ASSESSMENT AND MASTER PLAN

With funding set aside through SPLOST, specifically for Park improvements and upgrades, the City conducted a comprehensive park facilities assessment to identify and prioritize the greatest areas of need. Once the assessment was completed, the focus turned towards the crafting of a long-term Parks Master Plan that was completed in October 2020.

INITIATIVES FOR FUTURE YEARS

FINANCIAL POLICIES STATEMENT

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safety of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

BUDGETARY CONTROLS

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund and any special revenue funds are included in the annual appropriated budget. A project length budget will be utilized for capital project funds. The official level of City budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund.

Administrative transfers of appropriations within a fund may be authorized by the City Manager to meet unforeseen needs, if the total budgeted amounts do not exceed these appropriations by fund. The City's budget procedures, together with such procedures for discretely presented component units, are more fully explained in the accompanying notes to the financial statements.

Acknowledgments - The preparation of the report could not have been accomplished without the efficient and dedicated efforts of the entire City Hall staff and the auditors for the City. Our sincere appreciation is extended to everyone for the contributions made in the preparation of this report, and the Mayor and City Council for their unwavering support for the staff and our collective efforts to consistently maintain the highest levels of professionalism and fiscal responsibility and management.

Respectfully Submitted,

Gia Scruggs
City Manager

CITY OF STONECREST, GEORGIA
PRINCIPAL OFFICIALS
DECEMBER 31, 2021

City Council

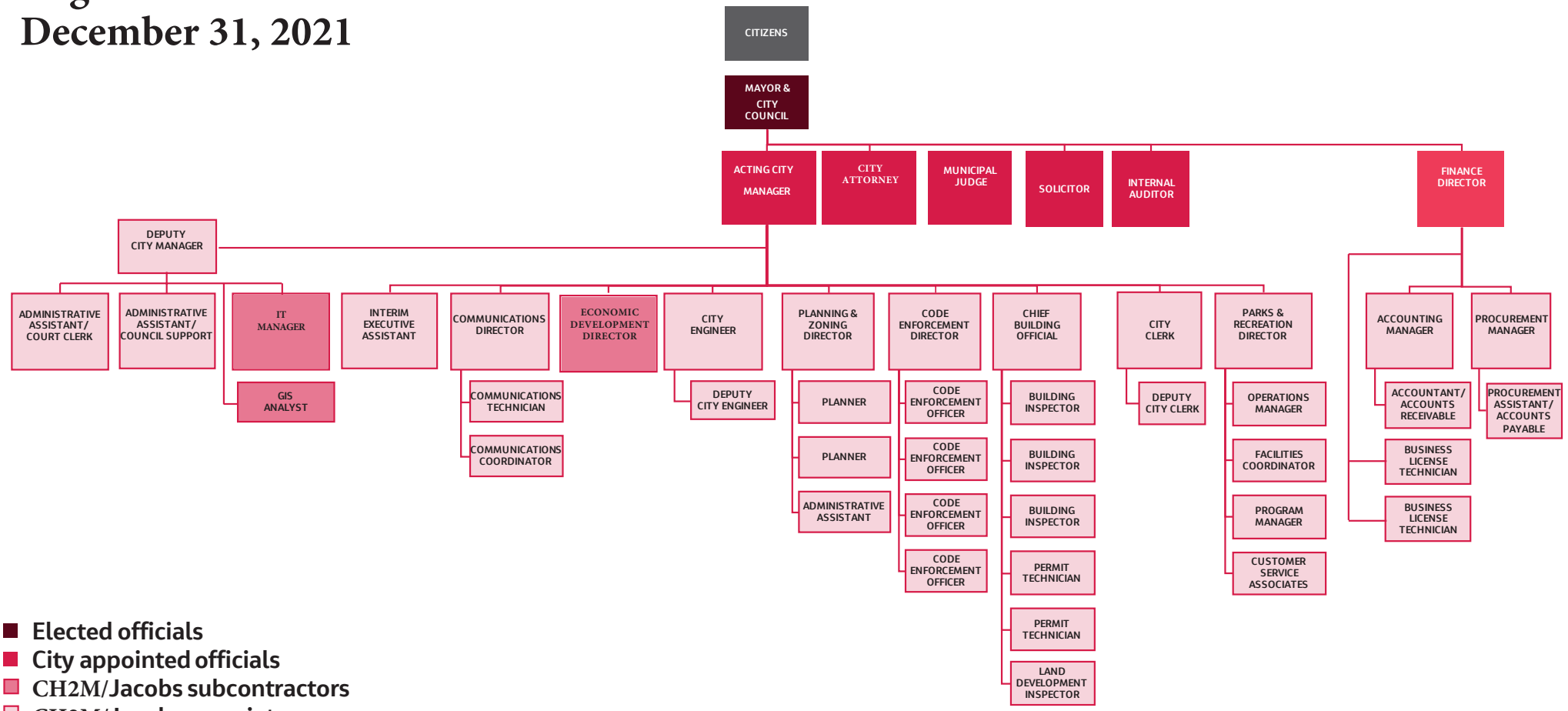
Jazzmin Cobble	Mayor
George Turner	Mayor Pro Tem
Tara Graves	Council Member
Terry Fye	Council Member
Alicia Washington	Council Member
Tammy Grimes	Council Member

Appointed Administrative Officials

Gia Scruggs	City Manager
Sonya Isom	City Clerk
Winston Denmark	City Attorney

Note: The Principal Officials listed above comprise Officials who were in place for the issuance of the 2021 ACFR.

City of Stonecrest Organizational Chart December 31, 2021



- Elected officials
- City appointed officials
- CH2M/Jacobs subcontractors
- CH2M/Jacobs associates

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council of the
City of Stonecrest, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Stonecrest, Georgia** (the "City"), as of and for year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the General Fund, COVID-19 Relief Fund, and American Rescue Plan Fund budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual nonmajor fund budgetary comparison schedule, the schedule of expenditures of federal awards as required by Title 2, U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of special purpose local option sales tax proceeds (the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 March 18, 2025 on our consideration of the City'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
March 18, 2025

City of Stonecrest, Georgia
Management's Discussion and Analysis
December 31, 2021

The following discussion and analysis of the City of Stonecrest, Georgia (the "City" of "Government") introduces the basic financial statements for the fiscal year ended December 31, 2021. Management prepared this discussion that should be read in conjunction with the basic financial statements, footnotes, and supplementary information found in this report. This information taken collectively is designed to provide readers with an understanding of the City's finances.

CITY ACTIVITY HIGHLIGHTS

The City, which was incorporated by a voter approved referendum in 2016, commenced operations during July 2017 pursuant to the election of a mayor and council in April 2017. The City is located 11 miles east of Atlanta with a population of 60,677. The City is home to major commercial and industrial establishments such as DeKalb Medical Center, Dart Container Corporation, The Home Depot Flatbed Distribution Center and the 1.2 million square foot Mall at Stonecrest.

Policymaking and legislative authority of the government is vested in the Mayor and five Council Members, who are elected for four-year terms. Council members are elected by district, and the Mayor is elected at-large by popular vote. Terms of office begin after the certification of the election and swearing into office. The legislative authority of the government of the City of Stonecrest, except as otherwise specifically provided in the Charter, shall be vested in the City Council with the Mayor voting in the event of a tie, and possesses all the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Stonecrest Charter. The City Manager maintains all the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's Charter. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is qualified to levy all other taxes granted to municipalities within the State of Georgia.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by $49,442,313 (total net position), which represents an increase of $17,250,893 or 53.59% from the prior year ending balance. Of the total net position, $22,138,852 (unrestricted net position) is available to meet the ongoing obligations of the City.

- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $30,860,039 which represents an increase of $13,405,469 over the prior year.

- The City expended $8,298,084 of SPLOST funds primarily for street resurfacing and parcel acquisition.

- The City in 2020 received $6,227,862 in Coronavirus Relief Funds (CRF) pursuant to an intergovernmental agreement with DeKalb County, Georgia to combat the public health crisis and economic impact of the coronavirus pandemic within the City. The City administration of the CRF is fully discussed in the COVID-19 Relief Fund section.

- The City received $4,865,023 in 2021 pursuant to the Coronavirus State and Local Fiscal Recovery Funds program provided for under the American Rescue Plan Act of 2021. A separate governmental fund was established to account for such funds, none of which were expended during the year ended December 31,2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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.

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 like a private-sector business.

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two 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 government's net position changed during the most recent fiscal period. 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements report only governmental activities of the City which are principally supported by taxes and intergovernmental revenues. The governmental activities of the City include general government, judicial, public works type operations, culture and recreation, economic development, and community development.

The government-wide financial statements include financial information presented for the primary government itself. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide 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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds: the General Fund, the Special Purpose Local Option Sales Tax (SPLOST) Fund, the Hotel/Motel Tax Fund, the Urban Redevelopment Agency (URA), the American Rescue Plan (ARPA) Fund, and the COVID-19 Relief Fund established to account for the Coronavirus Relief Funds. The General Fund, the SPLOST Fund, the URA, the ARPA Fund, and the COVID-19 Relief Fund are major funds. Data from the other fund (Hotel/Motel Tax Fund) is reported as a single column presentation alongside the major funds, as the City's one nonmajor governmental fund.

The basic governmental fund financial statements can be found on pages 16 through 19 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 20 through 35 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedules for the General Fund, the COVID-19 Relief Fund, and the ARPA Fund as presented on a generally accepted accounting principal basis. These schedules are intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 36 through 38 of this report.

OVERVIEW OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $49,442,313, representing a $17,250,893 or 53.59% increase over the prior fiscal year.

The City's net position is comprised of net investment in capital assets of $14,446,740, amounts restricted for promotion of trade and tourism of $65,712, and capital projects of $12,791,009. The remaining portion of the City's net position represents unrestricted net position of $22,138,852, which is available to meet the ongoing obligations of the Government.

City of Stonecrest, Georgia
Net Position
Fiscal Years 2021 and 2020

	Governmental Activities			
	2021	2020	Increase (Decrease)	Percentage Increase (Decrease)
ASSETS				
Current assets	$ 42,224,429	$ 28,884,492	$ 13,339,937	46.18%
Capital assets	17,664,966	16,143,608	1,521,358	9.42%
Total assets	59,889,395	45,028,100	14,861,295	33.00%
LIABILITIES & DEFERRED INFLOWS OF RESOURCES				
Current liabilities	7,227,531	6,873,758	353,773	5.15%
Financed purchases payable	24,551	55,447	(30,896)	-55.72%
Revenue bonds payable	3,195,000	5,410,000	(2,215,000)	-40.94%
Total liabilities	10,447,082	12,339,205	(2,245,896)	-18.20%
Deferred inflows of resources	-	497,475	(497,475)	-100.00%
Total deferred inflows of resources	-	497,475	(497,475)	-100.00%
NET POSITION				
Net investment in capital assets	14,446,740	13,068,380	1,378,360	10.55%
Restricted	12,856,721	14,145,336	(1,288,615)	-9.11%
Unrestricted	22,138,852	4,977,704	17,161,148	344.76%
Total net position	$ 49,442,313	$ 32,191,420	15,872,533	49.31%

The largest portion of the City's current assets, $31,868,846 reflects its cash holdings at December 31, 2021, an increase from the prior year of $11,820,205 or 58.96%. Capital assets increased $1,521,358 from the prior year, or 9.42%. Current liabilities increased $353,773 or 5.15%.

Governmental Activities: The table on the following page reflects changes in the net position for fiscal years 2021 and 2020.

Revenues: Government-wide revenues increased $11,231,754, or 49.52% related to COVID-19 grant revenue recognition and capital projects increased receipts. Charges for services decreased $1,192,775 or 39.50% because of decreases in issuance of building and development permits. Capital grants and contributions of $8,940,054 are comprised of SPLOST revenues. SPLOST revenues increased $1,513,891 over the prior year. The City received $4,163,223 of insurance premium taxes through the State of Georgia and accrued an additional $131,222 for a total of $4,294,445. Other taxes are comprised of Hotel/Motel, business and occupation, and alcoholic beverage taxes. Business and occupation taxes increased $417,501 reflecting increased activity by City employed staff, along with a general increase in economic conditions from pandemic recovery. Franchise tax revenues increased by $3,154,484 impacted by an increase payment amounts by the Georgia Power Company.

Expenses: Expenses decreased $3,002,169 or 15.27%, primarily related to a decrease in general government costs offset by an increase in public works type operations (SPLOST). In 2020, general government expenses included amounts pertaining to the reporting of the COVID-19 Relief Fund and related unearned revenue reported within the fund, which has in part been recognized as revenue in 2021. Community development expenses increased $524,515 as certain costs were reallocated from general government costs. Culture and recreation expenses increased slightly. Interest costs decreased by $124,251 or 42.62% as no debt issuance costs were incurred in 2021.

