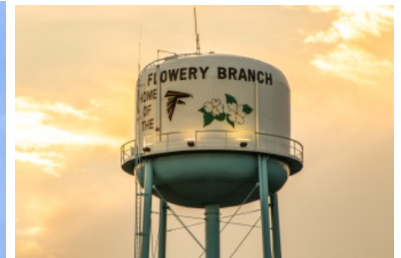
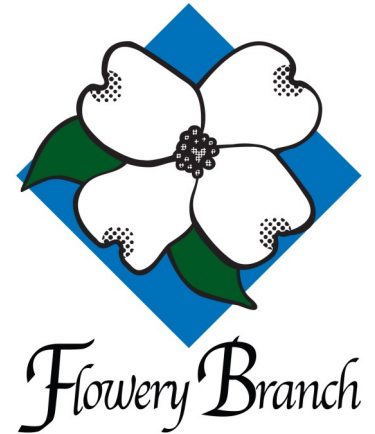


CITY OF FLOWERY BRANCH

FY2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT



**For Fiscal Year
Ending June 30,
2022**

**5410 W. Pine St.
Flowery Branch, GA
30542**

**Prepared by:
Finance
Department**

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CITY OF FLOWERY BRANCH, GEORGIA

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2022

Submitted By:
Finance Department

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INTRODUCTORY SECTION

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended June 30, 2022

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OFFICIALS OF THE CITY OF FLOWERY BRANCH

LEGISLATIVE BRANCH

CITY COUNCIL

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

OFFICERS OF THE COUNCIL

Shelia Cooper	City Clerk
Ron Bennett	City Attorney

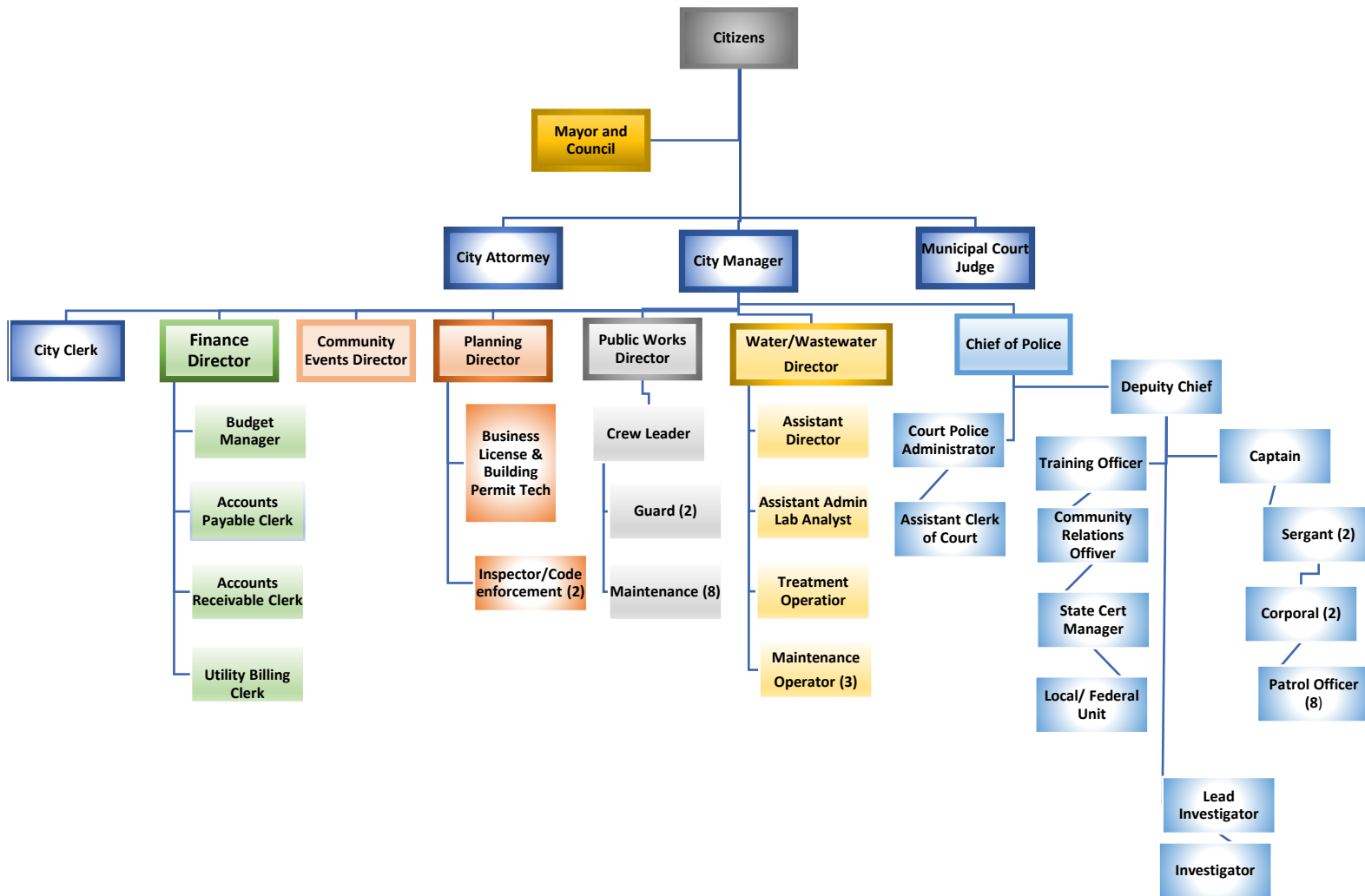
JUDICIAL BRANCH

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

EXECUTIVE BRANCH

CITY MANAGER AND DEPARTMENT DIRECTORS

Tonya Parrish	City Manager
Matthew Hamby	Finance Director
Rich Atkinson	Planning & Community Development Director
Chris Hulsey	Police Chief
Jimmy Dean	Water and Waste Water Director
Bill Whidden	Public Works and Streets Director





November 25, 2022

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

It is our pleasure to present to the Annual Comprehensive Financial Report (ACFR) of the City of Flowerly Branch (the "City") for the fiscal year ended June 30, 2022. The City is required to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue this report for your consideration.

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

The City's financial statements have been audited by Rushton, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the year ended June 30, 2022, are presented in conformity with GAAP. The

independent auditors' report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found on pages 4 through 14 immediately following the report of the independent auditors.

Profile of the Government

Based on the 2021 U.S. Census estimate, the City of Flowery Branch has a population of 10,144, while Hall County's population is 207,369. The City of Flowery Branch is empowered to levy a property tax on real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

Local Economy

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

As of June 2022, the top three employers for the City of Flowery Branch are the SKF, USA, Inc., Atlanta Falcons Football Club, and Publix Super Market with 291, 216, and 119 employees, respectively. The City anticipates continued major growth over the next 1-5 years, as approved developments build out and new developments present themselves. Population is expected to exceed 12,000 by year 2024.

Since the beginning of 2020, when the COVID-19 pandemic hit our local economy, our Council, management and staff took a conservative evaluation of our City's financial condition, and we continue to monitor the financial impact of the pandemic. As of June 30, 2022, the City continues to experience operational impacts but very minimal financial impacts. We will continue to monitor this situation closely throughout fiscal year 2023.

Major Initiatives

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

Aligning with the City's priorities, there are multiple ongoing construction projects in the Downtown area that demonstrate the strategic thinking and reimagining of the Flowery Branch Downtown. These projects will bring additional retail and restaurant opportunities, along with event space, to the Downtown area which align with the City's economic priorities and strategic vision. One of these projects is a mixed-use development on Main Street. It 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. This project marks Phase 1 of Downtown Development and is scheduled to be complete in early 2023.

Another major City project in progress is the expansion of the Wastewater Treatment plant. As designed, the plant expansion will increase its sewer capacity to 2.2 million gallons a day. As the City continues to grow, the expansion is a much-needed development that will extend the City's ability to provide first class services. This project is in the design phase and is anticipated to begin construction in 2023.

An important aspect to any community is enhancing the health and wellbeing of its citizens by creating access to recreation and greenspace. While some of the Downtown development

projects will add pieces of greenspace, Downtown Development Phase 2 is anticipated to enhance this area further. Downtown Development Phase 2 will provide connectivity to the Highlands to Islands trail system (a 35 mile multi-use path designed to connect the Rock Creek Greenway and Gainesville Square to the Multi-use pathways along Friendship Road and Lanier Islands Parkway near Flowery Branch) and add additional parks and other greenspace areas. This project is in early planning stages should begin design and construction phases in the coming years.

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

Long-term Financial Planning

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

Relevant Financial Policies

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

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

The City's Investment and Cash Management policy states that the City should make investments with prudence, judgement, and care with the primary objective of safety as well as the secondary objective of obtaining competitive market rates of return. Maximum opportunity is provided to all local financial institutions to bid and compete for City investments due to the importance of the financial institutions to the local economy. Due to increasing interest rates, the City's interest earnings were slightly more in FY 2022 compared to FY 2021.

Acknowledgements

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

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

Respectfully Submitted,



Tonya Parrish
City Manager



Matthew Hamby
Finance Director

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flowery Branch, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Flowery Branch, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flowery Branch, Georgia, as of June 30, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund, American Rescue Plan Act Special Revenue Fund, and Tax Allocation District Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Flowery Branch, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Flowery Branch, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 65 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2022, on our consideration of City of Flowery Branch, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Flowery Branch, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
November 25, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Flowery Branch, it is our pleasure to present this narrative discussion and analysis of Flowery Branch's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2022. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Flowery Branch. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis provides comparisons with the previous fiscal year.

Financial Highlights

- Flowery Branch's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$46,704,366 (reported as *net position*). Of this amount, \$17,624,382 (reported as *unrestricted net position*) may be used to meet the City's ongoing obligations.
- As of June 30, 2022, Flowery Branch's governmental funds reported combined ending fund balances of \$14,764,703. The governmental funds reported a combined ending unassigned fund balance of \$5,674,539.

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is an entity with a self-balancing set of accounts that the City uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the City's non-major funds can be found beginning on page 69. The City's funds are divided into two broad categories – governmental and proprietary – and use different prescribed accounting methodologies.

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

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

The City of Flowery Branch maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, American Rescue Plan Act Fund, Tax Allocation District Fund, SPLOST Fund, and Local Resources Fund, which are considered major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 69-70 of this report.

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

The City’s basic governmental fund financial statements are presented on pages 18-27 of this report.

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

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

The City's proprietary fund financial statements are presented on pages 28-31.

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 32-64 of this report.

Required Supplementary Information

The required supplementary information includes required schedules and information (pages 65-68) on the City's defined benefit pension plan.

Other Supplementary Information

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

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

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred inflows of resources on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the City's Financial Position and Operations

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

City of Flowery Branch, Georgia Net Position (Financial Position) Fiscal Years 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 17,801,551	\$ 15,493,198	\$ 9,890,107	\$ 7,859,706	\$ 27,691,658	\$ 23,352,904
Capital assets	20,739,715	18,865,642	13,438,856	13,532,172	34,178,571	32,397,814
Other noncurrent assets	1,010,093	0	0	0	1,010,093	0
Total assets	39,551,359	34,358,840	23,328,963	21,391,878	62,880,322	55,750,718
Deferred outflows of resources	205,049	149,060	64,379	71,533	269,428	220,593
Liabilities						
Current liabilities	3,433,877	1,074,775	795,410	1,566,644	4,229,287	2,641,419
Noncurrent liabilities	8,115,271	8,592,898	2,831,081	2,576,147	10,946,352	11,169,045
Total liabilities	11,549,148	9,667,673	3,626,491	4,142,791	15,175,639	13,810,464
Deferred inflows of resources	1,205,250	0	64,495	0	1,269,745	0
Net position						
Net investment in capital assets	11,808,170	5,289,592	10,396,886	10,882,929	22,205,056	16,172,521
Restricted	6,244,813	7,335,267	630,115	0	6,874,928	7,335,267
Unrestricted	8,949,027	12,215,368	8,675,355	6,437,691	17,624,382	18,653,059
Total net position	\$ 27,002,010	\$ 24,840,227	\$ 19,702,356	\$ 17,320,620	\$ 46,704,366	\$ 42,160,847

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources for Flowery Branch exceeded liabilities and deferred inflows of resources by \$46,704,366 at the close of the fiscal year.

