

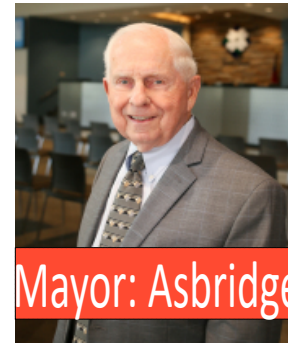
FISCAL YEAR ENDED JUNE 30, 2022

# CITIZENS' FINANCIAL REPORT





# YOUR GUIDE TO CITY FINANCES



Mayor: Asbridge



Chris Mundy



William McDaniel



Joseph Mezzanotte



Oliver McClellan



Joe Anglin

## 2022 Mayor & City Council

**THE CITY PROVIDES A SIGNIFICANT AMOUNT OF FINANCIAL DETAIL IN ITS ANNUAL CERTIFIED FINANCIAL REPORT (ACFR). FOR THOSE WITHOUT AN ACCOUNTING BACKGROUND, THE ACFR CAN BE DIFFICULT TO UNDERSTAND.**

The Guide you are reading now, the Popular Annual Financial Report (PAFR), is designed for those without an accounting background and aims to make interpreting the data easier. This guide focuses on financial results over the past Fiscal year.

Financial information is derived from the independently audited statements that are part of the ACFR and includes condensed and simplified information from the ACFR, budget, and other reports. The PAFR is a recommended practice of the Government Finance Officers Association (GFOA): the authority on best practices in governmental accounting and financial reporting.

Flowery Branch has submitted its ACFR for the GFOA Certificate of Achievement for Excellence in Financial Reporting (COA) Program award and has received the GFOA award for Distinguished Budget Presentation for **3 Consecutive years**. This is proof our Finance Department is repeatedly getting things right when it comes to Financial accounting, reporting, and planning.

To earn these Certificates of Achievement, the City must annually publish an easily readable and efficiently organized budget and ACFR that conform to program standards. Such reports must satisfy both generally accepted accounting principles (GAAP) and accepted legal requirements. In addition, Flowery Branch has submitted our Popular Annual Financial Report for the GFOA Outstanding Achievement in Popular Annual Financial Reporting award.



# LETTER FROM THE CITY MANAGER

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

Aligning with the City's priorities, there are multiple ongoing construction projects in the Downtown area that demonstrated the strategic thinking and re-imagining of the Flowery Branch Downtown. These projects will bring additional retail and restaurant opportunities, along with event space, to the Downtown area which align with the City's economic priorities and strategic vision. One of these projects is a mixed-use development on Main Street. It will include retail and restaurant space along with luxury condominiums. Additionally, this development includes an event space known as the Market Pavilion and an amphitheater that seats approximately 1,000 people. The project marks Phase 1 of Downtown Development and is scheduled to be completed in early 2023.

Another important aspect to any community is enhancing the health and well-being of its citizens by creating access to recreation and greenspace. While some of the Downtown Development Phase 1 will add pieces of greenspace, Downtown Development Phase 2 is anticipated to enhance this area further. Downtown Development Phase 2 anticipates providing connectivity to the Highlands to Islands trail system (a 35 mile multi-use path designed to connect the Rock Creek Greenway and Gainesville Square to the Multi-use pathways along Friendship Road and Lanier Islands Parkway near Flowery Branch) and add additional parks and other greenspace areas.



# FISCAL SUSTAINABILITY

The City of Flowery Branch’s conservative budgeting and prudent fund balance policies have resulted in strong reserves while retaining ample financial flexibility. The City consistently excels as fiscal stewardship, earning top tier bond ratings from Moody’s. Also, the City anticipates winning the GFOA Certificate of Achievement for Excellence in Financial Reporting for the 1<sup>st</sup> time.

How do we know if the City’s finances are in good shape? The City is financially healthy because it delivers the services its residents expect with the resources its residents provide. What are the management policies and procedures that keep our finances in good order? Here are some of the tools the City of Flowery Branch use:



## BALANCED BUDGET:

Georgia State Statues require that the city adopt a balanced budget each year. A budget is balanced if recurring revenue matches recurring expenditures.

## DEBT:

Most people don’t pay cash for major investments, like a home, but instead responsibly use debt to spread the cost of larger purchases over time. Like a household with finances in good shape, the City’s general obligation debt is well under the State of Georgia’s statutory limits.