City of Stonecrest, Georgia
Changes in Net Position
Fiscal Years 2021 and 2020

	Governmental Activities			
	2021	2020	Increase (Decrease)	Percentage Increase (Decrease)
Revenues				
Program revenues:				
Charges for services	$ 1,827,281	$ 3,020,056	(1,192,775)	-39.50%
Operating grants and contributions	7,938,061	1,518,457	6,419,604	422.77%
Capital grants and contributions	8,940,054	7,426,163	1,513,891	20.39%
General revenues:				
Property taxes	1,858,659	1,878,327	(19,668)	-1.05%
Franchise taxes	5,594,836	2,440,352	3,154,484	129.26%
Insurance taxes	4,294,445	4,264,198	30,247	0.71%
Other taxes	2,993,410	2,129,349	864,061	40.58%
Interest	3,906	635	3,271	515.12%
Miscellaneous revenues	462,617	3,978	458,639	11529.39%
Total revenues	33,913,269	22,681,515	11,231,754	49.52%
Expenses				
General government	5,484,463	11,359,290	(5,874,827)	-51.72%
Judicial	82,142	61,811	20,331	32.89%
Economic development	1,134,200	1,159,612	(25,412)	-2.19%
Public works type operations	6,606,635	4,268,541	2,338,094	54.78%
Community development	1,487,192	962,677	524,515	54.49%
Culture and recreation	1,700,485	1,561,104	139,381	8.93%
Interest on long-term debt	167,259	291,510	(124,251)	-42.62%
Total expenses	16,662,376	19,664,545	(3,002,169)	-15.27%
Increase in net position	17,250,893	3,016,970	14,233,923	471.80%
Net position - beginning	32,191,420	29,174,450		
Net position - ending	$ 49,442,313	$ 32,191,420		

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year the total fund balance was $18,294,809, an increase in fund balance of $8,933,696 or 95.43% All the fund balance is unassigned and available for use by the City.

City of Stonecrest, Georgia
General Fund - Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2021 and 2020

	2021	2020	Increase (Decrease)	Variance with Final
Revenues:				
Property taxes	$ 1,902,269	$ 1,775,560	$ 126,709	$ 7.14%
Franchise taxes	5,594,836	2,440,352	3,154,484	129.26%
Insurance taxes	4,163,223	4,032,198	131,025	3.25%
Business taxes	1,839,357	1,421,856	417,501	29.36%
Alcoholic beverage excise taxes	175,098	118,044	57,054	48.33%
Licenses and permits	1,760,473	3,000,308	(1,239,835)	-41.32%
Intergovernmental	1,983,779	1,518,457	465,322	30.64%
Charges for services	46,915	4,751	42,164	887.48%
Fines and forfeitures	19,893	14,997	4,896	32.65%
Interest earned	3,906	635	3,271	515.12%
Miscellaneous	384,758	3,978	380,780	9572.15%
Total	$ 17,874,507	$ 14,331,136	$ 3,543,371	24.72%
Expenditures:				
Current:				
General government	5,354,316	5,065,770	288,546	5.70%
Judicial	82,142	61,811	20,331	32.89%
Economic development	1,102,175	1,159,379	(57,204)	-4.93%
Community development	875,345	726,897	148,448	20.42%
Culture and recreation	1,535,265	1,409,498	125,767	8.92%
Capital outlay	105,276	397,363	(292,087)	-73.51%
Debt service:				
Principal	33,551	29,991	3,560	11.87%
Interest	4,849	8,409	(3,560)	-42.34%
Total	9,092,919	8,859,118	233,801	2.64%
Other financing sources (uses)				
Transfers in	367,108	353,669	13,439	3.80%
Transfers out	(215,000)	-	(215,000)	-100.00%
Change in fund balance	8,933,696	5,825,687	3,108,009	53.35%
Fund balance, beginning of year	9,361,113	3,535,426		
Fund balance, end of year	$ 18,294,809	$ 9,361,113		

Total General Fund revenues increased $3,543,371 or 24.72%. Franchise taxes increased $3,154,484, a 129.26% over 2020 related to collection of an amount due from Georgia Power Company that was an additional allotment in 2021. Insurance premium taxes totaled $4,163,223. Business taxes increased $417,501, as the City staff was effective in registering businesses. Licenses and permits decreased $1,239,835 or 41.32% due to a slowdown in large new commercial projects that commenced in 2020.

Total General Fund expenditures increased $233,801 or 2.64%. General government expenditures increased $288,546 or 5.70% primarily from increases in contractual services for general operations provided by the City's prime contractor, CH2M Hill/Jacobs.

COVID-19 Relief Fund. In 2020, the City received $6,227,098 from DeKalb County for the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the federal relief funds. The City engaged a not-for-profit organization to administer a program providing grants to local churches, non-profit organizations, and local businesses to lessen COVID-19's impact on citizens, businesses, and public health. Through the City's agreement with DeKalb County, these funds were required to be disbursed by December 31, 2021. For the year ended December 31, 2020, due to allegations of fraud within the program, that later resulted in the conviction of a City official, and contractors involved in the management of the program, no intergovernmental revenue was recognized in 2020, and the City reported a liability equal to the allotment received from the County.

The not-for-profit organization engaged by the City to manage the program provided the City and Federal authorities with information and documents so that a single audit could be performed pursuant to the Single Audit Act on program expenditures through December 31, 2021. The results of that single audit have been included in the Compliance Section of the Annual Comprehensive Financial Report for the year ended December 31, 2021.

In 2021, the City recognized $5,954,282 of revenue along with a reduction of unearned revenue from $6,227,098 to $272,816 in connection with the revenue recognition. The City also incurred an additional $20,000 of eligible CARES Act expenditures related to professional services. Remaining unearned revenue may be recognized in subsequent years if the City retains the original funding from the County and then can attribute it to eligible uses of the CARES Act.

SPLOST Fund. In 2018, the City began receiving proceeds of a sales tax levied in DeKalb County, which will be used by the City for the exclusive purpose of capital outlay projects in accordance with a voter approved sales tax referendum. For fiscal years 2021 and 2020, the City received SPLOST revenue of $8,936,533 and $7,423,163, respectively, not including interest earned off SPLOST collections. In 2021 and 2020, the City expended $8,298,084 and $4,381,843, respectively. These expenditures of SPLOST funds were primarily for resurfacing projects and roadway improvements.

Urban Redevelopment Agency (URA). The Urban Redevelopment Agency was created to exercise the City's *urban redevelopment powers.* Under Georgia's Urban Redevelopment Act (O.C.G.A 36-61-1), cities are given broad powers to redevelop blighted or threatened areas of the community. These powers include: (1) the use of eminent domain to buy and assemble property for revitalization and resale; (2) encouragement of private-public partnerships to redeveloped neglected areas; (3) permit the use of tax-exempt bonds for redevelopment purposes, that can be secured by loans or grant; (4) allow the City to negotiate variances and wave many requirements of its existing zoning and development requirements in order to achieve the optimum economic and aesthetic results in the blighted or threatened area. In 2020, the URA issued Series 2020 A and B Revenue Bonds to finance the purchase of land and buildings for City use or listed as land held for development. In 2021, the Series 2020B Bonds were retired in connection with the sale of the Sears building, that was acquired in the prior year and reported as land held for development. The URA reported a change in fund balance of $(2,104,479) during 2021 reducing fund balance from $2,183,663 to $79,184 for year ended December 31, 2021.

The American Rescue Plan (ARPA) Fund. A special revenue fund used to account for amounts awarded under the Coronavirus State and Local Fiscal Recovery Funds program provided for under the American Rescue Plan of 2021. The City received $4,865,023 in 2021, however none of the awarded funds were expended in 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget versus actual comparison can be found on page 36. Total revenues were $4,679,757 more than budget. Property taxes were $395,881 less than budget and franchise taxes were $3,319,836 more than budget, respectively, as budgeted revenues in 2021 were more variable in 2021 in part due to lack of history for such revenue types. Insurance taxes were $63,223 in excess of budget, which was related to an improved basis for the budget forecast. Intergovernmental revenues were $1,008,779 in excess of budget as the City did not anticipate receiving certain revenue streams when the budget was adopted. For the year ended December 31, 2021, the General Fund had expenditures in excess of final budgeted line-item appropriations as follows:

General Fund	
Current:	
General government:	
Legal service department	$ 98,739
Building	9,185
Economic development:	
Code enforcement	271,538
Business development	130,601
Community development	195,186
Debt service	13,400

Total expenditures were $4,653,081 less than the final budget. General government expenditures were $3,579,474 less than budgeted due to savings realized in various departments. This category also included a $280,988 contingency that could have been allocated to other expenditure line items. The City is in the process of transitioning from prime contractor CH2M Hill/Jacobs and hiring full-time staff and the budget reflected a faster ramp than the City was able to accomplish. The salary savings and transitioning had the greatest impact on the variance in total expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities as of December 31, 2021 was to $17,664,966, an increase of $1,521,358 from the prior year.

City of Stonecrest, Georgia
Capital Assets (net of accumulated depreciation)
Fiscal Years 2021 and 2020

	2021	2020
Land	$ 10,931,746	$ 9,231,633
Construction In Progress	67,071	160,365
Furniture and equipment	282,472	163,358
Improvements	5,826,887	6,003,481
Buildings	556,790	584,771
Total	**$ 17,664,966**	**$ 16,143,608**

Additional information on the City's capital assets can be found in Note 4 on page 28 of this report.

Financed Purchases. At the end of fiscal year December 31, 2021, the City had total borrowings outstanding of $24,551 in the form of financed purchases from direct borrowings used to purchase office equipment. All borrowings are backed by the full faith and credit of the City.

Revenue Bonds – Direct Placement. On June 24, 2020 the City of Stonecrest URA voted unanimously to pass a bond resolution to address pockets of blight identified within city limits. Two revenue bonds were issued, Series 2020A and Series 2020B, totaling $5,410,000. These funds were used to finance the costs of acquiring and renovating the Sears Department Store and Automotive Center and the Sam's Club building. The Series 2020A Bonds, with the principal amount of $3,195,000, will be paid for in 20 years at an interest rate of 2.92 percent per annum. The Series 2020B Bonds were fully retired in connection with the sale of the Sears building during fiscal year 2021.

City of Stonecrest, Georgia
Long Term Debt
Fiscal Years 2021 and 2020

	2021	2020
Financed purchase	$ 24,551	$ 55,447
Revenue bonds	3,195,000	5,410,000
Total	**$ 3,219,551**	**$ 5,465,447**

Additional information on the City's long-term debt can be found in Note 5 on page 29 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

These factors were considered in preparing the City's budget for the 2022 fiscal year.

- Adopt governing authority priorities to enhance citizen services,
- Conduct studies to consider takeover of police services and public works type operations from DeKalb County, focusing on services and cost,
- Plan and execute the transition from CH2M Hill/Jacobs, the engineering firm who has provided City-wide management services since inception of the City in 2017,
- Budget to operate at an expenditure level consistent with revenue, and
- Explore all viable options to maintain the General Fund millage rate at or near the current rate of 1.336 mills.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Stonecrest finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, Attention: Director of Finance, City of Stonecrest, 3120 Stonecrest Blvd, Stonecrest, GA 30038.