Approximately 47.6% of Flowery Branch's net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position comprises 14.7% of the total net position. This amount represents net position that is subject to external restrictions or enabling legislation on how they can be used.

Unrestricted net position, comprising the remaining 37.7%, represents resources that can be used to meet the City's ongoing obligations to citizens and creditors.

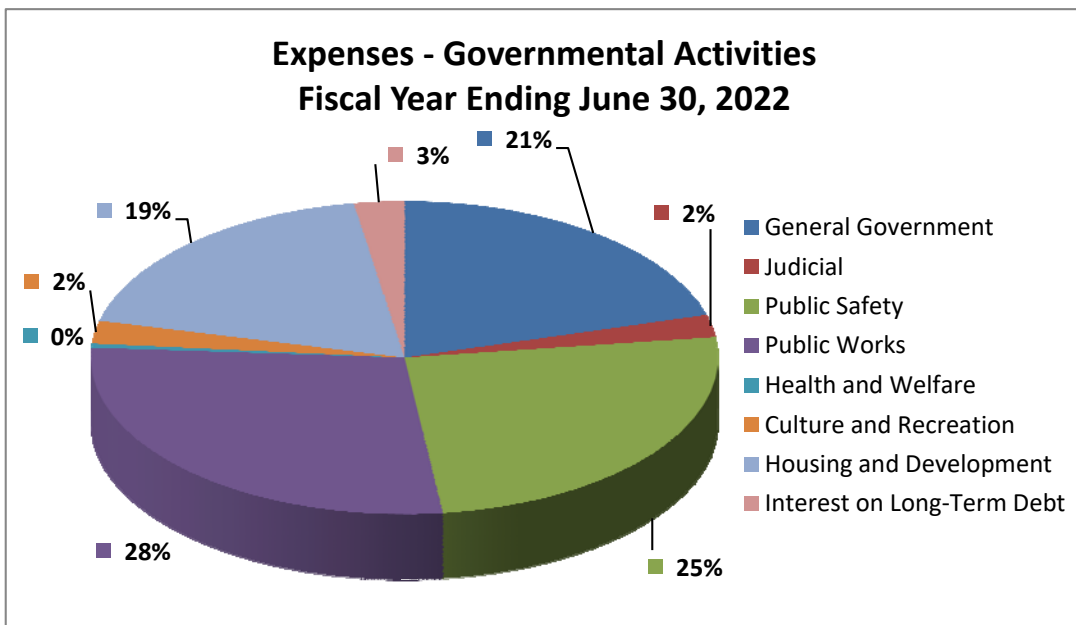
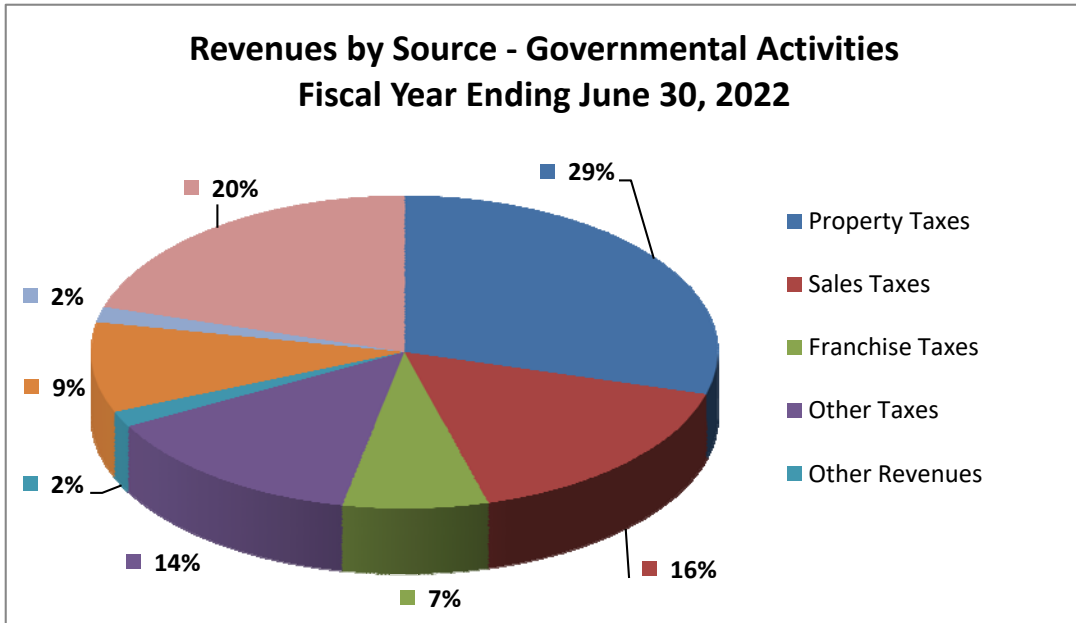
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Flowery Branch's net position changed during the fiscal year.

**City of Flowery Branch, Georgia
Changes in Net Position
For the Fiscal Years 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 847,120	\$ 1,424,277	\$ 4,845,868	\$ 5,308,856	\$ 5,692,988	\$ 6,733,133
Operating grants and contributions	143,743	555,525	0	0	143,743	555,525
Capital grants and contributions	1,852,122	1,684,667	0	0	1,852,122	1,684,667
General revenues:						
Property tax	2,667,735	2,106,961	0	0	2,667,735	2,106,961
Sales tax	1,488,179	1,325,553	0	0	1,488,179	1,325,553
Franchise tax	680,472	523,190	0	0	680,472	523,190
Other taxes	1,266,111	1,161,588	0	0	1,266,111	1,161,588
Other revenues	148,075	104,459	130	12,881	148,205	117,340
Total revenues	9,093,557	8,886,220	4,845,998	5,321,737	13,939,555	14,207,957
Expenses						
General Government	1,388,726	1,405,068	0	0	1,388,726	1,405,068
Judicial	155,116	165,571	0	0	155,116	165,571
Public Safety	1,694,893	1,484,744	0	0	1,694,893	1,484,744
Public Works	1,883,522	1,211,699	0	0	1,883,522	1,211,699
Health and Welfare	28,908	0	0	0	28,908	0
Culture and Recreation	157,957	27,747	0	0	157,957	27,747
Housing and Development	1,255,248	869,886	0	0	1,255,248	869,886
Interest on long-term debt	175,002	147,930	0	0	175,002	147,930
Water and Sewer	0	0	2,656,664	2,697,165	2,656,664	2,697,165
Total expenses	6,739,372	5,312,645	2,656,664	2,697,165	9,396,036	8,009,810
Increase (decrease) in net position before transfers	2,354,185	3,573,575	2,189,334	2,624,572	4,543,519	6,198,147
Transfers in (out)	(192,402)	(61,491)	192,402	61,491	0	0
Increase (decrease) in net position	2,161,783	3,512,084	2,381,736	2,686,063	4,543,519	6,198,147
Net position-beginning	24,840,227	21,328,143	17,320,620	14,634,557	42,160,847	35,962,700
Net position-ending	\$27,002,010	\$24,840,227	\$19,702,356	\$17,320,620	\$46,704,366	\$42,160,847

Governmental Activities –

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



The revenue chart indicates that property tax, followed by capital grants and contributions, and sales tax were the three largest sources of revenue for governmental activities for fiscal year 2022. Total revenues of the governmental activities increased more than \$200,000. The largest cause of the increase was property taxes, which increased more than \$560,000 due predominantly to increases in property values. Capital grants and contributions increased more than \$160,000 due mostly to an increase in special purpose local option sales tax received from the County. Charges for services decreased by more than \$570,000 due to decreased building permits. All other revenues remained relatively similar when comparing to the prior year.

The expense chart indicates that the three most significant governmental activities expenses for Flowery Branch during fiscal year 2022 were public works, followed by public safety, and general government. Overall, governmental activities expenses increased more than \$1,420,000 from the prior fiscal year. Public works expenses increased by more than \$670,000 from fiscal year 2021 due to increased repairs and road maintenance. Housing and development expenses increased by more than \$380,000 due to an increase in tax allocation district expenses and an increase in payments to others for increased hotel/motel tax collections. Public safety expenses increased by more than \$210,000 due to an increase in personal services expenses. All other expenses remained relatively similar when comparing to the prior year.

Business-Type Activities –

Business-type activities increased the Flowery Branch's net position by \$2,381,736. Additional information regarding the increase is discussed below.

Financial Analysis of the City's Funds

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

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

- As the City completed this fiscal year, its governmental funds reported a combined ending fund balance of \$14,764,703. The governmental funds reported a combined unassigned fund balance of \$5,674,539. The remainder of fund balance is nonspendable, restricted, committed, or assigned for projects or for the fiscal year 2023 budget, and is not available for spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,674,539, while total fund balance reached \$5,926,651. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 122% of total General Fund expenditures, while total fund balance represents approximately 127% of that same amount.

Revenues in the General Fund increased by more than \$230,000 from the prior fiscal year. Property tax revenues increased by approximately \$400,000 due predominantly to increased property values. Franchise tax increased by more than \$150,000. Local option sales tax increased by more than \$160,000 due to continued increases in retail sales. Licenses and permits decreased by more than \$450,000 due predominantly to decreased building permits. Total expenditures increased by more than \$610,000. Public Safety expenditures increased by more than \$240,000 due to increased personal services in the Police Department. Housing and Development expenditures increased by more than \$240,000 due to increased capital outlay and increase in tourism expenditures. The City ended the fiscal year by increasing fund balance of the General Fund by \$812,924, or approximately 16%. By comparison, in fiscal year 2021, fund balance of the General Fund increased by 28%. The cause for the smaller increase was mostly due to increased expenditures as described above.

For the current fiscal year, the American Rescue Plan Special Revenue Fund did not report a fund balance. Revenues totaling \$165,020 were recognized during the current fiscal year and were all expended on water and sewer.

At the end of the current fiscal year, the Tax Allocation District Special Revenue Fund had total fund balance of \$3,251,427, all of which is restricted for Housing and Development. Fund balance decreased \$2,111,900 during fiscal year 2022. Revenues remained similar in the current fiscal year. Expenditures increased \$2,211,120 due to significant increases in capital projects.

At the end of the current fiscal year, the SPLOST Capital Projects Fund had total fund balance of \$2,889,546, all of which is restricted for capital outlay. Fund balance of the SPLOST Fund increased \$949,829 for fiscal year 2022. The City continued to expend the funds collected under the current SPLOST referendums. Further details of the SPLOST expenditures can be found in the Schedule of Projects Financed with Special Purpose Local Option Sales Tax at the end of this report.

At the end of the current fiscal year, the Local Resources Capital Projects Fund had total fund balance of \$2,697,029, all of which is committed for capital outlay. Fund balance increased \$275,220 during fiscal year 2022. Revenues and transfers from other funds decreased slightly from the prior fiscal year. However, expenditures also decreased. Expenditures decreased \$237,655 from the prior fiscal year due mostly to decreased debt service and decreases in capital projects.

General Fund Budget Highlights

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year. Budgeted expenditures in total increased from original to final budgets. As expected, the City experienced a slight increase in revenues from the prior fiscal year. The City ended the fiscal year with revenues up from budgeted expectations. Even with increases in expenditures, the City ended the fiscal year with fund balances that remained positive and expenditures less than amounts appropriated. Overall, the City expended less than revenues received.