## FINANCIAL PLANNING

The City uses budget analysis, revenue projections, and the Capital Improvement Program to determine future needs, timing, and acquisition of assets. These plans allow the City to work out, in advance, the optimal method of maintaining fiscal stewardship.

## REGULAR REPORTING:

On a quarterly basis and through the City’s transparency portal, the Finance department presents a financial review to City Council. Having a formal mechanism to monitor revenue and expenditure performance at regular intervals is a key feature of stable financial performance.

## FUND BALANCE

Like a savings account, cities prepare for the unexpected by having reserves in the form of fund balance. These reserves provide financial flexibility to react to economic downturns or other unforeseen circumstances in a timely manner. There is no single number in governmental accounting and financial reporting that attracts more attention than the fund balance. Fund balance maintenance is a major factor considered by bond rating agencies when evaluating the City’s credit worthiness. For the fiscal year end, the City is above target.

# GOVERNMENTAL REVENUE

TOTAL REVENUE EQUALS  
**13.9 Million**



# FINANCIAL RESULTS

### ANNUAL AUDIT:

Georgia State Statutes require that an annual audit be performed by an independent certified public accountant to ensure that the City is complying with generally accepted accounting principles (GAAP). This annual audit relates to the City's Annual Comprehensive Financial Report (ACFR) and seeks to confirm that the City's Financial statements "present fairly, in all material respects, the respective financial position" of the City of Flowery Branch. This report can be found on the City's website or here: <https://www.flowerybranchga.org/finance/page/annual-financial-reports>.

40% of the General Fund revenue. Total General Fund expenditures were **4.66 million**. Public Safety accounted for approximately **1.6 million (34%)** of total expenditures in the General Fund.

This fiscal year, the City's General Fund revenue exceeded its expenditures by **\$775,877**.

### GENERAL FUND:

The General Fund is the City's primary operating account, and accounts for the revenue and expenditures associated with operating traditional local governmental services such as police, public works, general administration, and public works.

For FY2022, total General Fund revenue was **6.65 million**. Property Tax revenue was approximately **\$2.67 million** and provided approximately



## GOVERNMENTAL EXPENSES

TOTAL EXPENDITURES EQUALS

**9.4 Million**



HOUSING  
1.25 M



GENERAL GOVT  
1.36 M



WATER SEWER  
2.66 M



PUBLIC SAFETY  
1.69 M



PUBLIC WORKS  
1.88 M



OTHERS  
0.56 M



## WHAT IS BOND FINANCING?

Bond financing is a type of long-term borrowing that the City uses to raise money, primarily for long-lived infrastructure assets. The City obtains money by selling bonds to investors. In exchange, the City promises to repay this money, with interest, according to specified schedules. For tax-exempt issuance, the interest the City has to pay investors on the bonds it uses for public infrastructure is exempt from federal and state income taxes, which makes the City's interest cost on the bonds less than it otherwise would be.

## LONG-TERM FINANCIAL PLAN:

The City maintains a multi-year financial plan that provides information to clearly identify if there is a deficit at the beginning of the budget development process. This is a crucial component of planning for the future. This plan projects the financial impact of achieving the objectives in the strategic plan and helps to identify resources needed to fund those objectives.

Flowery Branch continues with its forward-looking capital budget, presenting a long-term Capital Improvement Program (CIP) to City Council. Figuring out how much money the City can afford to pay and how much debt to issue are parts of the CIP process. The process is vital to the City because it is the principal planning tool aligning capital needs with growth and development. This program is developed for a five-year period and is updated and revised annually.

## CREDIT RATINGS?

Flowery Branch's credit position is outstanding. The City has a High Grade, Aa2, allowing it to borrow at lower interest rates and to save taxpayers' money. Credit ratings are important because they define the universe of buyers for the debt obligations, the price that will be paid to obtain credit, and they heavily influence how much it costs to borrow the cash required to support the capital program, when necessary.

## DEBT ADMINISTRATION:

As of year-end, the City had **\$10.44 million** in debt (e.g., bonds, notes) outstanding compared to **\$11.08 million** in prior fiscal year, a **5.8 decrease**.

The City is subject to the State Statutes of Georgia that limits the net bonded debt the City may have outstanding up to 10% of the appraised value of property subject to taxation. As of June 30, 2022 the City's total property value was **\$580.1 million** providing a debt margin of **\$58.1 million**.