CITY OF STONECREST, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 31,868,846
Taxes receivable	9,369,839
Intergovernmental receivable	907,885
Promissory note receivable	77,859
Capital assets:	
Nondepreciable	10,998,817
Depreciable, net of accumulated depreciation	6,666,149
Total assets	59,889,395
LIABILITIES	
Accounts payable	1,357,997
Retainage payable (non-capital repair and maintenance)	605,249
Accrued liabilities	126,446
Unearned revenue	5,137,839
Financed purchase payable, due within one year	24,551
Direct placement revenue bonds, due in more than one year	3,195,000
Total liabilities	10,447,082
NET POSITION	
Net investment in capital assets	14,446,740
Restricted for:	
Promotion of trade and tourism	65,712
Capital projects	12,791,009
Unrestricted	22,138,852
Total net position	$ 49,442,313

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

CITY OF STONECREST, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	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: Governmental Activities
Primary government:					
Governmental activities:					
General government	$ 5,484,463	$ 195,533	$ 5,954,282	$ -	$ 665,352
Judicial	82,142	-	-	-	(82,142)
Economic development	1,134,200	-	-	-	(1,134,200)
Public safety	-	-	-	1,340,447	1,340,447
Public works	6,606,635	-	497,475	6,663,672	554,512
Community development	1,487,192	1,631,748	-	-	144,556
Culture and recreation	1,700,485	-	1,486,304	935,935	721,754
Interest on long-term debt	167,259	-	-	-	(167,259)
Total governmental activities	$ 16,662,376	$ 1,827,281	$ 7,938,061	$ 8,940,054	2,043,020
General revenues:					
Property taxes					1,858,659
Insurance taxes					4,294,445
Hotel/Motel taxes					978,955
Franchise taxes					5,594,836
Business taxes					1,839,357
Alcoholic beverage taxes					175,098
Unrestricted investment earnings					3,906
Miscellaneous revenues					462,617
Total general revenues					15,207,873
Change in net position					17,250,893
Net position, beginning of year					32,191,420
Net position, end of year					$ 49,442,313

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

CITY OF STONECREST, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

ASSETS	General Fund	SPLOST Fund	Urban Redevelopment Agency	COVID-19 Relief Fund	ARPA Fund	Nonmajor Governmental Fund: Hotel/Motel Tax Fund	Total Governmental Funds
Cash and cash equivalents	$ 13,722,395	$ 12,986,994	$ 1,325	$ 46,025	$ 4,865,023	$ 247,084	$ 31,868,846
Accounts receivable	-	-	77,859	-	-	-	77,859
Taxes receivable	9,288,083	-	-	-	-	81,756	9,369,839
Intergovernmental receivable	32,777	875,108	-	-	-	-	907,885
Due from other funds	57,525	487,293	-	-	-	8,500	553,318
Total assets	$ 23,100,780	$ 14,349,395	$ 79,184	$ 46,025	$ 4,865,023	$ 337,340	$ 42,777,747
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	$ 55,373	$ 1,030,996	$ -	$ -	$ -	$ 271,628	$ 1,357,997
Retainage payable	-	605,249	-	-	-	-	605,249
Accrued liabilities	40,926	-	-	-	-	-	40,926
Unearned revenue	-	-	-	272,816	4,865,023	-	5,137,839
Due to other funds	487,293	-	-	66,025	-	-	553,318
Total liabilities	583,592	1,636,245	-	338,841	4,865,023	271,628	7,695,329
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	4,222,379	-	-	-	-	-	4,222,379
Total deferred inflows of resources	4,222,379	-	-	-	-	-	4,222,379
FUND BALANCE							
Restricted:							
Capital projects	-	12,713,150	79,184	-	-	-	12,792,334
Promotion of trade and tourism	-	-	-	-	-	65,712	65,712
Unassigned	18,294,809	-	-	(292,816)	-	-	18,001,993
Total fund balance	18,294,809	12,713,150	79,184	(292,816)	-	65,712	30,860,039
Total liabilities, deferred inflows of resources, and fund balance	$ 23,100,780	$ 14,349,395	$ 79,184	$ 46,025	$ 4,865,023	$ 337,340	$ 42,777,747

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

CITY OF STONECREST, GEORGIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION DECEMBER 31, 2021

Total Governmental Fund Balances		$	30,860,039
Amounts reported for governmental activities in the Government-Wide 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.			
Cost	18,365,210		
Less accumulated depreciation	(700,244)		17,664,966
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds' balance sheet but are reported on the government-wide statement of net position.			
Accrued interest payable	(85,520)		
Financed purchases	(24,551)		
Direct placement revenue bonds	(3,195,000)		(3,305,071)
Receivables not collected within 60 days of fiscal year-end are not considered available and are deferred inflows of resources on the government funds' balance sheet but are recognized as revenue on the government-wide statement of net position.			4,222,379
Net Position of Governmental Activities		$	49,442,313

The accompanying notes are an integral part of these financial statements

CITY OF STONECREST, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	SPLOST Fund	Urban Redevelopment Agency	COVID-19 Relief Fund	ARPA Fund	Nonmajor Governmental Fund: Hotel/Motel Tax Fund	Total Governmental Funds
Revenues:							
Property taxes	$ 1,902,269	$ -	$ -	$ -	$ -	$ -	$ 1,902,269
Franchise taxes	5,594,836	-	-	-	-	-	5,594,836
Hotel/Motel taxes	-	-	-	-	-	978,955	978,955
Insurance taxes	4,163,223	-	-	-	-	-	4,163,223
Business taxes	1,839,357	-	-	-	-	-	1,839,357
Alcoholic beverage excise taxes	175,098	-	-	-	-	-	175,098
Licenses and permits	1,760,473	-	-	-	-	-	1,760,473
Intergovernmental	1,983,779	8,936,533	-	5,954,282	-	-	16,874,594
Charges for services	46,915	-	-	-	-	-	46,915
Fines and forfeitures	19,893	-	-	-	-	-	19,893
Interest earned	3,906	3,521	-	-	-	-	7,427
Miscellaneous	384,758	-	77,859	-	-	-	462,617
Total revenues	17,874,507	8,940,054	77,859	5,954,282	-	978,955	33,825,657
Expenditures:							
Current:							
General government	5,354,316	-	-	20,000	-	-	5,374,316
Judicial	82,142	-	-	-	-	-	82,142
Economic development	1,102,175	-	32,025	-	-	-	1,134,200
Community development	875,345	-	-	-	-	611,847	1,487,192
Culture and recreation	1,535,265	-	-	-	-	-	1,535,265
Capital outlay	105,276	8,298,084	-	-	-	-	8,403,360
Debt service:							
Principal	33,551	-	2,215,000	-	-	-	2,248,551
Interest	4,849	-	150,313	-	-	-	155,162
Total expenditures	9,092,919	8,298,084	2,397,338	20,000	-	611,847	20,420,188
Excess (deficiency) of revenues over (under) expenditures	8,781,588	641,970	(2,319,479)	5,934,282	-	367,108	13,405,469
Other financing sources (uses):							
Transfers in	367,108	-	215,000	-	-	-	582,108
Transfers out	(215,000)	-	-	-	-	(367,108)	(582,108)
Total other financing sources (uses)	152,108	-	215,000	-	-	(367,108)	-
Net change in fund balances	8,933,696	641,970	(2,104,479)	5,934,282	-	-	13,405,469
Fund balances (deficit), beginning of year	9,361,113	12,071,180	2,183,663	(6,227,098)	-	65,712	17,454,570
Fund balances (deficit), end of year	$ 18,294,809	$ 12,713,150	$ 79,184	$ (292,816)	$ -	$ 65,712	$ 30,860,039

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

CITY OF STONECREST, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds		$	13,405,469
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.			
Capital outlay	2,096,612		
Depreciation expense	(275,367)		1,821,245
The effect of disposal of capital assets is to decrease net position in the current period.			(299,887)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the principal payments on the long-term debt in the current year.			
Principal retirement:			
Bonds payable	2,215,000		
Financed purchases	30,896		2,245,896
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.			
Accrued interest	(12,642)		
Change in prepaid principal and interest expense	3,200		(9,442)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			87,612
Change in net position - governmental activities		$	17,250,893

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Stonecrest, 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, which was incorporated by a voter-approved referendum on November 8, 2016, commenced operations on July 10, 2017 pursuant to the election of a mayor and council on April 18, 2017. Policy-making and legislative authority are vested in the Mayor and City Council which consists of five council members and the Mayor. The government provides such services as general government administration, judicial services through its municipal court, code enforcement, building and zoning, and housing and development. DeKalb County, Georgia provides public safety related services to the City.

The Urban Redevelopment Agency ("URA" or "Agency") was activated by resolution in 2020 to promote and further develop trade and tourism opportunities within the City. The Agency operates under a six-member board appointed by the Mayor and approved by the City Council. Any debt issued by the URA is expected to be repaid with City resources. The Agency does not issue separate financial statements and is included as a blended component unit in the City's financial report.

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. Government-wide financial statements do not provide information by fund, but by the City's governmental activities. 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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 property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, hotel/motel occupancy taxes, business taxes, insurance premium taxes, excise taxes, and licenses and permits associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if availability criteria are met. 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 Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accordance with GASB Statement No. 34, 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 accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax (SPLOST) Fund** is used to account for the proceeds of a sales tax levied in DeKalb County, which will be used by the City for the exclusive purpose of capital outlay projects in accordance with the voter-approved sales tax referendum.

The **Urban Redevelopment Agency (URA)** is used to account for the proceeds of the Series 2020 A & B Revenue Bonds issuances.

The **COVID-19 Relief Fund** is a special revenue fund used to account for the Coronavirus Relief Fund grant revenue and expenditures of the City.

The **American Rescue Plan (ARPA) Fund** is a special revenue fund used to account for amounts awarded under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

Additionally, the City reports the following fund type:

The **Special Revenue Funds** are used to account for specific revenues which are either legally restricted or committed to expenditures for purposes.

D. Budgets

Formal budgetary accounting is employed as a management control device for the funds of the City. The governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual operating budget is adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund. Any changes from the original budget are reflected in the budgetary comparison schedule. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

F. Receivables

All receivables are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund 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 are reported as “due to/from other funds.”

H. Capital Assets

Capital assets, which include vehicles and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Category	Useful Life
Land	N/A
Buildings and improvements	20-50 years
Equipment	5-10 years
Intangible assets	10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

K. Deferred Inflows of Resources

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 fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, *unavailable revenue* is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from insurance premium taxes and property taxes as these amounts are deferred and will be recognized as inflows of resources in the period in which the amounts become available.

L. Fund Equity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The authority to assign fund balances remains with the City Council.

- **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. The City, by resolution, has created a minimum fund balance policy to be no less than 6% of current year revenues of the General Fund, in order to cover unforeseen emergencies and/or revenue shortfalls.

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, and (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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.

M. 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, deferred outflows of resources, deferred inflows of resources, and liabilities, 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

A. Budgets and Budgetary Accounting

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Transfers of appropriations within a department budget or within a non-departmental expenditure category may be made without the approval of the City Council, but expenditures or expense may not exceed the amount appropriated for a department without an amendment approved by the City Council. The final budget amounts shown in these financial statements reflect amendments approved by the City Council.

NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures Over Appropriations

For the year ended December 31, 2021 the following funds had actual expenditures in excess of their appropriations:

General Fund		
General government:		
Legal services department	$	98,739
Building		9,185
Economic Development:		
Code enforcement		271,538
Business development		130,601
Community development		195,186
Debt service:		
Principal		13,551
Hotel/Motel Tax Fund		
Community development		183,097

These expenditures in excess of appropriations were primarily funded by lower than budgeted expenditures in other areas, greater than anticipated revenues or will require future appropriation from another fund.

C. Deficit Fund Balance

At the end of fiscal year 2021, the COVID-19 Relief Fund is reporting a deficit fund balance of $292,816 as a result of expenditures deemed ineligible for revenue recognition. This deficit will be funded with future eligible use of coronavirus relief funding, and/or appropriations from the General Fund, and/or potentially subsequent actions by DeKalb County.

NOTE 3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits to be collateralized 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 backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2021, the City had deposits with one (1) financial institution collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. Additionally, the City had deposits with two (2) financial institutions that were collateralized by pledged securities, as defined above, such that all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State statutes.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the City for the year ended December 31, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	$ 9,231,633	$ 2,000,000	$ (299,887)	$ -	$ 10,931,746
CIP	160,365	67,072	-	(160,366)	67,071
Total	9,391,998	2,067,072	(299,887)	(160,366)	10,998,817
Capital assets, being depreciated:					
Furniture, equipment and vehicles	308,918	29,540	-	160,366	498,824
Improvements	6,245,490	-	-	-	6,245,490
Buildings	622,079	-	-	-	622,079
Total	7,176,487	29,540	-	160,366	7,366,393
Less accumulated depreciation for:					
Furniture and equipment	(145,560)	(70,792)	-	-	(216,352)
Improvements	(242,009)	(176,594)	-	-	(418,603)
Buildings	(37,308)	(27,981)	-	-	(65,289)
Total	(424,877)	(275,367)	-	-	(700,244)
Total capital assets being depreciated, net	6,751,610	(245,827)	-	-	6,666,149
Governmental activities capital assets, net	$ 16,143,608	$ 1,821,245	$ (299,887)	$ -	$ 17,664,966

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

Governmental activities:	
General government	$ 110,147
Culture and recreation	165,220
Total depreciation expense - governmental activities	$ 275,367

NOTE 5. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchase	$ 55,447	$ -	$ (30,896)	$ 24,551	$ 24,551
Direct placement revenue bonds	5,410,000	-	(2,215,000)	3,195,000	-
Governmental activity long-term liabilities	$ 5,465,447	$ -	$ (2,245,896)	$ 3,219,551	$ 24,551

Financed Purchase from Direct Borrowings

On July 1, 2017, the City entered into a financed purchase to acquire computer equipment through Government Leasing, LLC for $146,278. Monthly payments of $3,200, including interest at a rate of 11.27% began September 1, 2017 and will continue through August 1, 2022. The outstanding balance at December 31, 2021 is $24,551.