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

- Water and Sewer \$ 19,702,356

The Water and Sewer Fund net position increased by \$2,381,736 during the current fiscal year due to operating income from the water and sewer system.

Capital Assets and Debt Administration

Capital Assets. Flowery Branch has invested \$34,178,571 in capital assets (net of accumulated depreciation). Approximately 61% of this investment is related to governmental activities and includes land, construction in progress, buildings, land improvements, machinery and equipment, furniture and fixtures, vehicles, and infrastructure.

Capital assets held by the City are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,667,364	\$ 1,667,364	\$ 553,201	\$ 553,201	\$ 2,220,565	\$ 2,220,565
Construction in progress	2,708,988	517,035	1,409,654	1,145,901	4,118,642	1,662,936
Buildings and improvements	5,255,927	5,227,480	3,472,010	3,472,010	8,727,937	8,699,490
Machinery and equipment	1,672,004	1,585,090	6,175,732	6,109,157	7,847,736	7,694,247
Infrastructure	13,763,920	13,641,849	8,441,360	8,413,698	22,205,280	22,055,547
Intangibles	105,440	105,440	21,260	21,260	126,700	126,700
Total	25,173,643	22,744,258	20,073,217	19,715,227	45,246,860	42,459,485
Accumulated depreciation	(4,433,928)	(3,878,616)	(6,634,361)	(6,183,055)	(11,068,289)	(10,061,671)
Net Capital Assets	\$ 20,739,715	\$ 18,865,642	\$ 13,438,856	\$ 13,532,172	\$ 34,178,571	\$ 32,397,814

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

- City-wide signage
- Investments in machinery, equipment, and vehicles, mostly for the Police Department
- Paving and resurfacing of roads
- Stormwater improvements

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

- Continued construction for the expansion of the water and sewer system
- Investments in machinery and equipment

Additional information on the City’s capital assets can be found in Note 10 to the financial statements on pages 48-49 of this report.

Long-term Debt and Other Liabilities. On June 30, 2022, Flowery Branch had total long-term debt in the amount of \$11,096,027, a slight increase of \$105,916 from the prior fiscal year. The increase is due to proceeds of notes from direct borrowings from GEFA of \$774,913 that exceeded the regularly scheduled principal payments on the existing, contracts payable, bonds payable, and notes from direct borrowings. Additional information on the City's long-term debt and other liabilities can be found in Notes 11 and 12 to the financial statements on pages 50-54 of this report.

Economic Condition and Outlook

Flowery Branch continues to fair well after recovering from the COVID-19 pandemic. Several factors were considered during preparation of the budget for fiscal year 2023, including the following:

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

Contacting the City's Finance Department

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

City of Flowery Branch, Georgia
Attention: Finance Department
PO Box 757
Flowery Branch, Georgia 30542
(470) 798-0524

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BASIC FINANCIAL STATEMENTS

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 16,782,933	\$ 7,922,557	\$ 24,705,490
Restricted cash and cash equivalents	103,790	843,296	947,086
Receivables (net)			
Accounts	125,607	701,798	827,405
Intergovernmental	492,328	422,456	914,784
Taxes	92,224	0	92,224
Leases	81,300	0	81,300
Prepaid items	123,369	0	123,369
Total current assets	<u>17,801,551</u>	<u>9,890,107</u>	<u>27,691,658</u>
Noncurrent assets			
Leases receivable	1,010,093	0	1,010,093
Capital assets			
Non-depreciable	4,376,352	1,962,855	6,339,207
Depreciable (net)	16,363,363	11,476,001	27,839,364
Total noncurrent assets	<u>21,749,808</u>	<u>13,438,856</u>	<u>35,188,664</u>
Total assets	<u>39,551,359</u>	<u>23,328,963</u>	<u>62,880,322</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	0	19,771	19,771
Deferred outflows of resources - pension	205,049	44,608	249,657
Total deferred outflows of resources	<u>205,049</u>	<u>64,379</u>	<u>269,428</u>
LIABILITIES			
Current liabilities			
Accounts payable	941,699	76,968	1,018,667
Retainages payable	325,005	0	325,005
Accrued salaries and payroll liabilities	134,944	40,255	175,199
Compensated absences payable	64,178	21,163	85,341
Accrued interest payable	60,194	0	60,194
Amounts held in trust	48,862	0	48,862
Unearned revenue	1,448,960	87,659	1,536,619
Contracts payable	410,035	0	410,035
Notes payable	0	71,184	71,184
Liabilities payable from restricted assets			
Customer deposits payable	0	205,846	205,846
Accrued interest payable	0	7,335	7,335
Bonds payable	0	285,000	285,000
Total current liabilities	<u>3,433,877</u>	<u>795,410</u>	<u>4,229,287</u>
Noncurrent liabilities			
Compensated absences payable	7,131	17,315	24,446
Net pension liability	472,255	119,843	592,098
Contracts payable	7,635,885	0	7,635,885
Notes payable	0	1,796,923	1,796,923
Bonds payable	0	897,000	897,000
Total noncurrent liabilities	<u>8,115,271</u>	<u>2,831,081</u>	<u>10,946,352</u>
Total liabilities	<u>11,549,148</u>	<u>3,626,491</u>	<u>15,175,639</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	138,810	64,495	203,305
Leases	1,066,440	0	1,066,440
Total deferred inflows of resources	<u>1,205,250</u>	<u>64,495</u>	<u>1,269,745</u>

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 11,808,170	\$ 10,396,886	\$ 22,205,056
Restricted for:			
Public safety activities	103,790	0	103,790
Tourism	50	0	50
Housing and development	3,251,427	0	3,251,427
Capital outlay	2,889,546	0	2,889,546
Debt service	0	630,115	630,115
Unrestricted	<u>8,949,027</u>	<u>8,675,355</u>	<u>17,624,382</u>
Total net position	<u><u>\$ 27,002,010</u></u>	<u><u>\$ 19,702,356</u></u>	<u><u>\$ 46,704,366</u></u>

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CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2022

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 1,388,726	\$ 105,520	\$ 10,000	\$ 0	\$ (1,273,206)	\$ 0	\$ (1,273,206)
Judicial	155,116	0	0	0	(155,116)	0	(155,116)
Public safety	1,694,893	314,485	49,838	0	(1,330,570)	0	(1,330,570)
Public works	1,883,522	417,665	83,905	1,852,122	470,170	0	470,170
Health and welfare	28,908	0	0	0	(28,908)	0	(28,908)
Culture and recreation	157,957	0	0	0	(157,957)	0	(157,957)
Housing and development	1,255,248	9,450	0	0	(1,245,798)	0	(1,245,798)
Interest on long-term debt	175,002	0	0	0	(175,002)	0	(175,002)
Total governmental activities	6,739,372	847,120	143,743	1,852,122	(3,896,387)	0	(3,896,387)
Business-type activities							
Water and Sewer	2,656,664	4,845,868	0	0	0	2,189,204	2,189,204
Total primary government	\$ 9,396,036	\$ 5,692,988	\$ 143,743	\$ 1,852,122	\$ (3,896,387)	\$ 2,189,204	\$ (1,707,183)
General revenues							
Taxes							
Property					\$ 2,667,735	\$ 0	\$ 2,667,735
Sales					1,488,179	0	1,488,179
Franchise					680,472	0	680,472
Alcoholic beverage					372,001	0	372,001
Insurance premium					476,496	0	476,496
Hotel/motel					208,009	0	208,009
Other					209,605	0	209,605
Interest and investment earnings					23,430	130	23,560
Gain on sale of capital assets					24,600	0	24,600
Miscellaneous					100,045	0	100,045
Transfers					(192,402)	192,402	0
Total general revenues and transfers					6,058,170	192,532	6,250,702
Change in net position					2,161,783	2,381,736	4,543,519
Net position - beginning					24,840,227	17,320,620	42,160,847
Net position - ending					\$ 27,002,010	\$ 19,702,356	\$ 46,704,366

CITY OF FLOWERY BRANCH, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	American Rescue Plan Act
ASSETS		
Cash and cash equivalents	\$ 5,888,490	\$ 1,547,409
Restricted cash and cash equivalents	103,790	0
Receivables		
Accounts	125,607	0
Intergovernmental	184,942	0
Taxes	72,463	0
Leases	1,091,393	0
Due from other funds	11,066	0
Prepaid items	123,369	0
	\$ 7,601,120	\$ 1,547,409
Total assets	\$ 7,601,120	\$ 1,547,409
 LIABILITIES		
Accounts payable	\$ 283,641	\$ 142,200
Retainages payable	0	15,800
Accrued salaries and payroll liabilities	134,944	0
Due to other funds	0	0
Amounts held in trust	48,862	0
Unearned revenue	59,551	1,389,409
	526,998	1,547,409
Total liabilities	526,998	1,547,409
 DEFERRED INFLOWS OF RESOURCES		
Unavailable property taxes	60,416	0
Unavailable fines and forfeitures	20,615	0
Leases	1,066,440	0
	1,147,471	0
Total deferred inflows of resources	1,147,471	0
 FUND BALANCES		
Nonspendable prepaid items	123,369	0
Nonspendable leases receivable	24,953	0
Restricted for:		
Public safety activities	103,790	0
Tourism	0	0
Housing and development	0	0
Capital outlay	0	0
Committed for capital outlay	0	0
Unassigned	5,674,539	0
	5,926,651	0
Total fund balances	5,926,651	0
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,601,120	\$ 1,547,409

Tax Allocation District	SPLOST	Local Resources	Nonmajor Governmental Funds	Totals
\$ 3,858,556	\$ 2,671,332	\$ 2,817,146	\$ 0	\$ 16,782,933
0	0	0	0	103,790
0	0	0	0	125,607
0	307,386	0	0	492,328
0	0	0	19,761	92,224
0	0	0	0	1,091,393
0	0	0	0	11,066
0	0	0	0	123,369
<u>\$ 3,858,556</u>	<u>\$ 2,978,718</u>	<u>\$ 2,817,146</u>	<u>\$ 19,761</u>	<u>\$ 18,822,710</u>
\$ 394,183	\$ 31,733	\$ 81,297	\$ 8,645	\$ 941,699
212,946	57,439	38,820	0	325,005
0	0	0	0	134,944
0	0	0	11,066	11,066
0	0	0	0	48,862
0	0	0	0	1,448,960
<u>607,129</u>	<u>89,172</u>	<u>120,117</u>	<u>19,711</u>	<u>2,910,536</u>
0	0	0	0	60,416
0	0	0	0	20,615
0	0	0	0	1,066,440
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,147,471</u>
0	0	0	0	123,369
0	0	0	0	24,953
0	0	0	0	103,790
0	0	0	50	50
3,251,427	0	0	0	3,251,427
0	2,889,546	0	0	2,889,546
0	0	2,697,029	0	2,697,029
0	0	0	0	5,674,539
<u>3,251,427</u>	<u>2,889,546</u>	<u>2,697,029</u>	<u>50</u>	<u>14,764,703</u>
<u>\$ 3,858,556</u>	<u>\$ 2,978,718</u>	<u>\$ 2,817,146</u>	<u>\$ 19,761</u>	<u>\$ 18,822,710</u>

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CITY OF FLOWERY BRANCH, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2022

Total fund balance - total governmental funds \$ 14,764,703

Amounts reported for governmental activities in the statement of net position are different because:

Some assets are not financial resources and, therefore, are not reported in the funds. These are:

Capital assets	\$ 25,173,643	
Accumulated depreciation	<u>(4,433,928)</u>	20,739,715

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are reported as unavailable in the funds. These are:

Unavailable property taxes	\$ 60,416	
Unavailable fines and forfeitures	<u>20,615</u>	81,031