# OUTSTANDING DEBT

## FISCAL YEAR 2022

Contracts Payable  
\$1,093,193

Revenue Bonds  
\$9,342,835

**TOTAL 10.44 MILLION**

## FISCAL YEAR 2021

Contracts Payable  
\$1,163,388

Revenue Bonds  
\$9,914,382

**TOTAL 11.08 MILLION**



A budget is a financial plan. Each year the City adopts its annual operating budget that allocates limited dollars to the highest community priorities. Effective and efficient administration is a product of many factors, but none take on the importance of budgeting since it is during the budgeting process that critical policy and administrative decisions are made.

Rather than trying to manage all its money in one pool, the City uses fund accounting to keep track of money. The City's budget is comprised principally of two major funds: the General Fund and the Enterprise Fund (Water & Sewer). The General Fund is financed primarily by property and sales tax revenues and supports core services, such as public safety. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The total budget for FY 2023 is **\$38.61 million** compared to **\$37.73 million** for FY2022, an increase of **2.3%**.

The tax rate for this year's budget remains the same at **3.264**, or **\$3.264 per \$1,000** of assessed value. The City of Flowerly Branch bills on 40% of the assessed value.

The Water and Sewer Fund budget effectively supports both water and sewer operations, capital needs, and infrastructure debt service cost. Increases for water and sewer charges were approved for 2023 to support the Capital Improvement Program projects planned for compliance and rehabilitation in the next couple of years. The total rate increase for the average customer is approximately **8.7%** effective January 1, 2023 and July 1, 2023.

# FY 2023 BUDGET

## WHERE ARE YOUR PROPERTY TAXES GOING THIS YEAR?



**PUBLIC SAFETY**  
34.3%

**PUBLIC WORKS**  
17.7%

**GENERAL ADMIN**  
15.7%

**COMMUNITY DEVELOPMENT**  
14.7%

**CAPITAL & TOURISM**  
17.6%



# FY 2022 BY THE NUMBERS

10,144

ESTIMATED POPULATION

53

FULL-TIME EMPLOYEES

9,552

UTILITY WINDOW CUSTOMERS

96

PAVEMENT REPAIRS

81

STREET SIGNS REPLACED

55

STREET MILES

93

METER REPLACED OR INSTALLED

PUBLIC  
SAFETY

24

PATROL UNITS

4,190

CALLS FOR SERVICE

188,581

POLICE VEHICLE MILES

BUILDING  
PERMITS

390

RESIDENTIAL PERMITS

537

CERTIFICATE OF OCCUPANCIES

13,804

SOIL & EROSION INSPECTIONS

3,490

BUILDING INSPECTIONS

WATER  
MANAGEMENT

20

MILES OF WATER MAINS

1,787

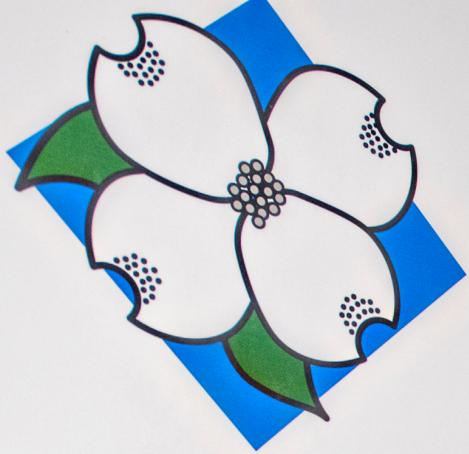
RESIDENTIAL WATER CUSTOMERS

997,000

MAX DAILY CONSUMPTION

336,698

AVERAGE DAILY CONSUMPTION



# Flowerly Branch

**1813**  
 The U.S. Government undertook the construction of a roadway (following old Native American trails) extending from North Georgia to points south (Augusta and Macon) and north to Tennessee.



**1805**  
 Vann's Tavern and ferry crossing the Chattahoochee River was established in 1805 by Chief James Vann as an integral part of the early transportation network of the Flowerly Branch region.



**1874**  
 Flowerly Branch was incorporated. There are two opinions about how the name Flowerly Branch was derived. At one time Flowerly Branch was the site of a young Indian trading post, thought to be an Indian name and means "flowerly on the branch." Kattagaska is also an Indian name and means "blowdown creek."

**1818**  
 While en route to Spanish West Florida to engage in the First Seminole War, General Andrew Jackson, his staff and two companies of militia lodged at Young's Tavern on the Old Federal Road, now State Route 13 (Falcon Parkway) near its intersection with Hog Mountain Road.



Produced by  
 Wisdom Project 2030  
 of Hall County, Georgia  
 Wilson Golden, Historian  
 Garon Hart, Graphic Design  
 February 2022