As of December 31, 2021, the cost and accumulated depreciation on the assets acquired under the financed purchase is $146,278 and $121,898, respectively. The annual depreciation is included in the capital asset depreciation total in Note 4. The total debt service requirements to maturity for the City's financed purchase is as follows:

	Principal	Interest	Total
Year Ending December 31, 2022	$ 24,551	$ 1,049	$ 25,600
Total	$ 24,551	$ 1,049	$ 25,600

NOTE 5. LONG-TERM DEBT (CONTINUED)

Direct Placement Revenue Bonds

In July 2020, the City issued $3,195,000 of Series 2020A tax-exempt Revenue Bonds and $2,215,000 of Series 2020B taxable Revenue Bonds, for a total Bond issuance of $5,410,000. The Series 2020B taxable Bonds were issued for the purpose of purchasing and renovating a former Sears building, which was classified as land held for development at the end of 2020. The Series 2020A tax-exempt Bonds were issued for the purpose of purchasing, renovating and paying of the tax anticipation note issued for a former Sam's building, which is reported within the City's capital assets. Annual interest payments at 2.92% for Series 2020A Bonds and 3.04% for Series 2020B Bonds are due on February 1 and principal payments are due annually on February 1 until the bonds mature in February 2040. In the event the City is unable to make payments as they become due and payable or is rendered incapable of fulfilling its obligations under the bond resolution, the outstanding amounts owed on the bonds become due and payable immediately.

In October 2021, the City sold the Sears building to a private, third-party developer. The proceeds related to the sale were subsequently used to retire the outstanding principal on its Series 2020B Bonds, which had a balance of $2,015,000 at the date of sale. The total purchase price for the conveyance of the property included a base price of $2,000,000 and promissory note of $77,859, which the City has recorded as a receivable as of fiscal year end.

The City's debt service requirements to maturity on the Series 2020A Revenue Bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2022	$ -	$ 93,294	$ 93,294
2023	-	93,294	93,294
2024	-	93,294	93,294
2025	-	93,294	93,294
2026	-	93,294	93,294
2027-2031	365,000	463,696	828,696
2032-2036	1,480,000	329,376	1,809,376
2037-2040	1,350,000	99,718	1,449,718
Total	$ 3,195,000	$ 1,359,260	$ 4,554,260

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of due to/from other funds as of December 31, 2021 is as follows:

Receivable Entity	Payable Entity	Amount
Nonmajor governmental Fund	COVID-19 Relief Fund	$ 8,500
General Fund	COVID-19 Relief Fund	57,525
SPLOST	General Fund	487,293

The interfund balance between the SPLOST Fund and the General Fund is due to the City matching state grant expenditures initially recorded in the SPLOST Fund to be paid out of the General Fund, where the state grant revenue is recorded. The year-end balance is a result of timing difference between the funds. The interfund balance between the General Fund and Nonmajor governmental Fund and the COVID-19 Relief Fund is the result of expenditures being initially paid for out of the General Fund and Nonmajor governmental Fund, not yet reimbursed to the funds from the COVID-19 Relief Fund as well as the result of CARES funding being used to pay for audit services initially incurred as an expenditure in the General Fund.

The composition of interfund transfers as of December 31, 2021 is as follows:

Transfers in	Transfers out	Amount
General Fund	Nonmajor governmental fund	$ 367,108
Urban Redvelopment Agency	General Fund	215,000

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE 7. HOTEL/MOTEL LODGING TAX

The City has levied an occupancy tax of 8% for the rent of a guest room at a hotel or motel in the City as authorized by the Official Code of Georgia Annotated (O.C.G.A.) §48-13-51(a)(3). For the year ended December 31, 2021, the City collected $978,955 in hotel/motel tax revenues. Of this amount, $978,955 or 100% was used for the promotion of tourism in accordance with the provisions of O.C.G.A §48-13-51(a)(3).

NOTE 8. OPERATING LEASES

The government leases the city hall office facilities under a non-cancelable operating lease. The City accrues rent expense in an amount such that the total rent expense under the lease is recognized ratably over the lease term. The lease expense on the city hall facility was $216,493 for the year ended December 31, 2021.

The future minimum lease payments for these leases are as follows:

Year Ending December 31,	City Hall
2022	$ 239,745
2023	60,198
Total lease payments	$ 299,943

NOTE 9. 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. 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, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

As part of this risk pool, 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. The fund is 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.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years of operations.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation and Claims:

The City is a defendant in various lawsuits. The total range of amounts for these cases that is reasonably possible of resulting in a liability is approximately $- to $250,000.

On January 31, 2023, the City filed a complaint for damages and other relief wherein the City generally alleges that the private contractor engaged in unlawful behavior related to the provision of services to the citizens of the City. That litigation, which involves other defendants affiliated with the contractor as subcontractors, in ongoing after a stay allowing parties to mediate ended in December 2024. The outcome of that litigation could impact reimbursement, if any, to DeKalb County related to the Coronavirus Relief Fund (CRF) intergovernmental agreement.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies.

The City is currently reporting unearned revenue from its Coronavirus Relief Fund (CRF) grant funding and its Coronavirus State and Local Fiscal Relief Fund (CSLFRF) grant funding, which consists of amounts from its receipt of CRF and CSLFRF that are not attributable to expenditures incurred for eligible use of the grant.

The CSLFRF awarded to the City of Stonecrest under the American Rescue Plan Act of 2021 totaled $9,730,045, of which $4,865,023 was received in 2021. CSLFRF funding must be obligated by December 31, 2024, and jurisdictions have until December 31, 2026, to fully expend their funds. Spending should be used for costs incurred after March 3, 2021.

The not-for-profit organization engaged by the City to help manage the CRF program has not provided a detail accounting on the CRF disbursements, and the City filed a complaint on January 31, 2023 in DeKalb County Superior Court seeking a full accounting and the return of amounts that were not disbursed to CRF applicants for grants. That litigation remains unresolved, however, any funds recovered will be reimbursed to DeKalb County pursuant to terms on an intergovernmental agreement between the City and County that provided the funding to the City.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Grant Contingencies (Continued):

Specific to CRF, amounts reported as unearned revenue are to be returned to the City in the form of the following: restitution; seized funds from the federal government; amounts returned from grantees to the City; and amounts returned from contractors and/or third parties to the City.

A reconciliation of the grant funding reported as unearned revenue in the Governmental Funds Balance and Statement of Net Position is as follows:

Breakdown of Amounts Reported as Unearned Revenue		
CRF - Restitution	$	153,743
CRF - Returned from contractors or third parties		98,000
CRF - expenditure not attributable to CARES funding		21,073
Subtotal - CRF	$	272,816
CSLFRF total cash receipts reported in ARPA Fund	$	4,865,023
Total unearned revenue	$	5,137,839

Contractual Commitments:

The City entered into a private contractual agreement for outsourced services and operations that was terminated by the private contractor as of December 31, 2021, except for transitional services following termination of the contractual agreement with the City assuming, effective January 1, 2022, the services which the contractor had been providing under the contractual agreement. The transitional services agreement in the amount of $415,307 was executed December 9, 2021, by the contractor providing extended services for a period of ninety (90) days with an option to renew for an additional ninety (90) days at the City's sole discretion. The City opted to extend the transitional services through June 30, 2022, at an additional cost of $415,131. The City had the option to terminate these services at any time with thirty (30) days' notice to the contractor.

The City entered into a professional services agreement on December 10, 2021 with Interdev LLC to provide services intended to ensure the proper operation of the City's networked computer system, equipment, and related network infrastructure, and provide geographic information system services. The agreement is for a term of one (1) calendar year and shall automatically renew at the end of the initial term upon the same terms and conditions for four (4) years from the initial term unless the City terminates with a written notice of non-renewal thirty (30) days prior to the expiration. Year one of the agreement requires payment of $375,672 and subsequent year payment requirements are as follows:

Year 2	$	389,844
Year 3		404,592
Year 4		419,916
Year 5		435,864
Total	$	1,650,216

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Stonecrest. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 229 Peachtree Street NE, STE 100, Atlanta, Georgia 30303 or online at https://atlantaregional.org/about-arc/comprehensive-annual-financial-report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF STONECREST, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	$ 2,298,150	$ 2,298,150	$ 1,902,269	$ (395,881)
Franchise taxes	2,275,000	2,275,000	5,594,836	3,319,836
Business license and occupational taxes	1,510,000	1,510,000	1,839,357	329,357
Insurance taxes	4,100,000	4,100,000	4,163,223	63,223
Alcoholic beverage excise taxes	146,000	146,000	175,098	29,098
Intergovernmental	975,000	975,000	1,983,779	1,008,779
Licenses and permits	1,880,100	1,880,100	1,760,473	(119,627)
Charges for services	10,000	10,000	46,915	36,915
Fines and forfeitures	-	-	19,893	19,893
Interest income	500	500	3,906	3,406
Miscellaneous	-	-	384,758	384,758
Total revenues	13,194,750	13,194,750	17,874,507	4,679,757
Expenditures:				
Current:				
General government:				
City council	354,486	354,486	155,158	199,328
City manager	1,310,611	1,310,611	432,353	878,258
City clerk	432,227	432,227	176,061	256,166
Financial administration	1,408,648	1,408,648	699,097	709,551
Legal services department	550,000	550,000	648,739	(98,739)
Economic development	1,434,723	1,434,723	602,202	832,521
Facilities and building department	659,500	659,500	509,993	149,507
Communications	564,740	564,740	359,159	205,581
IT/GIS	511,000	511,000	416,301	94,699
General operations	479,750	479,750	398,951	80,799
Building	947,117	947,117	956,302	(9,185)
Contingency	280,988	280,988	-	280,988
Total general government	8,933,790	8,933,790	5,354,316	3,579,474
Judicial:				
Court services	362,801	362,801	82,142	280,659
Economic development:				
Code enforcement	700,036	700,036	971,574	(271,538)
Business development	-	-	130,601	(130,601)
Total economic development	700,036	700,036	1,102,175	(402,139)
Community development	680,159	680,159	875,345	(195,186)
Culture and recreation	2,577,214	2,577,214	1,535,265	1,041,949
Capital outlay	467,000	467,000	105,276	361,724
Debt service:				
Principal	20,000	20,000	33,551	(13,551)
Interest	5,000	5,000	4,849	151
Total debt service	25,000	25,000	38,400	(13,400)
Total expenditures	13,746,000	13,746,000	9,092,919	4,653,081
Excess (deficiency) of revenues over (under) expenditures	(551,250)	(551,250)	8,781,588	9,332,838
Other financing sources (uses):				
Transfers in	551,250	551,250	367,108	(184,142)
Transfers out	-	-	(215,000)	(215,000)
Total other financing sources (uses)	551,250	551,250	152,108	(399,142)
Net change in fund balance	-	-	8,933,696	8,933,696
Fund balance, beginning of year	9,361,113	9,361,113	9,361,113	-
Fund balance, end of year	$ 9,361,113	$ 9,361,113	$ 18,294,809	$ 8,933,696

CITY OF STONECREST, GEORGIA
COVID-19 RELIEF FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 6,247,098	$ 6,247,098	$ 5,954,282	$ (292,816)
Total revenues	6,247,098	6,247,098	5,954,282	(292,816)
Expenditures				
General government	20,000	20,000	20,000	-
Total expenditures	20,000	20,000	20,000	-
Net change in fund balances	6,227,098	6,227,098	5,934,282	(292,816)
Fund deficits, beginning of year	(6,227,098)	(6,227,098)	(6,227,098)	-
Fund balances (deficit), end of year	$ -	$ -	$ (292,816)	$ (292,816)

CITY OF STONECREST, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 4,865,023	$ 4,865,023	$ -	$ (4,865,023)
Total revenues	4,865,023	4,865,023	-	(4,865,023)
Expenditures				
General government	4,865,023	4,865,023	-	4,865,023
Total expenditures	4,865,023	4,865,023	-	4,865,023
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ -	$ -

NONMAJOR GOVERNMENTAL FUND

Hotel/Motel Tax Fund – To account for the collection of the 8% tax levied by the City on all hotel/motel lodgings and accommodations within the City and for the expenditures made distributing these collections to the appropriate entities as required by §OCGA 48-13-51.