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources - pension	\$ 205,049	
Deferred inflows of resources - pension	<u>(138,810)</u>	66,239

Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:

Compensated absences payable	\$ (71,309)	
Accrued interest payable	(60,194)	
Net pension liability	(472,255)	
Contracts payable	<u>(8,045,920)</u>	<u>(8,649,678)</u>

Net position of the governmental activities		<u>\$ 27,002,010</u>
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CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2022

	General	American Rescue Plan Act
REVENUES		
Taxes	\$ 5,652,482	\$ 0
Licenses and permits	508,430	0
Fines and forfeitures	292,310	0
Charges for services	45,441	0
Intergovernmental	603	165,020
Interest	14,468	0
Contributions	40,461	0
Other	100,045	0
	6,654,240	165,020
Total revenues		
	6,654,240	165,020
EXPENDITURES		
Current		
General government	1,260,623	0
Judicial	162,453	0
Public safety	1,593,145	0
Public works	530,528	7,020
Culture and recreation	176,110	0
Housing and development	942,132	0
Capital outlay	0	0
Debt service	0	0
	4,664,991	7,020
Total expenditures		
	4,664,991	7,020
Excess (deficiency) of revenues over (under) expenditures	1,989,249	158,000
Other financing sources (uses)		
Transfers in	117,004	0
Transfers out	(1,301,206)	(158,000)
Proceeds from sale of capital assets	24,600	0
	(1,159,602)	(158,000)
Total other financing sources (uses)		
	(1,159,602)	(158,000)
Net change in fund balances	829,647	0
Fund balances, July 1	5,097,004	0
Fund balances, June 30	\$ 5,926,651	\$ 0

Tax Allocation District	SPLOST	Local Resources	Nonmajor Governmental Funds	Totals
\$ 237,651	\$ 0	\$ 0	\$ 208,009	\$ 6,098,142
0	0	0	0	508,430
0	0	0	0	292,310
0	0	0	0	45,441
0	1,686,560	83,906	19,378	1,955,467
8,962	542	0	0	23,972
0	0	0	0	40,461
0	0	0	0	100,045
<u>246,613</u>	<u>1,687,102</u>	<u>83,906</u>	<u>227,387</u>	<u>9,064,268</u>
0	0	0	0	1,260,623
0	0	0	0	162,453
0	0	0	17,225	1,610,370
0	0	0	2,153	539,701
0	0	0	0	176,110
2,369,007	0	0	91,005	3,402,144
0	702,871	601,563	0	1,304,434
161,526	0	336,309	0	497,835
<u>2,530,533</u>	<u>702,871</u>	<u>937,872</u>	<u>110,383</u>	<u>8,953,670</u>
<u>(2,283,920)</u>	<u>984,231</u>	<u>(853,966)</u>	<u>117,004</u>	<u>110,598</u>
172,020	0	1,129,186	0	1,418,210
0	(34,402)	0	(117,004)	(1,610,612)
0	0	0	0	24,600
<u>172,020</u>	<u>(34,402)</u>	<u>1,129,186</u>	<u>(117,004)</u>	<u>(167,802)</u>
(2,111,900)	949,829	275,220	0	(57,204)
5,363,327	1,939,717	2,421,809	50	14,821,907
<u>\$ 3,251,427</u>	<u>\$ 2,889,546</u>	<u>\$ 2,697,029</u>	<u>\$ 50</u>	<u>\$ 14,764,703</u>

CITY OF FLOWERY BRANCH, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2022

Net change in fund balances - total governmental funds \$ (57,204)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 2,537,439	
Depreciation	<u>(663,366)</u>	1,874,073

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets disposed	\$ (108,054)	
Related accumulated depreciation	<u>108,054</u>	0

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue. 4,694

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	\$ 139,716	
Cost of benefits earned net of employee contributions	<u>(122,259)</u>	17,457

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt principal payments	\$ 293,547	
Amortization of bond premiums and discounts	27,256	
Net change in interest payable	<u>2,030</u>	322,833

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These include the following:

Net change in compensated absences	<u>(70)</u>
Change in net position of governmental activities	<u><u>\$ 2,161,783</u></u>

CITY OF FLOWERY BRANCH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,935,883	\$ 5,052,496	\$ 5,652,482	\$ 599,986
Licenses and permits	441,818	441,818	508,430	66,612
Fines and forfeitures	431,000	431,000	292,310	(138,690)
Charges for services	29,496	29,640	45,441	15,801
Intergovernmental	0	0	603	603
Interest	7,000	7,000	14,468	7,468
Contributions	36,740	36,740	40,461	3,721
Other	71,350	75,450	100,045	24,595
Total revenues	5,953,287	6,074,144	6,654,240	580,096
EXPENDITURES				
Current				
General government				
Council	45,836	45,836	35,210	10,626
City clerk	100,073	112,000	111,528	472
Mayor	14,339	16,339	13,590	2,749
City manager	97,430	161,000	160,808	192
Elections	5,100	18,626	13,354	5,272
General administration	690,222	690,222	594,981	95,241
Risk management	113,500	113,500	100,457	13,043
Building and plant	237,000	342,000	220,289	121,711
Public information	9,000	10,407	10,406	1
Judicial				
Municipal court	186,589	186,589	162,453	24,136
Public safety				
Police administration	649,537	607,145	437,688	169,457
Patrol	1,121,619	1,164,011	1,155,457	8,554
Public works				
Highways and street administration	640,246	640,246	460,701	179,545
Street lighting	73,800	73,800	60,197	13,603
Traffic engineering	8,000	10,700	9,305	1,395
Maintenance and shop	4,000	4,000	325	3,675
Culture and recreation				
Community center and depot	29,400	33,500	28,908	4,592
Railroad right-of-way	8,800	8,800	4,550	4,250
Culture and recreation	105,550	105,550	89,827	15,723
Parks	75,000	75,000	52,825	22,175
Housing and development				
Planning and community development	856,875	856,875	822,699	34,176
Economic development	42,000	42,000	31,431	10,569
Tourism	118,070	118,070	88,002	30,068
Total expenditures	5,231,986	5,436,216	4,664,991	771,225
Excess (deficiency) of revenues over (under) expenditures	721,301	637,928	1,989,249	1,351,321

CITY OF FLOWERY BRANCH, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	103,000	103,000	117,004	14,004
Transfers out	(686,854)	(1,455,419)	(1,301,206)	154,213
Proceeds from sale of capital assets	500	500	24,600	24,100
Contingency	(137,947)	0	0	0
Total other financing sources (uses)	<u>(721,301)</u>	<u>(1,351,919)</u>	<u>(1,159,602)</u>	<u>192,317</u>
Net change in fund balances	0	(713,991)	829,647	1,543,638
Fund balances, July 1	<u>0</u>	<u>713,991</u>	<u>5,097,004</u>	<u>4,383,013</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,926,651</u></u>	<u><u>\$ 5,926,651</u></u>

CITY OF FLOWERY BRANCH, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 0	\$ 1,554,429	\$ 165,020	\$ (1,389,409)
Total revenues	<u>0</u>	<u>1,554,429</u>	<u>165,020</u>	<u>(1,389,409)</u>
EXPENDITURES				
Current				
Public works	<u>0</u>	<u>584,529</u>	<u>7,020</u>	<u>577,509</u>
Total expenditures	<u>0</u>	<u>584,529</u>	<u>7,020</u>	<u>577,509</u>
Excess (deficiency) of revenues over (under) expenditures	0	969,900	158,000	(811,900)
Other financing sources (uses)				
Transfers out	<u>0</u>	<u>(969,900)</u>	<u>(158,000)</u>	<u>811,900</u>
Net change in fund balances	0	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF FLOWERY BRANCH, GEORGIA
TAX ALLOCATION DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2022

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 105,000	\$ 105,000	\$ 237,651	\$ 132,651
Interest	5,000	5,000	8,962	3,962
Total revenues	<u>110,000</u>	<u>110,000</u>	<u>246,613</u>	<u>136,613</u>
EXPENDITURES				
Current				
Housing and development	5,083,719	5,417,719	2,369,007	3,048,712
Debt service	191,800	161,800	161,526	274
Total expenditures	<u>5,275,519</u>	<u>5,579,519</u>	<u>2,530,533</u>	<u>3,048,986</u>
Excess (deficiency) of revenues over (under) expenditures	(5,165,519)	(5,469,519)	(2,283,920)	3,185,599
Other financing sources (uses)				
Transfers in	70,000	74,700	172,020	97,320
Net change in fund balances	(5,095,519)	(5,394,819)	(2,111,900)	3,282,919
Fund balances, July 1	5,095,519	5,394,819	5,363,327	(31,492)
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,251,427</u>	<u>\$ 3,251,427</u>

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2022

	Business-Type Activities
	Water and Sewer
ASSETS	
Current assets	
Cash and cash equivalents	\$ 7,922,557
Restricted cash and cash equivalents	
Customer deposits	205,846
Debt service	637,450
Receivables (net)	
Accounts	701,798
Intergovernmental	422,456
	9,890,107
Noncurrent assets	
Capital assets	
Nondepreciable	1,962,855
Depreciable (net)	11,476,001
	13,438,856
	23,328,963
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	19,771
Deferred outflows of resources - pension	44,608
	64,379
LIABILITIES	
Current liabilities	
Accounts payable	76,968
Accrued salaries and payroll liabilities	40,255
Compensated absences payable	21,163
Unearned revenue	87,659
Notes payable	71,184
Liabilities payable from restricted assets	
Customer deposits payable	205,846
Accrued interest payable	7,335
Bonds payable	285,000
	795,410
Noncurrent liabilities	
Compensated absences payable	17,315
Net pension liability	119,843
Notes payable	1,796,923
Bonds payable	897,000
	2,831,081
	3,626,491
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	64,495
NET POSITION	
Net investment in capital assets	10,396,886
Restricted for debt service	630,115
Unrestricted	8,675,355
	19,702,356
	\$ 19,702,356

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2022

	Business-Type Activities
	Water and Sewer
OPERATING REVENUES	
Water charges	\$ 1,402,571
Sewer charges	2,100,112
Development charges	1,338,624
Miscellaneous	4,561
Total operating revenues	4,845,868
OPERATING EXPENSES	
Personal services	854,395
Costs of sales and services	1,268,400
Depreciation	480,856
Total operating expenses	2,603,651
Operating income (loss)	2,242,217
Non-operating revenues (expenses)	
Interest revenue	130
Interest expense	(53,013)
Total non-operating revenues (expenses)	(52,883)
Net income (loss) before transfers	2,189,334
Transfers	
Transfers in	192,402
Change in net position	2,381,736
Net position, July 1	17,320,620
Net position, June 30	\$ 19,702,356

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2022

	Business-Type Activities
	Water and Sewer
Cash flows from operating activities:	
Receipts from customers and users	\$ 4,855,018
Payments to suppliers	(1,896,964)
Payments to employees	(822,267)
Other receipts	4,561
	2,140,348
Cash flows from capital and related financing activities:	
Receipts from other funds	192,402
Acquisition of capital assets	(375,906)
Payment of capital related payables	(297,205)
Proceeds - notes payable	352,457
Principal payments - notes payable	(70,194)
Principal payments - bonds payable	(278,000)
Interest paid	(49,638)
	(526,084)
Net cash provided (used) by capital and related financing activities	
Cash flows from investing activities:	
Interest received	130
	130
Net increase in cash and cash equivalents	1,614,394
Cash and cash equivalents, July 1	7,151,459
	8,765,853
Cash and cash equivalents, June 30	\$ 8,765,853

CITY OF FLOWERY BRANCH, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2022

	<u>Business-Type Activities Water and Sewer</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,242,217
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	480,856
(Increase) decrease in accounts receivable	6,449
(Increase) decrease in deferred outflows of resources - pension	1,070
Increase (decrease) in accounts payable	(628,564)
Increase (decrease) in accrued salaries and payroll liabilities	40,255
Increase (decrease) in compensated absences payable	4,362
Increase (decrease) in customer deposits payable	7,262
Increase (decrease) in net pension liability	(78,054)
Increase (decrease) in deferred inflows of resources - pension	64,495
Total adjustments	(101,869)
Net cash provided (used) by operating activities	\$ 2,140,348
Cash and cash equivalents reconciliation	
Cash and cash equivalents	\$ 7,922,557
Cash and cash equivalents restricted for customer deposits	205,846
Cash and cash equivalents restricted for debt service	637,450
	\$ 8,765,853
Noncash investing and capital and related financing activities:	
Acquisition of capital assets through payables totaled \$11,634.	
Increase in notes payable through intergovernmental receivable totaled \$422,456.	