CITY OF STONECREST, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 980,000	$ 980,000	$ 978,955	$ (1,045)
Total revenues	980,000	980,000	978,955	(1,045)
Expenditures:				
Community development	428,750	428,750	611,847	(183,097)
Total expenditures	428,750	428,750	611,847	(183,097)
Excess of revenues over expenditures	551,250	551,250	367,108	(184,142)
Other financing uses:				
Transfers out	(551,250)	(551,250)	(367,108)	184,142
Total other financing uses	(551,250)	(551,250)	(367,108)	184,142
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	65,712	65,712	65,712	-
Fund balances, end of year	$ 65,712	$ 65,712	$ 65,712	$ -

CITY OF STONECREST, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX FOR THE YEAR ENDED DECEMBER 31, 2021

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
SPLOST - 2017 SERIES					
Resurfacing and street paving	$ 10,000,000	$ 13,734,916	$ 7,450,877	$ 6,284,039	$ 13,734,916
Transportation improvements, design, and planning	18,539,000	18,539,000	286,631	2,000,025	2,286,656
Parks and recreation	5,000,000	5,000,000	802,028	14,020	816,048
Multi-modal transportation consisting of, sidewalks, paths, and bikeways projects	3,240,000	3,240,000	-	-	-
Capital improvements on public safety facilities and City Hall	7,161,000	7,161,000	24,519	-	24,519
Construction and program management	3,820,000	3,820,000	-	-	-
	$ 47,760,000	51,494,916	$ 8,564,055	$ 8,298,084	$ 16,862,139

STATISTICAL SECTION

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

Page

Financial Trends **41**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **45**

These schedules contain information to help the reader assess the City's most significant local revenue source, franchise taxes.

The City notes that while insurance premium tax revenues are the largest reported within the City's annual comprehensive financial report, these revenues are not own-source, but rather state driven and thus would not be appropriate for revenue capacity statistics within this section.

Debt Capacity **47**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **49**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **52**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

The City contracted out most of its services during the fiscal year 2021.

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

CITY OF STONECREST, GEORGIA

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

	2021		2020		2019		2018		2017
Governmental activities:									
Net investment in capital assets	$ 14,446,740		$ 13,068,380		$ 12,749,652	(1)	$ 68,765		$ 72,664
Restricted	12,856,721		14,145,336	(2)	9,092,572		5,810,225		-
Unrestricted	22,138,852	(3)	4,977,704		7,332,226		834,179		199,300
Total governmental activities net position	$ 49,442,313		$ 32,191,420		$ 29,174,450		$ 6,713,169		$ 271,964

(1) The City took over parks land and improvements from DeKalb County in 2019.
(2) Increase relates to increased SPLOST collections and revenue bond issuance in 2020.
(3) Increase is due to favorable General Fund budget variances in 2021.

Note: Fiscal period 2017 was the City's first period of operation and consisted of only six months of activity.

CITY OF STONECREST, GEORGIA

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

	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
General government	$ 5,484,463	$ 11,359,290 (3)	$ 4,399,115	$ 3,357,065	$ 2,008,160
Judicial	82,142	61,811	86,476	94,947	1,615
Economic development	1,134,200	1,159,612	1,065,973 (1)	-	-
Public works	6,606,635	4,268,541	4,777,717 (1)	-	-
Community development	1,487,192	962,677	1,005,776	1,785,857	718,246
Culture and recreation	1,700,485	1,561,104	628,960	98,440	-
Interest on long-term debt	167,259	291,510	11,339	14,210	6,694
Total governmental activities expenses	16,662,376	19,664,545	11,975,356	5,350,519	2,734,715
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 195,533	$ 280,493	$ 220,273	$ 292,305	$ 198,509
Community development	1,631,748	2,734,812	1,032,829	1,355,942	668,234
Culture and recreation	-	4,751	4,660	-	-
Operating grants and contributions	7,938,061	1,518,457	822,440	-	-
Capital grants and contributions	8,940,054	7,426,163	19,694,570 (2)	5,547,695	-
Total governmental activities program revenues	18,705,396	11,964,676	21,774,772	7,195,942	866,743
Total program revenues	$ 18,705,396	$ 11,964,676	$ 21,774,772	$ 7,195,942	$ 866,743
Net (expense)/revenue					
Governmental activities	$ 2,043,020	$ (7,699,869)	$ 9,799,416	$ 1,845,423	$ (1,867,972)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 1,858,659	$ 1,878,327	$ -	$ -	$ -
Insurance taxes	4,294,445	4,264,198	7,621,203	-	-
Sales and use taxes	-	-	-	186,981	-
Hotel/Motel taxes	978,955	589,449	704,989	656,874	275,412
Franchise taxes	5,594,836	2,440,352	2,550,882	2,431,266	604,257
Business taxes	1,839,357	1,421,856	1,602,296	1,158,721	1,208,500
Motor vehicle excise taxes	-	-	961	2,803	7,356
Alcoholic beverage excise taxes	175,098	118,044	165,705	144,585	44,411
Unrestricted investment earnings	3,906	635	14,351	7,034	-
Miscellaneous revenues	462,617	3,978	1,478	7,518	-
Total governmental activities	15,207,873	10,716,839	12,661,865	4,595,782	2,139,936
Total primary government	$ 15,207,873	$ 10,716,839	$ 12,661,865	$ 4,595,782	$ 2,139,936
Change in Net Position					
Governmental activities	$ 17,250,893	$ 3,016,970	$ 22,461,281	$ 6,441,205	$ 271,964

(1) City functions expanded in 2019 due to general growth and for road/streets resurfacing.
(2) The City took over parks land and improvements capital assets from DeKalb County in 2019.
(3) The City incurred significant expenses related to its COVID-19 funding from DeKalb County in 2020.

Note: Fiscal period 2017 was the City's first period of operation and consisted of only six months of activity.

CITY OF STONECREST, GEORGIA

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

	2021		2020		2019	2018	2017
General Fund:							
Restricted	$ -		$ -		$ -	$ 186,981	$ -
Nonspendable	-		49,437		354,760	44,670	3,200
Assigned	-		-		-	-	100,000
Unassigned	18,294,809	(3)	9,311,676	(1)	3,180,666	792,709	99,300
Total General fund	$ 18,294,809		$ 9,361,113		$ 3,535,426	$ 1,024,360	$ 202,500
All other governmental funds:							
Restricted	$ 12,858,046		$ 14,320,555		$ 9,092,572	$ 5,623,244	$ -
Unassigned	(292,816)		(6,227,098)	(2)	-	-	-
Total other governmental funds	$ 12,565,230		$ 8,093,457		$ 9,092,572	$ 5,623,244	$ -

(1) General increase in revenues in 2020, which included the first year of property tax collections resulted in a large increase in fund balance in 2020.

(2) Expenditure of ineligible federal grant funds resulted in large, unassigned fund deficit in 2020.

(3) Continued increase in revenues in 2021 along with minimal expenditure increases.

Note: Fiscal period 2017 was the City's first period of operation and consisted of only six months of activity.

CITY OF STONECREST, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	2021	2020	2019	2018	2017
Revenues					
Taxes	$ 14,653,738 (7)	$ 10,377,459 (4)	$ 8,846,036	$ 4,581,230	$ 2,139,936
Licenses and permits	1,760,473	3,000,308	1,227,680	1,631,999	866,743
Fines and forfeitures	19,893	14,997	25,422	16,248	-
Intergovernmental	16,874,594 (8)	8,941,733	8,462,432	5,547,695	-
Charges for services	46,915	4,751	4,660	-	-
Interest earned	7,427	3,522	14,351	7,034	-
Miscellaneous	462,617	3,978	1,478	7,518	-
Total revenues	33,825,657	22,346,748	18,582,059	11,791,724	3,006,679
Expenditures					
Current:					
General government	5,374,316	11,258,220 (5)	4,356,422	3,299,608	2,217,795
Public works	-	-	536,511 (2)	-	-
Judicial	82,142	61,811	86,476	92,909	1,615
Economic development	1,134,200	1,159,612	1,065,973 (1)	-	-
Community development	1,487,192	962,677	1,005,776	1,780,229	718,246
Culture and recreation	1,535,265	1,409,498	1,270,901 (1)	98,440	-
Capital outlay	8,403,360	7,829,453	4,241,206 (3)	37,034	-
Debt service:					
Principal	2,248,551	29,991	26,810	23,965	7,410
Interest	155,162	32,149	11,590	14,435	5,391
Issuance costs	-	186,765	-	-	-
Total expenditures	20,420,188	22,930,176	12,601,665	5,346,620	2,950,457
Excess (deficiency) of revenues over (under) expenditures	13,405,469	(583,428)	5,980,394	6,445,104	56,222
Other Financing Sources (Uses)					
Issuance of long term debt	-	5,410,000 (6)	-	-	146,278
Transfers in	582,108	353,669	426,758	359,877	172,609
Transfers out	(582,108)	(353,669)	(426,758)	(359,877)	(172,609)
Total other financing sources (uses)	-	5,410,000	-	-	146,278
Net change in fund balances	$ 13,405,469	$ 4,826,572	$ 5,980,394	$ 6,445,104	$ 202,500
Debt service as a percentage of noncapital expenditures	13.1%	1.3%	0.3%	0.7%	0.5%

(1) City functions expanded in 2019 due to general growth.
(2) The City spent LMIG state grant funds on a resurfacing project in 2019.
(3) The City began spending SPLOST funds on a paving project in 2019.
(4) The City started collecting property tax revenues from the County in 2020.
(5) The City incurred significant expenses related to its COVID-19 funding from DeKalb County in 2020.
(6) The City issued Series 2020A and Series 2020B Revenue Bonds in 2020.
(7) Continued increase in property tax remittances and additional franchise taxes collected in 2021.
(8) The City recognized approximately $5.95 million of Coronavirus Relief Fund revenue in 2021.

Note: Fiscal period 2017 was the City's first period of operation and consisted of only six months of activity.

CITY OF STONECREST, GEORGIA

PRINCIPAL FRANCHISE TAXPAYERS
CURRENT YEAR AND THREE YEARS AGO

	2021			2018		
Franchise Taxpayer	Revenue	Rank	Percentage of Total Revenue	Revenue	Rank	Percentage of Total Revenue
Georgia Power Company	$ 4,137,466	1	73.95 %	$ 872,427	1	34.20 %
Comcast	467,463	2	8.36	551,669	2	21.63
Snapping Shoals EMC	463,935	3	8.29	427,605	3	16.76
Southern Company Gas	378,015	4	6.76	308,649	4	12.10
AT&T/ BellSouth & Uverse	147,957	5	2.64	270,915	5	10.62
Totals	$ 5,594,836		100.00 %	$ 2,431,266		95.31 %

Source: City of Stonecrest Finance Department

Note 1: 2018 is the third year in which the City has a second year of franchise agreements.

Note 2: The City only collected franchise taxes from five entities.

CITY OF STONECREST, GEORGIA

FRANCHISE TAX RATES
LAST FOUR FISCAL YEARS

Calendar Year	Telecommunication	Cable	Electric	Gas
2021	3%	5%	4%	4%
2020	3%	5%	4%	4%
2019	3%	5%	4%	4%
2018	3%	5%	5%	4%

Source: Stonecrest Finance Department

Note: All rates are charged on the gross revenue collected by the franchisee.

CITY OF STONECREST, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS

Fiscal Year Ended December 31,	Governmental Activities			Percentage of Personal Income (1)	Per Capita (1)
	Revenue Bonds Payable	Financed Purchase Payable	Total		
2021	$ 3,195,000	$ 24,551	$ 3,219,551	0.23586 %	$ 53.06
2020	5,410,000	55,447	5,465,447	0.40097	92.33
2019	-	85,720	85,720	0.00678	1.56
2018	-	112,781	112,781	0.00870	2.07
2017	-	136,971	136,971	0.01099	2.61

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

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

CITY OF STONECREST, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021

Governmental Unit	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Overlapping debt			
DeKalb County Bonds, Notes, COP's and Financed Purchases Payable (1)	$ 195,873,000	4.54 %	$ 8,884,799
DeKalb County Board of Education GO and QSCB Bonds Payable (2)	70,592,430	4.54 %	3,202,073
Total overlapping debt	266,465,430		12,086,872
City of Stonecrest direct debt	3,219,551	100 %	3,219,551
Total direct and overlapping debt	$ 269,684,981		$ 15,306,423

(1) DeKalb County Annual Comprehensive Financial Report for December 31, 2021.

(1) DeKalb County Board of Education Annual Financial Report for Fiscal Year 2021.

Assessed value data used to estimate applicable percentages provided by the State Department of Revenue.

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.

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

CITY OF STONECREST, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST FIVE FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2021	60,677	$ 1,365,000	$ 22,802	34.7	9,108	4.2 %
2020	59,194	1,363,060	23,027	32.9	10,432	4.2
2019	54,903	1,264,251	23,027	32.9	10,432	4.2
2018	54,522	1,296,642	23,782	32.9	10,432	4.2
2017	52,393	1,246,010	23,782	32.9	10,432	8.8

(1) Source: U.S. Bureau of Labor Statistics
(2) Source: DeKalb County Board of Education
(3) Bureau of Labor Statistics July, 2020

Note: School enrollment is based on beginning of school year.

CITY OF STONECREST, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO

		2021			2017		
Employer	Description	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Home Chef	Catalog Mall Order Houses	653	1	5.53 %	500	3	6.07 %
American Structural Concrete, LLC	Turnkey Frame Construction	392	2	3.32			
Dart Container Corporation	Plastics Foam Products	375	3	3.18	500	1	6.07
Walmart Supercenter #4472	Department Store	308	4	2.61			
Walmart Supercenter #1340	Department Store	304	5	2.57	250	5	3.04
Plaid Enterprise, Inc.	Paint, Varnishes, Lacquers, Enamels	300	6	2.54	143	10	1.74
Trojan Battery Company	Manufacturing/Distribution of Batteries	234	7	1.98	250	4	3.04
Macys	Department Store	198	8	1.68	180	7	2.19
Griffith Foods, Inc.	Food Manufacturing	177	9	1.50			
Traditions Health and Rehabilitation	Intermediate Care Facilities	128	10	1.08	190	6	2.31
DeKalb Medical Center at Hillandale	Hospitals, General Medical, and Surgical				500	2	6.07
Kliklok-Woodman	Packaging Machinery				178	8	2.16
Sears	Department Store				150	9	1.82
Totals		3,069		26.0 %	2,841		34.5 %

(1) Source: 2021 individual employer's business license filing

CITY OF STONECREST, GEORGIA
FULL-TIME EQUIVALENT STAFFED CITY GOVERNMENT EMPLOYEES/ELECTED OFFICIALS BY FUNCTION
LAST FIVE FISCAL YEARS

Function	2021	2020	2019	2018	2017
General Government (City Council)	5	5	5	5	5
Mayor's Office	1	1	1	1	1
City Manager/Assistant City Manager	2	2	2	2	2
City Clerk/Receptionist	3	3	3	2	2
Finance/Licensing	3	2	2	2	2
IT/GIS	2	2	2	2	2
Economic Development	3	2	2	1	1
Communications	3	4	4	3	3
Community Development/Planning-Zoning	4	5	5	5	5
Code Enforcement	4	5	5	4	4
Building/Land Development	7	5	5	4	4
Municipal Court	1	1	1	-	-
Parks and Recreation	3	5	5	-	-
Public Works	1	1	-	-	-
Total	42	43	42	31	31

Source: City of Stonecrest Human Resources Department

NOTES:
For 2021, all full-time employees work for CH2M Hill/Jacobs (36 total), either directly or through subcontracts, with the exception of the City Manager (8 months of 2021) and Finance Director (7 months of 2021) who were City employees. The Mayor and City Council (6 total) are also designated as City employees.

All full-time employees are scheduled to work 2,080 hours per year (including vacation and sick).
In 2021, the City revised its reported FTE for years 2017 - 2020.

CITY OF STONECREST, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS

Function	2021	2020	2019	2018
General government				
Ordinances approved	16	3	16	45
Special events held	4	5	2	N/A
Court cases	339	58	427	N/A
Bond rating	N/A	N/A	N/A	N/A
Software applications supported	5	5	5	2
Grants managed	2	2	-	N/A
Police				
Calls for service	N/A	N/A	N/A	N/A
Part 1 Crimes reported	N/A	N/A	N/A	N/A
Traffic citation issued	N/A	N/A	N/A	N/A
Physical arrest	N/A	N/A	N/A	N/A
Fire				
Incident responses	N/A	N/A	N/A	N/A
Average response time	N/A	N/A	N/A	N/A
Fire Safety programs conducted	N/A	N/A	N/A	N/A
Inspection conducted	N/A	N/A	N/A	N/A
Public works				
Average days to repair pothole	N/A	N/A	N/A	N/A
Community Development				
New building permits issued			361	285
Commercial (1)	72	24	N/A	N/A
Residential (1)	667	588	N/A	N/A
Parcels annexed	N/A	N/A	N/A	N/A
Culture and Recreation				
Annual program registrants	20	20	20	N/A

Sources: Various City and County departments
N/A - Not applicable to City of Stonecrest operations

(1) In 2020, the City began reporting a breakdown of building permits issued by Residential and Commercial.

The Operating Indicators by Function for 2017 were omitted as the City did not provide services during fiscal year 2017 for which relevant operating indicators were available.

CITY OF STONECREST, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FOUR FISCAL YEARS

Function/Program	2021	2020	2019	2018
General Government				
Land (acres)	18.1	15.2	N/A	N/A
Buildings				
Owned	4	4	N/A	N/A
Leased	1	1	1	N/A
Machinery and Equipment				
Owned	20	10	N/A	N/A
Leased	N/A	N/A	N/A	N/A
Vehicles				
Owned	1	1	N/A	N/A
Leased	N/A	N/A	N/A	N/A
Parks - active and passive				
Park acreage	740	740	502	N/A
Greenway and walking trails (miles)	4	4	4	N/A
Adaptive athletic fields	13	13	13	N/A
Athletic fields	20	20	20	N/A
Swimming pools	1	1	1	N/A
Tennis courts	2	2	2	N/A
Recreation buildings	1	1	1	N/A
Playgrounds	2	2	2	N/A
Picnic shelters/restrooms	11	11	11	N/A
Machinery and Equipment				
Owned	1	1	N/A	N/A

Note: In 2021, the City amended the 2020 land (acres) and buildings owned reported figures.

Source - City finance department
N/A - Not applicable to City of Stonecrest operations

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*

The Honorable Mayor and Members
of the City Council of the
City of Stonecrest, 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, each major fund, and the aggregate remaining fund information of the City of Stonecrest, Georgia (the "City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charges 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, and 2021-003 that we consider to be material weaknesses.

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 Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 18, 2025

MAULDIN & JENKINS
CPAs & ADVISORS

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

The Honorable Mayor and Members
of the City Council of the
City of Stonecrest, Georgia

Report on Compliance for Each Major Federal Program

Disclaimer of Opinion

We have audited the City of Stonecrest, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's COVID-19 Coronavirus Relief Fund major federal program for the year ended December 31, 2021. The City's major federal program is identified in the *Summary of Opinion* section of our report.

Summary of Opinion

Major Federal Program	***Type of Opinion***
COVID-19 Coronavirus Relief Fund	Disclaimer

Disclaimer of Opinion on COVID-19 Coronavirus Relief Fund

We do not express an opinion on the City's compliance with the type of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the COVID-19 Coronavirus Relief Fund major federal program.

Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the COVID-19 Coronavirus Relief Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the COVID-19 Coronavirus Relief Fund major federal program.

Basis for Disclaimer of Opinion on COVID-19 Coronavirus Relief Fund

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the City's compliance with the following:

Finding Reference	*Assistance Listing Number*	*Major Federal Program*	*Compliance Requirement*
2021-004	21.019	COVID-19 Coronavirus Relief Fund	Allowable Costs/Cost Principles and Period of Performance
2021-005	21.019	COVID-19 Coronavirus Relief Fund	Reporting

As a result of these matters, we were unable to determine whether the City complied with those requirements applicable to the COVID-19 Coronavirus Relief Fund.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for COVID-19 Coronavirus Relief Fund

Our responsibility is to conduct an audit of compliance in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on COVID-19 Coronavirus Relief Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-004 and 2021-005 to be material weaknesses.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the responses.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 18, 2025

CITY OF STONECREST, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Contract or Project Number	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed Through DeKalb County			
COVID-19 Coronavirus Relief Fund	21.019	COVID-19	$ 5,954,282
Total U.S. Department of the Treasury			5,954,282
Total Expenditures of Federal Awards			$ 5,954,282

See accompanying notes to schedule of expenditures of federal awards.

CITY OF STONECREST, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Stonecrest, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The City did not utilize the 10% de minimis indirect cost rate.

The City did not pass any federal awards through to subrecipients.

CITY OF STONECREST, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	X yes ____ no
Significant deficiency(ies) identified?	____ yes X none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal Control over major federal programs: Material weaknesses identified?	X yes ____ no
Significant deficiencies identified?	____ yes X none reported
Type of auditor's report issued on compliance for major federal programs:	Disclaimer
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X yes ____ no

Identification of major federal program: Assistance Listing Number	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ yes X no

CITY OF STONECREST, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2021-001 Purchase Card Policies and Procedures

Criteria: Internal controls should be in place at the City to ensure that payments and disbursements made with purchase cards maintain proper documentation and support. Controls should have been followed by the Contractor engaged by the City under a professional services agreement to provide municipal government services to ensure that payments and disbursements made with purchase cards were maintained with proper documentation and support.

Condition: During our testing of P-Card transactions, we noted the following issues surrounding the use and procedures encompassing the City's purchase cards:

- During the year, the City lacked oversight, documentation and prior approvals necessary for employees to make purchases on their purchase cards within City policy.
- During our testing of purchase card transactions, we noted fifty-seven (57) instances of purchases that lacked evidence of proper review and approval.
- During our testing of purchase card transactions, we noted fifty-eight (58) instances in which receipts and/or support were not attached to the original statement(s).
- During our testing of purchase card transactions throughout the year, we noted fifty-eight (58) instances in which it could not be verified that the purchase was made for allowable or city-related purpose within the purchase card policies outlined by the City.

Context/Cause: Due to the issues mentioned in the Criteria and Condition sections above, there were numerous transactions that resulted in unverified, unapproved and potentially unallowable purchases made with City issued purchase cards in violation of City policy.

Effects: Failure by City employees and the Contractor to adhere to a purchase card policy, failure to have proper oversight and internal controls over the use and review of purchase cards can facilitate employee misuse.

Recommendation: We recommend that the City employees subsequently assigned the task of ensuring that payments and disbursements made with purchase cards maintain proper documentation and support review. We recommend that those employees adhere to purchase card policy that has been implemented by City Council, adhere to a dual review process over the statements and purchases made, and maintain original support for all purchases made with City issued purchase cards.

Auditee's Response: The City of Stonecrest's Finance Department contends that as of year-end, December 31, 2021, established internal controls to ensure proper oversight, use and review of P-Card transactions were not being followed by employees of the third-party contractor engaged to provide City government management and operations services, and who administered the City's purchasing card program.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-001 Purchase Card Policies and Procedures (Continued)

Auditee's Response (Continued): The City of Stonecrest published a request for proposal on November 30, 2020, in response to the City Council's request to have an external audit of purchasing card use by the third-party staff and elected officials. The City executed a contract with a CPA firm on March 8, 2021, to perform a procurement card audit for the time of January 2017 through November 2020. The firm submitted its findings to the Mayor and City Council on April 14, 2021.

Subsequently, the City of Stonecrest's City Attorney sent a demand letter to the third-party contractor demanding reimbursement for purchasing card purchases made by contractor employees for which there is no receipt or other supporting documentation, reimbursement of all indirect costs to the City stemming from the improper use of purchasing cards by the contractor, and reimbursement for all staff charges assessed under the services contract for the contractor to administer the program and staff time or labor of contractor employees to investigate or otherwise address Mayor and City Council concerns. The City Attorney reserved the right to supplement the demand, and the demand is part of ongoing litigation filed by the City on January 31, 2023 wherein the City generally alleges misconduct and unlawful behavior related to government management and operations services contract.

As a result of the audit, the City has reviewed and readdressed the concerns with City Council with an update to the purchasing policy that included an appendix that referenced the purchasing card. The Finance Department suspended use of all outstanding credit cards. A review was completed, and the City Council approved a revised policy that limited authorized users to the City Manager or designee and Chief Financial Officer or designee and later revised to include the Department Director.

Despite the City attempts to restate and improve policies and internal controls related to the purchasing card program, the current year audit testing of program transactions revealed almost 60 instances of lack of prior approvals, review, support, and purchases made within the purchasing card policies outlined by the City.

The contract for government management and operations services was terminated as of December 31, 2021 and the City has started to hire staff to perform and execute the procedures previously contracted for. The City expects to report a significant improvement in the purchasing card program performance in subsequent years. In addition, the City is considering an external audit of the purchasing card transactions from December 2020 through December 31, 2021 given the findings in the purchasing card audit through November 2020, current audit and the ongoing litigation claims related to this matter.