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Discretely Presented Component Unit

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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

Property taxes, sales taxes, franchise taxes, licenses, fines and forfeitures, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following major governmental funds:

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

The **American Rescue Plan Act Fund** accounts for the revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds.

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

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

The **Local Resource Fund** accounts for capital purchases as approved by the City Council.

The City reports the following major proprietary fund:

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

The City also reports the following fund types:

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

E. Receivables and Payables

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

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

F. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

G. Prepaid Items

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

H. Inventories

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

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts expended for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of amount. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets, continued

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

Assets	Useful Life in Years
Buildings and improvements	20-50
Public domain infrastructure	14-40
Machinery and equipment	5-20
Vehicles	5
Intangibles	10

J. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows of resources related to their defined benefit pension plan.

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

K. Compensated Absences

General leave for the City includes both vacation and compensatory time pay. Vacation leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued leave earned not to exceed the number of leave hours outlined in the employee policy manual.

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

L. Long-Term Obligations

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position

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

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

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

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

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

M. Fund Equity and Net Position, continued

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

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

N. Management Estimates

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

O. Interfund Transactions

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. Summary of Significant Accounting Policies (continued)

P. Budgets

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

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's investment policy follows the State of Georgia requirement that all deposits be federally insured or fully collateralized. At the end of the current fiscal year, the City had no uninsured or uncollateralized deposits. These deposits are collateralized with securities not held in the City's name. These deposits are held by the pledging financial institution's agent, the Georgia Bankers Association, in the State of Georgia Pledging Pool. The State of Georgia Pledging Pool is collateralized by securities within the pool at 111% of deposits.

Interest Rate Risk and Concentration of Credit Risk

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

Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

3. Deposit and Investment Risk (continued)

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

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

The Georgia Fund 1 is rated AAAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 43 days. At the end of the current fiscal year, the Authority's balance in Georgia Fund 1 was \$3,276,131.

4. Accounts Receivable

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

Primary Government:

Major Funds

General Fund	\$ 125,607
Water and Sewer Enterprise Fund	<u>701,798</u>
Total primary government	<u><u>\$ 827,405</u></u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

5. Intergovernmental Receivables

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

Primary Government:

Major Funds

General Fund	\$ 184,942
SPLOST Capital Projects Fund	307,386
Water and Sewer Enterprise Fund	<u>422,456</u>
Total primary government	<u><u>\$ 914,784</u></u>

6. Leases Receivable

In 1990, the City entered into a lease with a cell phone service provider to provide the tenant the right to a portion of real property. The lease was subsequently amended and provides for additional five-year terms through 2040. During the current fiscal year, the City entered into four leases with restaurant, retail, and professional services companies for the right to use buildings in the downtown area. The lease terms vary between 36 and 217 months and provide options for extensions. The lease to the cell phone service provider requires annual payments starting at \$28,000 with an annual escalation of 3%. Monthly payments on the other leases vary between \$1,854 and \$3,064 and provide for annual escalations. Leases receivable are measured as the present value of the future minimum rent payments expected to be received during the lease terms at imputed discount rates ranging between 1.39% and 2.70%. During the current fiscal year, the City recognized \$42,913 of lease revenue (reported as other revenue on the statement of revenues, expenditures, and changes in fund balances) and \$10,131 of interest revenue under the leases.

7. Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for the 2021 tax digest year, based upon the assessments as of January 1, 2021, were levied on June 17, 2021, billed on September 30, 2021, and due on December 31, 2021. FIFAs on delinquent tax accounts could be filed no earlier than January 1, 2022.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

8. Interfund Receivables and Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	<u>\$ 11,066</u>

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

9. Interfund Transfers

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

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Tax Allocation District	\$ 172,020
	Local Resources	1,129,186
American Rescue Plan Act	Water and Sewer	158,000
SPLOST	Water and Sewer	34,402
Nonmajor Governmental	General	<u>117,004</u>
		<u>\$ 1,610,612</u>

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

10. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Nondepreciable assets				
Land	\$ 1,667,364	\$ 0	\$ 0	\$ 1,667,364
Construction in progress	517,035	2,314,024	(122,071)	2,708,988
Total nondepreciable assets	<u>2,184,399</u>	<u>2,314,024</u>	<u>(122,071)</u>	<u>4,376,352</u>
Depreciable assets				
Buildings and improvements	5,227,480	28,447	0	5,255,927
Machinery and equipment	1,585,090	194,968	(108,054)	1,672,004
Infrastructure	13,641,849	122,071	0	13,763,920
Intangibles	105,440	0	0	105,440
Total depreciable assets	<u>20,559,859</u>	<u>345,486</u>	<u>(108,054)</u>	<u>20,797,291</u>
Accumulated depreciation				
Buildings and improvements	(547,983)	(107,781)	0	(655,764)
Machinery and equipment	(964,852)	(196,108)	108,054	(1,052,906)
Infrastructure	(2,347,329)	(348,933)	0	(2,696,262)
Intangibles	(18,452)	(10,544)	0	(28,996)
Total accumulated depreciation	<u>(3,878,616)</u>	<u>(663,366)</u>	<u>108,054</u>	<u>(4,433,928)</u>
Total depreciable assets, net	<u>16,681,243</u>	<u>(317,880)</u>	<u>0</u>	<u>16,363,363</u>
Governmental activities capital assets, net	<u>\$ 18,865,642</u>	<u>\$ 1,996,144</u>	<u>\$ (122,071)</u>	<u>\$ 20,739,715</u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

10. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 553,201	\$ 0	\$ 0	\$ 553,201
Construction in progress	1,145,901	387,540	(123,787)	1,409,654
Total non-depreciable assets	<u>1,699,102</u>	<u>387,540</u>	<u>(123,787)</u>	<u>1,962,855</u>
Depreciable assets				
Buildings and improvements	3,472,010	0	0	3,472,010
Machinery and equipment	6,109,157	96,125	(29,550)	6,175,732
Infrastructure	8,413,698	27,662	0	8,441,360
Intangibles	21,260	0	0	21,260
Total depreciable assets	<u>18,016,125</u>	<u>123,787</u>	<u>(29,550)</u>	<u>18,110,362</u>
Accumulated depreciation				
Buildings and improvements	(1,626,682)	(69,588)	0	(1,696,270)
Machinery and equipment	(2,518,144)	(175,088)	29,550	(2,663,682)
Infrastructure	(2,033,977)	(231,838)	0	(2,265,815)
Intangibles	(4,252)	(4,342)	0	(8,594)
Total accumulated depreciation	<u>(6,183,055)</u>	<u>(480,856)</u>	<u>29,550</u>	<u>(6,634,361)</u>
Total depreciable assets, net	<u>11,833,070</u>	<u>(357,069)</u>	<u>0</u>	<u>11,476,001</u>
Business-type activities capital assets, net	<u>\$ 13,532,172</u>	<u>\$ 30,471</u>	<u>\$ (123,787)</u>	<u>\$ 13,438,856</u>

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

Governmental activities	
General Government	\$ 169,083
Public Safety	128,308
Public Works	353,867
Culture and Recreation	10,755
Housing and Development	<u>1,353</u>
 Total depreciation expense for governmental activities	 <u>\$ 663,366</u>
 Business-type activities	
Water and Sewer	<u>\$ 480,856</u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

11. Long-Term Debt

Governmental Activities

Contracts Payable

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

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

Contracts payable currently outstanding mature as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 410,035	\$ 199,785	\$ 609,820
2024	496,666	191,745	688,411
2025	558,443	181,199	739,642
2026	575,370	168,897	744,267
2027	587,450	156,185	743,635
2028-2032	2,471,414	575,239	3,046,653
2033-2037	1,730,000	259,725	1,989,725
2038-2039	760,000	34,350	794,350
Totals	<u>\$ 7,589,378</u>	<u>\$ 1,767,125</u>	<u>\$ 9,356,503</u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

11. Long-Term Debt (continued)

Business-Type Activities

Revenue Bonds

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

Revenue bonds currently outstanding mature as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 285,000	\$ 23,044	\$ 308,044
2024	292,000	16,136	308,136
2025	299,000	9,062	308,062
2026	306,000	1,821	307,821
Totals	<u>\$ 1,182,000</u>	<u>\$ 50,063</u>	<u>\$ 1,232,063</u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

11. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings

In August 2014, the City entered into an agreement with the Georgia Environmental Finance Authority (GEFA) to borrow up to \$1,500,000 to finance the diversion of sewerage flows from the Cinnamon Cove complex to the City's existing wastewater treatment plant. The note bears an interest rate of 1.40% and requires monthly payments of \$7,169, with a maturity date of June 1, 2036. At the end of the current fiscal year, the note has a balance of \$1,093,194. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

In February 2021, the City entered into a note agreement with GEFA to borrow up to \$5,710,000 to finance the upgrade of the water distribution system and related appurtenances. At the end of the current fiscal year, the note has a balance of \$50,812 and is still in the draw down phase. Therefore, a future payment schedule has not been established. The note requires interest only payments until the earlier of October 1, 2024, the completion date, or the date that the loan is fully disbursed. The note bears an interest rate of 0.99%. The maturity schedule below does not include this note. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

11. Long-Term Debt (continued)

Business-Type Activities, continued

Notes from Direct Borrowings, continued

In April 2021, the City entered into a note agreement with GEFA to borrow up to \$23,300,000 to finance the upgrade of the water reclamation facility and related appurtenances. At the end of the current fiscal year, the note has a balance of \$724,101 and is still in the draw down phase. Therefore, a future payment schedule has not been established. The note requires interest only payments until the earlier of October 1, 2024, the completion date, or the date that the loan is fully disbursed. The note bears an interest rate of 1.04%. The maturity schedule below does not include this note. As security for the payments required to be made and the obligations required to be performed by the City, the City has pledged its full faith and credit and revenue-raising power (including its taxing power) for such payment and performance. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 71,184	\$ 14,849	\$ 86,033
2024	72,187	13,846	86,033
2025	73,204	12,829	86,033
2026	74,235	11,798	86,033
2027	75,281	10,752	86,033
2028-2032	392,619	37,545	430,164
2033-2036	334,484	9,647	344,131
Totals	<u>\$ 1,093,194</u>	<u>\$ 111,266</u>	<u>\$ 1,204,460</u>