CITY OF STONECREST, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-002 Manual Journal Entry Review and Approval

Criteria: Internal controls should be in place by the City and its Contractor that provide reasonable assurance that an individual cannot misappropriate funds without such action being detected during the normal course of business, and that evidence of journal entry review is maintained.

Condition: During our review of manual journal entries that are posted to the City's general ledger throughout the year, we noted four (4) instances in which the entry was lacking proper support and it could not be verified that the entry was reviewed and approved by someone other than the preparer.

Context/Cause: Due to the issue mentioned above, there were numerous transactions that resulted in unapproved transactions being posted to the City's general ledger.

Effects: Failure to have a functioning control structure surrounding the journal entry process can facilitate misappropriation of funds as well as possible transactional errors being posted within the City's general ledger.

Recommendation: We recommend that the City employees subsequently assigned to the manual journal entry review and internal control approval function maintain, either in paper or electronic format, supporting calculations and evidence of the required journal entry, as well as the documented review, and approval of the entry by a knowledgeable independent individual, prior to the entry being posted to the general ledger.

***Auditee's Response*:** The City of Stonecrest concurs internal controls were not followed to ensure journal entries were processed and maintained with proper supporting documentation and evidence of documented review. During 2021, a control process for the entry, review, tracking and approval, and filing of journal entries was implemented. The process included the following:

1. Prior to entry, supporting documentation is received and gathered. Supporting documentation includes statements, receipts, email confirmations, etc. The accountant reviews and creates the appropriate journal entry form,
2. The accountant attaches supporting documentation to the journal entry form and creates an electronic file that is routed to the Finance Director for approval,
3. Once approval of the Finance Director is received via, the accountant saves the electronic file to the Finance Drive for the Senior Accountant review and entry into the general ledger, and
4. The Finance Director makes final review of entries to the general ledger through monthly budget to actual reporting and various balance sheet account reconciliations.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-002 Manual Journal Entry Review and Approval (Continued)

Auditee's Response (Continued): The impact of this process improvement is illustrated by the comparison of findings for 2020 and 2021 In 2020, 20 instances in which the entry was lacking proper support, and it could not be verified that the entry was reviewed and approved by someone other than the preparer. During the year ended December 31, 2021, that number was reduced to 4.

We believe the performance in 2021 evidences the attention devoted to eliminating this as a finding, and that subsequent years will see the complete elimination of this finding.

2021-003 Financial Close Out and Procedures and General Ledger Maintenance

***Criteria*:** Internal controls related to an entity's financial close out should be in place and adhered to by the City and its Contractor to ensure that transactions are reported accurately and completely throughout the year and are properly reported for fiscal year-end financial reporting, which is key to timely and reliable financial information.

***Condition*:** During the fiscal year ended December 31, 2021, financial audit, we noted several areas pertaining to fiscal year-end financial close out that resulted in audit adjustments to correct the reported balances.

Context/Cause: The following adjustments were required to correct the various general ledger balances:

- During our testing of cash, we noted that the City and its Contractor reported various reconciling items and adjustments in the amount of approximately $300,000 but made no entry to the general ledger to reflect the adjustments. As a result, an entry to cash was posted within the General Fund for $300,000 to properly account for the year end cash total.
- During our testing of prepaid items, we noted that the City and its Contractor maintained prepaid expense account had not been adjusted or reconciled from the amount reported at the prior year end. As a result, an entry of approximately $50,000 was required within the General Fund to properly record the prepaid items balance as of year end.
- During our testing of receivables and revenues, various entries were required to properly report balances and amounts within the City's funds as follows:
    - An adjustment in the General Fund to record a receivable for insurance taxes for approximately $4,200,000.
    - An adjustment in the General Fund to adjust unavailable revenue and business and alcoholic beverage taxes for approximately $138,000.
    - Adjustments in the General Fund to record and/or adjust receivables and revenue for franchise taxes for approximately $5,000,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-003 Financial Close Out and Procedures General Ledger Maintenance (Continued)

  - An adjustment in the General Fund to record and/or adjust receivables, revenue and unavailable revenue for property taxes for approximately $142,000.
  - An adjustment in the SPLOST Fund to record intergovernmental receivable and revenue for approximately $98,000.
  - An adjustment in the Hotel/Motel Tax Fund to record hotel/motel receivable and revenue for approximately $82,000.

- During our testing of fund balances, various entries were required to properly report and reconcile opening fund balances within the City's funds as follows:
  - An adjustment in the General Fund to reconcile equity for approximately $520,000.
  - An adjustment in the COVID-19 Relief Fund to reconcile equity for approximately $6,200,000.
  - An adjustment in the SPLOST Fund to reconcile equity for approximately $460.
  - An adjustment in the Urban Redevelopment Authority (URA) for approximately $2,110,000.
- During our testing of accounts payable and/or expenditures, various entries were required to properly report balances and amounts within the City's funds as follows:
  - An adjustment in the General Fund to record deferred rent expenditures and related balances for approximately $48,000.
  - An adjustment in the Hotel/Motel Tax Fund to record expenditures, payables and due to other funds per the stipulations of the City's occupancy tax for approximately $979,000. This also resulted in an adjustment to the General Fund's interfund transfers and cash balance for approximately $367,000.
  - An adjustment in the SPLOST Fund to record and/or adjust expenditures, payables, and other liabilities, including retainage payable, and reconcile total payables for approximately $1,700,000.
- During our testing of capital assets, adjustments were required to record the current year activity, including additions of new capital assets, disposals, construction in progress activity and depreciation expense. The total, net impact to record the current year activity was approximately $1,500,000.
- During our testing of debt and land held for development, an adjustment was required to properly record and account for current year activity in which a portion of the City's bonded debt was retired and land held for development was sold. The resulting impact was as follows:
  - An adjustment to reduce long-term debt principal of $2,015,000 and record interest expense for approximately $63,000.
  - An adjustment to reduce land held for development of approximately $2,110,000 and record promissory note for approximately $78,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2021-003 Financial Close Out and Procedures General Ledger Maintenance (Continued)

***Effects*:** Audit adjustments totaling approximately $27,700,460 across the funds and in the aggregate for governmental activities were required to properly report the various balances for the year ended December 31, 2021.

***Recommendation*:** We recommend that incoming City management carefully review all year-end balances and activities of cash, fund balances, prepaids, receivables and revenue, expenditures and payables and capital assets balances to ensure reporting in accordance with generally accepted accounting principles.

Auditee's Response: The failures related to financial close out and general ledger maintenance do not relate to lack of internal control procedures, but rather to failure by contractor staff to perform and adhere to the tasks in the Exhibit A-Services attachment to the professional services agreement executed by the contractor to provide municipal government services. The agreement was terminated December 31, 2021.

The contractor, in Exhibit A, agreed to maintain financial records for the City in accordance with generally accepted principles and applicable laws guidelines, standards, and best practices for municipal accounting and the City's accounting manual. That requirement included, among other matters the following:

- Properly code and record financial transactions of the City under the direction of the City Finance Director.
- Prepare and review journal entries.
- Maintain capital asset records.
- Maintain accounting subsidiary ledgers and supporting schedules to support account balances in the general ledger.

The contractor was short staffed for the position of Accounting Manager for most of 2021 and reported only 3 positions for the accounting/licensing functions. Had the contractor assigned a full staff complement to execute the requirements listed above, the City contends that the journal entries, account adjustments, reconciliations, payables and expenditures and capital assets would have been maintained in a manner that would not have required the auditor report audit adjustments in the amount reported.

The City presently has a staff of 8 in the Finance Department, and that staff is expected to perform and execute tasks in subsequent years so that the audit adjustments will be greatly reduced, if not eliminated. Periodic financial statements will be produced so that the need to balance accounts at the end of the year will be minimized. Sufficient management oversite has been designed into the organizational plan so that checks and balances will be identify adjustments required.

CITY OF STONECREST, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles and Period of Performance

Identification of Federal Program: Coronavirus Relief Fund – Assistance Listing No. 21.019

Criteria: 2 CFR Part 200 requires that the City and its Contractor, a non-federal entity establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The provisions of the Coronavirus Relief Fund (CRF), as stipulated by the U.S. Treasury and subject to restrictions outlines in the guidance set forth in Section 601(d) of the Social Security Act, as added by Section 5001 of the "CARES" Act, restrict use of the funding for allowable costs and activities.

Pursuant to Code of Federal Regulation (CFR) 200.403, except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards:

(a) Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
(b) Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity.
(d) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian Tribes only, as otherwise provided for in this part.
(f) Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also CFR 200.306(b).
(g) Be adequately documented. See also CFR 200.300 – 200.309.
(h) Cost must be incurred during the approved budget period. The federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to CFR 200.308(e)(3).

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles, Period of Performance and Reporting (Continued)

Cause/Condition: During our testing of the Coronavirus Relief Fund program, we noted that the City, through its contracted employee services, failed to establish and adhere to an effective internal control structure that would facilitate its use of Coronavirus Relief Funding, comply with regulations and terms of the federal award and take prompt action when instances of noncompliance were identified. As a result, the City was not in compliance with certain provisions of the grant. Results of testing also indicated unallowable and questioned use of the grant funding. The results of testwork performed and correspondence with City management noted the following:

- No backup or supporting documentation for the evaluation, criteria, and selection of the grantees to be disbursed CRF funding was available or maintained by City personnel. Online applications were submitted, but there was inadequate documentation and an absence of evidence of a functioning internal control structure for the disbursement of funding used for the City's Small Business Relief Program.
- Approximately $4.25 million use of the funding was disbursed to grantees as part of the City's Small Business Relief Program. As there was no backup or supporting documentation for the evaluation, criteria, and selection of the grantees to be disbursed CRF funding and because there were individuals responsible for selecting grantees that were potentially involved in a fraudulent scheme, all amounts tested within our sample of eighty-one (81) were determined to be questioned costs, which amounted to $3,070,900. Based on our sample of eighty-one (81) grantees tested, $196,250 was confirmed by the grantees as amounts requested and/or directed by former City representatives to be remitted to outside entities for marketing services. Such services were potentially a part of a fraudulent scheme under direction by former City Officials and later prosecuted. Such questioned amounts would not tie into delivery or performance of allowable services.
- During our testing of CRF expenditures, we sampled twenty-one (21) disbursements made for public health costs incurred as a response to the pandemic, which are an allowable use of funding. We noted one (1) payment made in the amount of $3,500 for which no copy or check or disbursement was able to be provided. In addition, we noted that the disbursement for $3,500 as well as an additional disbursement of $12,000 were both paid to a City vendor that employed two former contracted City staff. Both amounts totaling $15,500 were determined to be questioned costs.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles, Period of Performance and Reporting (Continued)

- During our testing of CRF expenditures, we sampled nine (9) payments made to contractors, organizations and special services procured with CRF funding. We noted one (1) payment made in the amount of $50,000 for which no copy or check or disbursement was able to be provided. In addition, such contractors, organizations, and special services procured with the funding were noted to have bypassed City procurement protocol and eight (8) of the payments, totaling $163,500, were for services outside of the initial period of performance of the grant. As a result, the total tested disbursements of $213,500 were determined to be questioned costs.

Effects or Potential Effects: Noncompliance with CFR related to allowable costs and period of performance results in an increased risk that charges to the grant do not represent actual costs incurred. Internal control deficiencies surrounding the grant result in an increased risk that noncompliance may not be detected or corrected timely.

Questioned Costs: Known questioned costs amounted to $3,299,900. Likely questioned costs amounted to $5,896,456.

Recommendation: We recommend that incoming City management strengthen its internal control structure surrounding its designation, use and disbursement of grants as well as implement and adhere to policies and procedures for the retention and safeguarding of original source documents to properly substantiate charges made to grants.

Auditee's Response: DeKalb County was given $125 million directly from the federal government. Of that amount, and through an intergovernmental agreement dated August 10, 2020, $32.6 million was distributed to the County's municipalities on a per capita basis. The City of Stonecrest received $6,227,098. The City was to administer and distribute the funds in accordance with the federal program requirements to combat the public health emergency and resulting economic impact related to the COVID-19 pandemic. The City was also charged with maintaining through and accurate records regarding expenditure of the funds.