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

12. Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Contracts payable	\$ 7,882,925	\$ 0	\$ (293,547)	\$ 7,589,378	\$ 410,035
Plus premiums	483,798	0	(27,256)	456,542	0
Total contracts payable	<u>8,366,723</u>	<u>0</u>	<u>(320,803)</u>	<u>8,045,920</u>	<u>410,035</u>
Compensated absences	<u>71,239</u>	<u>64,185</u>	<u>(64,115)</u>	<u>71,309</u>	<u>64,178</u>
Total governmental activities	<u><u>\$ 8,437,962</u></u>	<u><u>\$ 64,185</u></u>	<u><u>\$ (384,918)</u></u>	<u><u>\$ 8,117,229</u></u>	<u><u>\$ 474,213</u></u>
Business-type activities					
Revenue bonds payable	\$ 1,460,000	\$ 0	\$ (278,000)	\$ 1,182,000	\$ 285,000
Notes from direct borrowings	1,163,388	774,913	(70,194)	1,868,107	71,184
Compensated absences	<u>34,116</u>	<u>23,126</u>	<u>(18,764)</u>	<u>38,478</u>	<u>21,163</u>
Total business-type activities	<u><u>\$ 2,657,504</u></u>	<u><u>\$ 798,039</u></u>	<u><u>\$ (366,958)</u></u>	<u><u>\$ 3,088,585</u></u>	<u><u>\$ 377,347</u></u>

Contract and bond discounts/premiums are amortized over the life of the related debt. For governmental activities, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund. The total interest incurred and charged to expense for the current fiscal year was \$175,002 and \$53,013 for the governmental activities and business-type activities, respectively.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

13. Net Investment in Capital Assets

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Cost of capital assets	\$ 25,173,643	\$ 20,073,217
Accumulated depreciation	(4,433,928)	(6,634,361)
Book value	20,739,715	13,438,856
Deferred charge on refunding	0	19,771
Capital-related accounts payable	(560,620)	(11,634)
Retainages payable	(325,005)	0
Contracts payable	(8,045,920)	0
Notes payable	0	(1,868,107)
Bonds payable	0	(1,182,000)
Net investment in capital assets	<u>\$ 11,808,170</u>	<u>\$ 11,578,886</u>

14. Pension Plans

Defined Benefit Pension Plan

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

At January 1, 2022, the date of the most recent actuarial valuation, there were 55 participants consisting of the following:

Active participants	40	
Vested terminated participants	9	
Retired participants and beneficiaries	6	
Total number of participants	55	

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

Contributions. The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted an actuarial funding policy for the plan which meets the state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan, as adopted by the City Council, is to contribute an amount equal to or greater than the recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by the plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions to the plan for the current fiscal year totaled \$175,172, or 7.33% of covered payroll. Employees do not contribute to the plan.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At the end of the current year, the City reported a net pension liability of \$592,098. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. For the current year, the City recognized pension expense of \$145,227.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The components of the net pension liability are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2020	\$ 1,823,570	\$ 1,053,140	\$ 770,430
Changes for the year:			
Service cost	107,662	0	107,662
Interest	140,576	0	140,576
Differences between expected and actual experience	13,995	0	13,995
Contributions—employer	0	185,286	(185,286)
Net investment income	0	262,191	(262,191)
Benefit payments, including refunds of employee contributions	(50,226)	(50,226)	0
Administrative expense	0	(6,912)	6,912
Net changes	212,007	390,339	(178,332)
Balances at September 30, 2021	\$ 2,035,577	\$ 1,443,479	\$ 592,098

Plan fiduciary net position as a percentage of the total pension liability	70.91%
Covered payroll	\$ 1,843,692
Employer's net pension liability as a percentage of covered payroll	32.11%

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 131,379	\$ 0
Changes in participant fund allocation	29,268	(29,268)
Changes of assumptions	30,204	0
Differences between expected and actual experience	58,806	(25,361)
Net difference between projected and actual earnings on pension plan investments	0	(148,676)
Totals	\$ 249,657	\$ (203,305)

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

The \$131,379 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ (22,694)
2024	(20,449)
2025	(25,960)
2026	(19,922)
2027	1,999
Thereafter	1,999
Totals	<u><u>\$ (85,027)</u></u>

Actuarial Assumptions. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The methods and assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
Cash	0%	
Total	<u>100%</u>	

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

14. Pension Plans (continued)

Defined Benefit Pension Plan, continued

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

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.375%	\$ 893,274
Current discount rate	7.375%	592,098
1% increase	8.375%	345,025

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

Other Plans

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

15. Hotel/Motel Lodging Tax

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

Lodging tax receipts	\$ 208,009	
Disbursements for tourism	\$ 91,005	44% of tax receipts
Transfers to the General Fund	\$ 117,004	56% of tax receipts

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

16. Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the current fiscal year, the City paid \$10,406 in such dues. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the GMRC financial statements can be obtained from GMRC, 1310 West Ridge Road, Gainesville, GA 30501.

17. Risk Management

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

17. Risk Management (continued)

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

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

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

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

18. Commitments and Contingencies

Commitments

At the end of the current fiscal year, contractual commitments on uncompleted contracts were \$2,593,426.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

18. Commitments and Contingencies (continued)

Contingencies

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

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

19. New Accounting Pronouncements

The City implemented GASB Statement No. 87, *Leases*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2021. This statement had no effect on the net position of the City.

20. Changes in Beginning Balances

A prior period adjustment has been made to adjust the beginning balances of leases receivable and deferred inflows of resources - leases. This adjustment was required due to the implementation of GASB Statement No. 87, *Leases*. The adjustment did not change beginning net position.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2022
(Unaudited)

	Fiscal Year End						
	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service cost	\$ 107,662	\$ 131,652	\$ 116,634	\$ 95,013	\$ 125,621	\$ 118,625	\$ 0
Interest	140,576	128,011	105,116	88,504	68,903	56,385	0
Differences between expected and actual experience	13,995	(29,483)	63,146	21,459	(2,714)	(13,494)	0
Changes of assumptions	0	0	48,041	0	6,194	0	0
Changes of benefit terms	0	0	0	0	0	0	727,554
Benefit payments, including refunds of employee contributions	(50,226)	(21,398)	(6,120)	(4,079)	0	0	0
Net change in total pension liability	212,007	208,782	326,817	200,897	198,004	161,516	727,554
Total pension liability - beginning	1,823,570	1,614,788	1,287,971	1,087,074	889,070	727,554	0
Total pension liability - ending (a)	\$ 2,035,577	\$ 1,823,570	\$ 1,614,788	\$ 1,287,971	\$ 1,087,074	\$ 889,070	\$ 727,554
Plan fiduciary net position							
Contributions - employer	\$ 185,286	\$ 174,247	\$ 152,496	\$ 154,837	\$ 149,864	\$ 135,830	\$ 121,000
Net investment income	262,191	88,443	26,557	50,844	50,094	18,604	(4,794)
Benefit payments, including refunds of employee contributions	(50,226)	(21,398)	(6,120)	(4,079)	0	0	0
Administrative expense	(6,912)	(6,451)	(5,907)	(6,374)	(6,886)	(3,771)	(3,896)
Net change in plan fiduciary net position	390,339	234,841	167,026	195,228	193,072	150,663	112,310
Plan fiduciary net position - beginning	1,053,140	818,299	651,273	456,045	262,973	112,310	0
Plan fiduciary net position - ending (b)	\$ 1,443,479	\$ 1,053,140	\$ 818,299	\$ 651,273	\$ 456,045	\$ 262,973	\$ 112,310
Net pension liability - ending : (a) - (b)	\$ 592,098	\$ 770,430	\$ 796,489	\$ 636,698	\$ 631,029	\$ 626,097	\$ 615,244
Plan's fiduciary net position as a percentage of the total pension liability	70.91%	57.75%	50.68%	50.57%	41.95%	29.58%	15.44%
Covered payroll	\$ 1,324,494	\$ 1,638,190	\$ 2,031,478	\$ 1,639,971	\$ 1,521,906	\$ 1,618,606	\$ 1,566,019
Net pension liability as a percentage of covered payroll	44.70%	47.03%	39.21%	38.82%	41.46%	38.68%	39.29%

Note: Fiscal year 2016 was the first year of implementation. Therefore, years prior are not reported.

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
June 30, 2022
(Unaudited)

	Fiscal Year End						
	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 175,172	\$ 188,657	\$ 169,444	\$ 146,847	\$ 157,500	\$ 147,319	\$ 131,762
Contributions in relation to the actuarially determined contribution	<u>(175,172)</u>	<u>(188,657)</u>	<u>(188,656)</u>	<u>(146,847)</u>	<u>(157,500)</u>	<u>(147,319)</u>	<u>(132,000)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,212)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (238)</u>
Covered payroll	\$ 2,389,427	\$ 1,638,190	\$ 2,031,478	\$ 1,639,971	\$ 1,521,906	\$ 1,618,606	\$ 1,566,019
Contributions as a percentage of covered payroll	7.33%	11.52%	9.29%	8.95%	10.35%	9.10%	8.43%

Note: Fiscal year 2016 was the first year of implementation. Therefore, years prior are not reported.

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

1. Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 20 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

4. Changes of Assumptions

There were no changes in assumptions in the last two fiscal years.

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NONMAJOR GOVERNMENTAL FUNDS

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

Grant Fund – To account for grants received restricted for special purposes.

CITY OF FLOWERY BRANCH, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Grant</u>	<u>Hotel/Motel Tax</u>	
ASSETS			
Taxes receivable	\$ 0	\$ 19,761	\$ 19,761
Total assets	<u>\$ 0</u>	<u>\$ 19,761</u>	<u>\$ 19,761</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 0	\$ 8,645	\$ 8,645
Due to other funds	0	11,066	11,066
Total liabilities	<u>0</u>	<u>19,711</u>	<u>19,711</u>
Fund balances			
Restricted for tourism	<u>0</u>	<u>50</u>	<u>50</u>
Total fund balances	<u>0</u>	<u>50</u>	<u>50</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 19,761</u>	<u>\$ 19,761</u>

CITY OF FLOWERY BRANCH, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2022

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Grant</u>	<u>Hotel/Motel Tax</u>	
REVENUES			
Taxes	\$ 0	\$ 208,009	\$ 208,009
Intergovernmental	19,378	0	19,378
Total revenues	<u>19,378</u>	<u>208,009</u>	<u>227,387</u>
EXPENDITURES			
Current			
Public safety	17,225	0	17,225
Public works	2,153	0	2,153
Housing and development	0	91,005	91,005
Total expenditures	<u>19,378</u>	<u>91,005</u>	<u>110,383</u>
Excess (deficiency) of revenues over (under) expenditures	0	117,004	117,004
Other financing sources (uses)			
Transfers out	0	(117,004)	(117,004)
Net change in fund balances	0	0	0
Fund balances, July 1	0	50	50
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 50</u>

**CITY OF FLOWERY BRANCH, GEORGIA
GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 19,378	\$ 19,378	\$ 0
Total revenues	<u>19,378</u>	<u>19,378</u>	<u>0</u>
EXPENDITURES			
Current			
Public safety	17,225	17,225	0
Public works	<u>2,153</u>	<u>2,153</u>	<u>0</u>
Total expenditures	<u>19,378</u>	<u>19,378</u>	<u>0</u>
Net change in fund balances	0	0	0
Fund balances, July 1	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF FLOWERY BRANCH, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 195,000	\$ 208,009	\$ 13,009
Total revenues	<u>195,000</u>	<u>208,009</u>	<u>13,009</u>
EXPENDITURES			
Current			
Housing and development	92,000	91,005	995
Total expenditures	<u>92,000</u>	<u>91,005</u>	<u>995</u>
Excess (deficiency) of revenues over (under) expenditures	103,000	117,004	14,004
Other financing sources (uses)			
Transfers out	<u>(103,000)</u>	<u>(117,004)</u>	<u>(14,004)</u>
Net change in fund balances	0	0	0
Fund balances, July 1	<u>0</u>	<u>50</u>	<u>50</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 50</u>	<u>\$ 50</u>