Following the execution of the agreement with DeKalb County, the City Council adopted a resolution on September 28, 2020 calling for the Stonecrest CARES Act Funding plan. The City Council assigned contractor staff to set up protocols to manage the program. The City Manager, who was not on staff at the time, or designee was authorized to employ an administrator for the Small Business Support Program, to develop an education component and to create a CARES Act Relief Fund Committee to vet and select a program administrator.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles, Period of Performance and Reporting (Continued)

Auditee's Response (Continued): The Stonecrest COVID CARES Act Relief Fund was created as the umbrella group that would have oversite over the programs. The Committee was later renamed the Aaron Matthew Allen COVID Small Business Relief/Stonecrest Cares Committee to honor a local resident. The Committee was organized by contractor staff and included two members of City Council, several Contractor staff and consultants who were later paid to assist with the program. The Committee met four times between November 4, 2020 and December 22, 2020, however, there is no evidence that the program management plan, as outlined in the September 28, 2020 resolution was executed in accordance with the resolution. Contractor staff reported to other Committee members on activities and events related to the use of CARES Act funds, and the other committee members had no functional roles in CARES Act fund program.

The updates included the naming of consultants involved in the program, but did not disclose that consultant contracts had been executed by contractor staff using the emergency procurement section of the City's Purchasing Policy. There appears to be no factual basis or authority for use of emergency procurement procedures or execution of contracts by the contractor staff.

Significantly, on October 30, 2020, a contract was signed by a City contractor staff with a recently organized not-for-profit organization to prepare disbursements to organizations using CARES Act funds based on notifications by the City Contractor staff. There were duties related to records and accounting but no other performance requirements. Other contracts were executed by contractor City staff who had no authority to enter contracts on the City's behalf. That process should have included the City Purchasing agent, also a contractor staff, City Attorney and City Council reviews and approvals.

The City was successful in obtaining records from the program contractors primarily related to bank statements, program grant application documents, check copies, front and back, however no backup or supporting documentation for the evaluation, criteria, and selection of the grantees to be disbursed funds was available or maintained by the City. The contractor was in full control of the operation of the CARES Act program.

The City contends that established internal control procedures were not followed by employees assigned by the private government services contractor retained to provide management and operations services in a manner sufficient to prevent, detect, and/or correct various issues related to the City's CARES Program. The City concedes that City employed staff did not timely submit reports to DeKalb County pursuant to terms of the Intergovernmental Agreement.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles, Period of Performance and Reporting (Continued)

Auditee's Response (Continued): Like the response by Mayor and City Council with the purchasing card findings, the City Attorney was engaged to investigate the CARES Act program organization and operation. Pursuant to those findings, federal and local law enforcement agencies were notified, and criminal charges were prosecuted and convictions secured. Based on those prosecution, the City received restitutions that will be reimbursed to DeKalb County. In addition, the City has made a claim as part of the January 31, 2023, filed Complaint for damages and other relief to be indemnified by the contractor for any claims by DeKalb County, including questioned unallowable costs, for reimbursement of Cares Act funds.

2021-005 Internal Controls and Compliance over Reporting

Identification of Federal Program: Coronavirus Relief Fund – Assistance Listing No. 21.019

Criteria: The City's funding was passed through by DeKalb County (the "prime recipient") and the County required certain reporting from the City via its Contractor. The City, through its contracted employee services, did not have proper internal controls in place to verify that all information was reported accurately and in compliance with the grant requirements.

Cause/Condition: During our consideration and testing of reporting requirements, it was noted that the City's funding was passed through from DeKalb County and thus the City was not determined to be a prime recipient of its CRF funding and therefore reporting requirements under Uniform Guidance did not apply. However, in December 2020 and through March 2021 the County requested reporting and supporting documentation for each of its municipalities' use of allotted funds. We noted that the City submitted report(s) initially in December 2021, then additional data was transmitted in May 2024 and thus report(s) were not timely submitted to the County. Reports submitted provided neither adequate support nor accounting records for the expenditures reported to the County.

Effects or Potential Effects: Delay in filing and not filing reports resulted in noncompliance with reporting requirements as stipulated by the County. Inadequate and incomplete reported data also resulted in noncompliance with reporting requirements.

Questioned Costs: See 2021-004.

Recommendation: We recommend that the City strength controls surrounding its grants report tracking and submission process and procedures to ensure all required (or requested) reports are properly reviewed and approved and submitted timely. The City should also review each grant for reporting requirements and perform reconciliations to amounts reported within the City's general ledger.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2021-005 Internal Controls and Compliance over Reporting (Continued)

Auditee's Response: Grant funding related to the Coronavirus Relief Fund (CRF) was controlled by the City contractor engaged by the City to provide management and related services to the City. The consultant organized a committee to have oversite over the CRF after the Mayor and City Council adopted a resolution for the contractor staff to set up protocols to manage the program. The contractor staff was tasked with developing an educational component and to create a committee to vet and select a program administrator. The committee met four times between November 4, 2020, and December 22, 2020, however there is no evidence that the program management plan, as outlined the resolution, was executed in accordance with the resolution.

Significantly, on October 30, 2020, a contract was signed by a City contractor staff with a recently organized not-for-profit organization to prepare disbursements to organizations using CARES Act funds based on notifications by the City contractor staff. There were duties related to records and accounting but no other performance and reporting requirements in the agreement. There were no references in the City contractor approved agreement with the not-for-profit to grant compliance requirements in the DeKalb County intergovernmental agreement that provided the CRF amount to the City. In addition, the City contractor did not perform tasks as provided in Exhibit A-Services of the Professional Services Agreement dated June 15, 2017, relating to maintaining financial records and preparing routine reports on the status of City accounts.

The committee organized by the City contractor, nor the City contractor staff assigned with financial management tasks provided information that could be used to comply with reporting requirements in the DeKalb County intergovernmental agreement. The reports. submitted in December 2021 and later in May 2024 were prepared using information obtained through a subpoena issued to the not-for-product for accounting and bank information. The questioned costs relate to the absence of records relating to program operations and support for expenditures using those records provided by the not-for-profit.

The City agrees with the recommendations, and now that the contractor contract was terminated December 31, 2021, City employed staff are monitoring grant program requirements and preparing reports as required as more fully discussed in the Auditee's Response to Finding 2021-004.

CITY OF STONECREST, GEORGIA

STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION IV
STATUS OF PRIOR AUDIT FINDINGS

2020-001 Purchase Card Policies and Procedures

Condition: During our testing of P-Card transactions, we noted issues surrounding the use and procedures encompassing the City's purchase cards including a lack of oversight, documentation and prior approvals necessary for employees to make purchases.

Auditee's Response/Status: Repeat finding. See 2021-001.

2020-002 Manual Journal Entry Review and Approval

Condition: During our review of manual journal entries that are posted to the City's general ledger throughout the year, we noted instances in which the entry was lacking proper support, and it could not be verified that the entry was reviewed and approved by someone other than the preparer.

Auditee's Response/Status: Repeat finding. See 2021-002.

2020-003 Accounting for Grants Subject to Eligibility Requirements

Condition: During our testing of intergovernmental cash receipts related to the City's Coronavirus Aid, Relief and Economic Security Act (CARES) funding, it was determined that, as a result of the incurrence of ineligible expenditures, the City improperly recognized revenue in the amount of approximately $6.2 million in its special revenue fund and general ledger.

Auditee's Response/Status: Resolved in the current fiscal year.

2020-004 Vendor Procurement and City Purchasing Policy

Condition: Internal controls related to City purchasing and contractual procurement were not sufficient to prevent, detect, and/or correct various issues related to the City's CARES Program, which resulted in general mismanagement.

Auditee's Response/Status: Resolved in the current fiscal year but see also federal awards findings and questioned costs Finding 2021-004.

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-001 Purchase Card Policies and Procedures

Name of the Contact Person Responsible for the Corrective Action Plan: Gia Scruggs, City Manager

Corrective Action Plan: City employees have developed a Corrective Action Plan to address matters outlined in the audit report prepared by the external audit team that included recommendations to address the failures in internal controls and purchasing card program procedures. The plan focuses on each recommendation, assigns staff to each issue, and provides for the status of each corrective action recommendation. The plan was last updated in June 2021.

The City is anticipating a better performance regarding this program in that effective January 1, 2022, the private contractor who had managed the purchasing card program during the audit period wherein the internal control and procedural failures occurred was replaced by staff employed by the City. While departures from established controls and procedures were noted during the year ended December 31, 2021, the City believes with the Corrective Action Plan and City staff the instances of internal control and procedural departures will greatly diminish. In addition, City officials are considering extending the purchasing card audit from November 2020 to the end of the private contractor agreement (December 31, 2021).

Anticipated Completion Date: City Officials anticipate that as City staff continue with implementation of the Corrective Action Plan, purchasing card internal control and procedure failures will be no longer appear in the Findings and Recommendations of the Annual Comprehensive Financial Report. Implementation completion was accomplished by December 31, 2022.

2021-002 Manual Journal Entry Review and Approval

Name of the Contact Person Responsible for the Corrective Action Plan: Gia Scruggs, City Manager

Corrective Action Plan: During 2021, a control process for the entry, review, tracking and approval, and filing of journal entries was implemented. The impact of this process improvement is illustrated by the comparison of findings for 2020 and 2021. In 2020, 20 instances in which the entry was lacking proper support, and it could not be verified that the entry was reviewed and approved by someone other than the preparer. During the year ended December 31, 2021, that number was reduced to 4.

We believe the performance in 2021 evidences the attention devoted to eliminating this as a finding, and that subsequent years will see the complete elimination of this finding. We also believe that having City staff rather than contractor staff assigned to this accounting function will have an impact. As critical as this documentation and approval is of journal entries is, it is not difficult to eliminate.

Anticipated Completion Date: City Officials anticipate that as City staff continue with implementation of the process related to the manual journal entry review and approval procedures failures will be no longer appear in the Findings and Recommendations of the Annual Comprehensive Financial Report**.** Implementation completion was accomplished by December 31, 2022.

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-003 Financial Close Out and Procedures General Ledger Maintenance

Name of the Contact Person Responsible for the Corrective Action Plan: Gia Scruggs, City Manager

Corrective Action Plan: The City has hired accounting staff increasing the staffing from the contractor level of 3 with a part-time Accounting Manager to 8. The City has consistently had to retain third-party consultants while the contractor was in place to perform general accounting and close out procedures to produce a trial balance for external auditors. The City is also in the process of converting to a new financial information system that will make data compilation, interfacing and reporting less complex and coordinated**.**

Anticipated Completion Date: Conversion to a new financial information system is planned from the QS1 platform, the City staff will be trained, third-party consultants will be used during the transition and staff resources will be at such a level that tasks can be executed timely with appropriate oversite and system controls. Conversion, which is being implemented on a parallel basis, was expected to be completed by December 31, 2023.

2021-004 Internal Controls and Compliance over Allowable Costs/Cost Principles, Period of Performance and Reporting

Name of the Contact Person Responsible for the Corrective Action Plan: Gia Scruggs, City Manager

Corrective Action Plan: The private contractor engaged in 2017 to provide government management and operations services staffed the engagement with less than 40 staff including 5 consultants. The City, since the termination of the services contract effective December 31, 2021, has 79 staff involved in City management and operations roles including 5 elected officials. The additional staff, including an additional 5 in accounting/finance, affords the City the capacity to effectively account for and report on restricted funds received in connection with state and federal grant programs. The City Manager staff has grown by an additional 3 staff persons from the contractor level that was assigned in 2021 to monitor grants providing sufficient City staff for current grant programs to be monitored and grant conditions complied with.

As the City continues to be eligible for additional state and federal grants, a Grants Administrator position has been added to staff organization and the plan is to organize a grants management team devoted to reporting and compliance assurance as well as seeking to apply for state and federal grant and program funds.

Anticipated Completion Date: City Finance Department staff, together with the City Manager, are presently monitoring compliance and reporting relating to state and federal grants and program support. Third-party contractors will no longer be used for these tasks, and as more restricted funds are received by the City, the grants management team will be organized. Presently, the City has only one federal grant program and one state program. The corrective actions have been implemented and are presently operative and in place.

THE CITY OF STONECREST GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-005 Internal Controls and Compliance over Reporting

Name of the Contact Person Responsible for the Corrective Action Plan: Gia Scruggs, City Manager

Corrective Action Plan: The corrective action plan is more fully explained in the corrective actions specified in the corrective action plan for Finding 2021-004. City Finance Department staff, together with the City Manager, are presently monitoring compliance and reporting relating to state and federal grants and program support. Third-party contractors will no longer be used for these tasks, and as more restricted funds are received by the City, the grants management team will be organized. Presently the City has only one federal grant program and one state program.

Anticipated Completion Date: The corrective action plan has been implemented and a formal grants management plan is under consideration. The implementation is underway with staff positions authorized and was completed as of December 31, 2022.