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STATISTICAL SECTION

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

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

<u>Contents</u>	<u>Pages</u>
Financial Trends	74-80
<p>These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.</p>	
Revenue Capacity	81-86
<p>These tables/schedules contain information that may assist the reader in assessing the viability of the City’s most significant revenue sources.</p>	
Debt Capacity	87-90
<p>These tables/schedules present information designed to assist the reader in analyzing the affordability of the City’s current levels of outstanding debt, and the City’s ability to issue additional debit in the future.</p>	
Demographic and Economic Information	91-92
<p>These tables/schedule offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City’s financial activities take place.</p>	
Operating Information	93-95
<p>These tables/schedules contact service and infrastructure data to assist the reader in understanding how the information in the City’s financial report relates to the services the government provides and the activities it performs.</p>	

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

CITY OF FLOWERY BRANCH, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:										
Net investment in capital assets	\$ 11,808	\$ 5,290	(1) \$ 10,066	\$ 14,896	\$ 13,693	\$ 9,458	\$ 10,676	\$ 9,609	\$ 8,783	\$ 7,723
Restricted	6,245	7,335	(1) 910	80	35	2,682	726	45	544	607
Unrestricted	8,949	12,215	10,352	4,132	3,692	3,467	2,926	2,652	2,355	1,571
Total governmental activities net position	<u>\$ 27,002</u>	<u>\$ 24,840</u>	<u>\$ 21,328</u>	<u>\$ 19,108</u>	<u>\$ 17,419</u>	<u>\$ 15,606</u>	<u>\$ 14,328</u>	<u>\$ 12,306</u>	<u>\$ 11,682</u>	<u>\$ 9,901</u>
Business-type activities:										
Net investment in capital assets	\$ 10,397	\$ 10,883	\$ 9,826	\$ 8,727	\$ 7,961	\$ 7,626	\$ 7,047	\$ 5,972	\$ 6,203	\$ 6,281
Restricted	630	0	0	0	0	0	0	0	0	0
Unrestricted	8,675	6,438	4,809	2,745	2,925	2,577	2,048	2,291	1,177	1,086
Total business-type activities net position	<u>\$ 19,702</u>	<u>\$ 17,321</u>	<u>\$ 14,635</u>	<u>\$ 11,472</u>	<u>\$ 10,887</u>	<u>\$ 10,203</u>	<u>\$ 9,095</u>	<u>\$ 8,263</u>	<u>\$ 7,380</u>	<u>\$ 7,367</u>
Primary government:										
Net investment in capital assets	\$ 22,205	\$ 16,173	\$ 19,892	\$ 23,622	\$ 21,654	\$ 17,084	\$ 17,723	\$ 15,581	\$ 14,987	\$ 14,004
Restricted	6,875	7,335	910	80	35	2,682	726	45	544	607
Unrestricted	17,624	18,653	15,161	6,878	6,617	6,044	4,974	4,943	3,533	2,657
Total primary government net position	<u>\$ 46,704</u>	<u>\$ 42,161</u>	<u>\$ 35,963</u>	<u>\$ 30,580</u>	<u>\$ 28,306</u>	<u>\$ 25,809</u>	<u>\$ 23,423</u>	<u>\$ 20,569</u>	<u>\$ 19,063</u>	<u>\$ 17,268</u>

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

Note: Amounts rounded in thousands.

Source: Statement of Net Position

CITY OF FLOWERY BRANCH, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses										
Governmental activities:										
General Government	\$ 1,389	\$ 1,405	\$ 1,316	\$ 1,231	\$ 1,138	\$ 979	\$ 1,385	\$ 870	\$ 1,144	\$ 962
Judicial	155	166	144	173	134	147	122	135	118	102
Public Safety	1,695	1,485	1,411	1,247	1,147	1,079	941	956	891	895
Public Works	1,883	1,212	947	833	687	692	498	555	347	551
Health & Welfare (1)	29	0	0	0	0	0	0	0	14	17
Recreation & Culture (1)	158	28	34	39	37	32	34	26	0	0
Housing & Development	1,255	870	721	574	415	428	414	358	345	489
Interest on long-term debt	175	148	214	58	63	94	3	0	0	0
Total governmental activities expenses	<u>6,739</u>	<u>5,313</u>	<u>4,785</u>	<u>4,155</u>	<u>3,621</u>	<u>3,452</u>	<u>3,398</u>	<u>2,900</u>	<u>2,859</u>	<u>3,015</u>
Business-type activities:										
Water and Sewer	2,656	2,697	2,050	1,820	1,814	1,809	1,760	1,695	1,593	1,621
Total business-type activities expenses:	<u>2,656</u>	<u>2,697</u>	<u>2,050</u>	<u>1,820</u>	<u>1,814</u>	<u>1,809</u>	<u>1,760</u>	<u>1,695</u>	<u>1,593</u>	<u>1,621</u>
Total primary government expenses	<u>9,395</u>	<u>8,010</u>	<u>6,835</u>	<u>5,975</u>	<u>5,435</u>	<u>5,261</u>	<u>5,158</u>	<u>4,595</u>	<u>4,451</u>	<u>4,636</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	106	128	97	85	89	90	75	196	229	175
Judicial	0	387	268	489	399	374	322	273	343	465
Public Safety	314	19	21	21	19	19	17	0	0	0
Public Works	418	0	0	0	0	0	0	0	0	0
Health & Welfare (1)	0	0	0	0	0	0	0	0	0	0
Housing & Development	9	891	626	226	344	275	255	139	124	97
Recreation & Culture (1)	0	0	0	2	3	3	4	5	0	0
Operating grants and contributions	144	556	563	142	216	83	61	16	13	6
Capital grants and contributions	1,852	1,685	1,344	970	909	1,104	1,403	594	1,344	1,336
Total governmental activities program revenues	<u>2,843</u>	<u>3,664</u>	<u>2,918</u>	<u>1,934</u>	<u>1,979</u>	<u>1,948</u>	<u>2,138</u>	<u>1,223</u>	<u>2,053</u>	<u>2,079</u>
Business-type activities:										
Charges for services										
Water and Sewer	4,846	5,309	5,042	2,143	2,181	2,666	2,469	1,859	1,563	1,571
Total business-type activities program revenues	<u>4,846</u>	<u>5,309</u>	<u>5,042</u>	<u>2,143</u>	<u>2,181</u>	<u>2,666</u>	<u>2,469</u>	<u>1,859</u>	<u>1,563</u>	<u>1,571</u>
Total primary government program revenues	<u>7,689</u>	<u>8,973</u>	<u>7,961</u>	<u>4,077</u>	<u>4,160</u>	<u>4,614</u>	<u>4,606</u>	<u>3,082</u>	<u>3,617</u>	<u>3,650</u>
Net (expense) revenue:										
Governmental activities	(3,896)	(1,648)	(1,867)	(2,221)	(1,643)	(1,504)	(1,261)	(1,678)	(805)	(936)
Business-type activities	2,190	2,612	2,992	323	367	857	708	164	(30)	(50)
Total primary government net (expense) revenue	<u>\$ (1,706)</u>	<u>\$ 963</u>	<u>\$ 1,125</u>	<u>\$ (1,899)</u>	<u>\$ (1,276)</u>	<u>\$ (647)</u>	<u>\$ (552)</u>	<u>\$ (1,513)</u>	<u>\$ (835)</u>	<u>\$ (986)</u>

CITY OF FLOWERY BRANCH, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 2,668	\$ 2,107	\$ 1,778	\$ 1,558	\$ 1,282	\$ 1,109	\$ 1,039	\$ 1,044	\$ 873	\$ 715
Sales taxes	1,488	1,326	556	1,029	972	896	871	846	653	370
Franchise taxes	680	523	506	479	422	432	423	745	693	660
Excise taxes (2)	372	342	305	301	295	250	342	0	0	0
Business taxes	476	579	96	528	502	472	433	360	374	352
Hotel/Motel occupancy taxes (2)	208	138	1,081	136	139	127	121	0	0	0
Other taxes	210	102	97	105	91	69	95	0	0	0
Interest and investment earnings	23	17	18	8	9	12	6	5	2	3
Miscellaneous	100	77	52	81	41	8	67	0	0	0
Gain (loss) on sale of asset	25	10	(237)	(65)	10	5	0	11	0	0
Transfers	(192)	(61)	(166)	(250)	(306)	(597)	(116)	(710)	(9)	(5)
Total governmental activities	<u>6,058</u>	<u>5,160</u>	<u>4,087</u>	<u>3,910</u>	<u>3,456</u>	<u>2,782</u>	<u>3,282</u>	<u>2,301</u>	<u>2,586</u>	<u>2,094</u>
Business-type activities:										
Interest and investment earnings	0	0	1	4	10	10	8	7	8	9
Miscellaneous	0	12	4	9	0	0	0	1	26	16
Gain (loss) on sale of asset	0	0	0	0	0	597	0	0	0	0
Transfers	192	61	166	250	306	0	116	710	9	5
Total business-type activities	<u>192</u>	<u>74</u>	<u>171</u>	<u>263</u>	<u>317</u>	<u>607</u>	<u>124</u>	<u>718</u>	<u>43</u>	<u>30</u>
Total primary government net (expense) revenue	<u>6,250</u>	<u>5,235</u>	<u>4,257</u>	<u>4,173</u>	<u>3,772</u>	<u>3,389</u>	<u>3,406</u>	<u>3,019</u>	<u>2,629</u>	<u>2,124</u>
Change in Net Position										
Governmental activities	2,162	3,512	2,220	1,689	1,813	1,278	2,022	624	1,781	1,158
Business-type activities	2,382	2,686	3,163	585	684	1,464	832	882	14	(20)
Total primary government	<u>\$ 4,544</u>	<u>\$ 6,198</u>	<u>\$ 5,383</u>	<u>\$ 2,274</u>	<u>\$ 2,496</u>	<u>\$ 2,742</u>	<u>\$ 2,854</u>	<u>\$ 1,506</u>	<u>\$ 1,795</u>	<u>\$ 1,139</u>

(1) The Health and Welfare Department was reclassified to the Culture and Recreation function starting in FY 2015.

(2) Hotel/Motel and excise taxes were not reported separately prior to FY 2016.

Note: Amounts rounded in thousands.

Source: Statement of Activities

CITY OF FLOWERY BRANCH, GEORGIA

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

Fiscal Year	Property Taxes	Franchise Taxes	Sales Taxes	Hotel/Motel Occupancy Taxes (1)	Excise Taxes (1)	Business Taxes	Other Taxes	Total
2013	\$ 715	\$ 660	\$ 370	\$ 0	\$ 0	\$ 352	\$ 0	\$ 2,096
2014	873	693	653	0	0	374	0	2,593
2015	1,044	745	846	0	0	360	0	2,995
2016	1,039	423	871	121	342	433	95	3,325
2017	1,109	432	896	127	250	472	69	3,355
2018	1,282	422	972	139	295	502	91	3,703
2019	1,558	479	1,029	136	301	528	105	4,137
2020	1,778	506	1,081	96	305	556	97	4,419
2021	2,107	523	1,326	138	342	579	102	5,117
2022	2,668	680	1,488	208	372	476	210	6,102

(1) Hotel/Motel, excise taxes, and other taxes were not reported separately prior to FY 2016.

Note: Amounts rounded in thousands.

Source: Statement of Activities

CITY OF FLOWERY BRANCH, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund										
Nonspendable (1)										
Prepays	123	120	123	119	119	107	102	122	124	121
Lease Receivable	25	0	0	0	0	0	0	0	0	0
Restricted:										
Public Safety	104	32	25	34	43	39	32	8	0	0
Assigned	0	0	0	0	0	0	0	0	0	0
Unassigned	5,675	4,945	3,847	3,021	2,833	2,573	2,760	2,142	1,896	1,515
Total general fund	<u>\$ 5,927</u>	<u>\$ 5,097</u>	<u>\$ 3,995</u>	<u>\$ 3,173</u>	<u>\$ 2,995</u>	<u>\$ 2,720</u>	<u>\$ 2,895</u>	<u>\$ 2,272</u>	<u>\$ 2,020</u>	<u>\$ 1,635</u>
All Other Governmental Funds										
Nonspendable (1):										
Prepays	0	0	0	0	0	0	0	0	0	0
Restricted:										
Capital projects	2,890	1,940	885	53	0	2,438	558	37	543	607
Public safety	0	0	0	0	0	0	0	0	0	0
Housing & development	3,251	5,363	5,352	0	0	204	136	0	0	0
Tax allocation district	0	0	0	0	0	0	0	0	0	0
Tourism	0	0	0	0	0	0	0	0	0	0
Committed:										
Capital projects	2,697	2,422	1,833	1,481	1,573	1,202	459	274	423	0
Unassigned	0	0	(304)	(56)	(367)	0	0	(14)	(98)	(78)
Total all other governmental fun	<u>\$ 8,838</u>	<u>\$ 9,725</u>	<u>\$ 7,766</u>	<u>\$ 1,478</u>	<u>\$ 1,207</u>	<u>\$ 3,845</u>	<u>\$ 1,153</u>	<u>\$ 297</u>	<u>\$ 868</u>	<u>\$ 529</u>

(1) The City adopted GASB54 in FY 2011.

Note: Amounts rounded in thousands.

Source: Balance Sheet

CITY OF FLOWERY BRANCH, GEORGIA

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues										
Taxes (1)	\$ 6,098	\$ 5,005	\$ 4,320	\$ 4,124	\$ 3,691	\$ 3,351	\$ 3,325	\$ 3,018	\$ 2,629	\$ 2,169
Licenses and Permits	508	966	703	301	421	348	321	213	203	213
Fines and Forfeitures	292	395	277	478	422	354	331	283	348	404
Charges for Services	46	71	41	33	34	40	30	50	52	45
Intergovernmental	1,955	2,095	1,218	1,066	1,115	901	1,454	617	380	452
Interest Income	24	18	19	7	10	13	7	5	4	4
Contributions	41	247	357	45	8	7	10	16	1,012	895
Miscellaneous	100	65	52	81	41	47	67	30	25	10
Total Revenues	<u>9,064</u>	<u>8,861</u>	<u>6,988</u>	<u>6,135</u>	<u>5,743</u>	<u>5,061</u>	<u>5,545</u>	<u>4,232</u>	<u>4,653</u>	<u>4,192</u>
Expenditures										
Current:										
General Government	1,261	1,170	1,052	1,024	980	904	884	859	928	779
Judicial	162	170	150	176	143	150	129	136	118	100
Public Safety	1,610	1,472	1,378	1,261	1,164	1,060	954	903	909	886
Public Works	540	977	726	765	518	595	403	385	1,353	1,563
Health & Welfare (2)	0	0	0	0	0	0	0	0	14	17
Culture & Recreation (2)	176	28	34	125	37	32	13	22	0	0
Housing & Development	3,402	868	743	582	427	435	436	354	348	585
Capital Outlay	1,304	406	504	979	4,318	2,227	1,854	1,419	251	52
Debt Service:	498	697	551	525	223	550	3	0	0	0
Total Expenditures	<u>8,953</u>	<u>5,788</u>	<u>5,138</u>	<u>5,436</u>	<u>7,809</u>	<u>5,952</u>	<u>4,675</u>	<u>4,078</u>	<u>3,920</u>	<u>3,984</u>
Excess of revenues over (under) expenditures	<u>111</u>	<u>3,073</u>	<u>1,850</u>	<u>699</u>	<u>(2,067)</u>	<u>(891)</u>	<u>870</u>	<u>154</u>	<u>732</u>	<u>209</u>
Other Financing Sources (Uses)										
Proceeds from the issuance of debt	0	0	5,423	0	0	4,000	724	226	0	0
Insurance refunds and recoveries	0	14	0	0	0	0	0	0	0	0
Proceeds from the sale of assets	25	35	3	0	10	5	0	11	0	0
Transfers in	1,418	1,464	1,144	1,301	1,919	1,181	554	662	309	388
Transfers out	(1,611)	(1,526)	(1,310)	(1,551)	(2,225)	(1,778)	(670)	(1,372)	(318)	(393)
Total other financing sources (uses)	<u>(168)</u>	<u>(12)</u>	<u>5,260</u>	<u>(250)</u>	<u>(296)</u>	<u>3,408</u>	<u>609</u>	<u>(473)</u>	<u>(9)</u>	<u>(5)</u>
Net change in fund balances	<u>\$ (57)</u>	<u>\$ 3,060</u>	<u>\$ 7,110</u>	<u>\$ 449</u>	<u>\$ (2,363)</u>	<u>\$ 2,517</u>	<u>\$ 1,479</u>	<u>\$ (319)</u>	<u>\$ 723</u>	<u>\$ 204</u>
Debt service as a percentage of noncapital expenditures	6.5%	13.0%	11.9%	11.8%	6.4%	14.8%	0.1%	0.0%	0.0%	0.0%

(1) Hotel/Motel and excise taxes were not reported separately prior to FY 2016.

(2) The Health and Welfare Department was reclassified to the Culture and Recreation function starting in FY 2015.

Note: Amounts rounded in thousands.

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

CITY OF FLOWERY BRANCH, GEORGIA

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

Fiscal Year	Property Taxes	Franchise Taxes	Sales Taxes	Hotel/Motel Occupancy Taxes (1)	Excise Taxes (1)	Business Taxes (1)	Other Taxes	Total
2013	\$ 788	\$ 630	\$ 370	\$ 0	\$ 0	\$ 0	\$ 382	\$ 2,169
2014	812	693	653	0	0	0	471	2,629
2015	987	745	846	0	0	0	440	3,018
2016	1,040	423	871	121	342	433	95	3,325
2017	1,106	432	896	127	250	472	69	3,351
2018	1,270	422	972	139	295	502	91	3,691
2019	1,545	479	1,029	136	301	528	105	4,124
2020	1,777	506	1,081	96	305	556	0	4,320
2021	2,107	523	1,326	138	342	579	102	5,117
2022	2,664	680	1,488	208	372	476	210	6,098

(1) Hotel/Motel, excise taxes, and business taxes were not reported separately prior to FY 2016.

Note: Amounts rounded in thousands.

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

CITY OF FLOWERY BRANCH, GEORGIA

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

Fiscal Year	Real Property			Personal Property		Public Utility (1)	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Digest Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Motor Vehicles	Other						
2013	\$ 126,466	\$ 63,215	\$ 7,810	\$ 13,199	\$ 19,560	\$ 3,642	\$ 2,564	\$ 231,328	2.837	\$ 578,319	40%
2014	129,009	58,922	8,256	14,526	20,377	3,680	3,005	231,764	2.837	579,410	40%
2015	137,117	58,856	7,473	12,295	24,684	2,919	3,565	239,779	3.337	599,447	40%
2016	156,116	70,189	14,647	9,179	26,867	3,244	4,776	275,466	3.337	688,665	40%
2017	181,583	67,275	8,970	6,968	29,107	3,482	6,731	290,655	3.264	726,638	40%
2018	214,478	83,488	9,487	5,186	26,868	277	4,906	334,877	3.264	837,193	40%
2019	264,813	89,420	14,907	4,038	30,318	3,450	5,357	401,589	3.264	1,003,973	40%
2020	296,575	88,642	19,048	3,538	51,582	3,336	11,120	451,602	3.264	1,129,004	40%
2021	327,784	96,816	19,679	2,995	52,829	4,595	11,454	493,244	3.264	1,233,109	40%
2022	396,021	101,945	21,005	2,563	55,346	3,293	11,366	568,807	3.264	1,422,018	40%

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

Note: Amounts rounded in thousands.

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

CITY OF FLOWERY BRANCH, GEORGIA

**PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Flowery Branch (1)	Hall County					Total County Millage	Total School District Millage	State	Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Fire District Millage	Emergency Services Millage	Parks Millage				
2013	2.837	6.250	0.000	3.080	0.000	0.000	9.330	18.490	0.200	30.857
2014	2.837	6.250	0.000	3.080	0.000	0.000	9.330	19.250	0.150	31.567
2015	3.337	5.989	0.000	3.830	0.000	0.000	9.819	18.900	0.100	32.156
2016	3.337	5.735	0.000	4.080	0.000	0.000	9.815	18.800	0.050	32.002
2017	3.264	5.716	0.000	4.080	0.000	0.000	9.796	18.800	0.000	31.860
2018	3.264	6.700	0.000	4.080	0.000	0.000	10.780	18.500	0.000	32.544
2019	3.264	6.700	0.000	4.080	0.571	0.364	11.715	18.200	0.000	33.179
2020	3.264	5.098	0.000	4.080	0.571	0.364	10.113	17.550	0.000	30.927
2021	3.264	4.853	0.000	4.080	0.571	0.364	9.868	17.550	0.000	30.682
2022	3.264	4.636	0.000	4.080	0.571	0.364	9.651	16.485	0.000	29.400

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

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

CITY OF FLOWERY BRANCH, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2022 / Tax Year 2021			Fiscal Year 2013 / Tax Year 2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
VR Tree Park LTD Partnership	\$ 69,003,300	1	12.13 %	\$ -		- %
SKF USA, Inc	58,112,632	2	10.22 %	-		- %
Atlanta Falcons Football Club, LLC	35,226,670	3	6.19 %	18,011,059	2	7.79 %
Publix Supermarkets	15,862,688	4	2.79 %	-		- %
Home Depot USA Inc	13,557,316	5	2.38 %	-		- %
Vulcan Construction Materials, LLC	11,324,486	6	1.99 %	-		- %
DP 101, LLC	7,942,600	7	1.40 %	-		- %
Group Four Real Estate Investments, LLC	6,490,500	8	1.14 %	-		- %
Wrigley Manufacturing Company LLC	6,200,241	9	1.09 %	-		- %
Reconserve Inc Georgia 60	5,851,010	10	1.03 %	2,619,016	7	1.13 %
Tree Lake Associates	-		- %	27,616,937	1	11.94 %
Habersham Bank	-		- %	2,250,048	8	0.97 %
Bellsouth Telecom / AT&T Georgia	-		- %	3,151,223	6	1.36 %
Avery Products Corporation	-		- %	4,355,783	4	1.88 %
Georgia Marble Aggregates Corp	-		- %	2,166,374	9	0.94 %
Atlanta Falcons Football Club, LLC	-		- %	3,682,377	5	1.59 %
Flowery Branches SC, LLC	-		- %	7,848,598	3	3.39 %
Blue Circle Aggregates INC.	-		- %	2,138,795	10	0.92 %
Totals	<u>\$ 229,571,443</u>		<u>40.36 %</u>	<u>\$ 73,840,210</u>		<u>31.92 %</u>

Source: Finance Department

CITY OF FLOWERY BRANCH, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Period Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 751,405	\$ 713,030	94.89	\$ (18)	\$ 713,012	94.89
2012	690,691	666,526	96.50	150	666,676	96.52
2013	656,277	633,663	96.55	(28)	633,635	96.55
2014	657,515	617,467	93.91	5,242	622,709	94.71
2015	800,141	784,234	98.01	0	784,234	98.01
2016	919,230	863,031	93.89	1,637	864,668	94.06
2017	948,698	942,640	99.36	1,160	943,800	99.48
2018	1,093,040	1,095,909	100.26	(11,493)	1,084,416	99.21
2019	1,310,788	1,346,163	102.70	556	1,346,719	102.74
2020	1,474,028	1,452,995	98.6	22,047	1,475,042	100.1
2021	1,609,948	1,613,726	100.2	8,059	1,621,784	100.7
2022	1,856,586	1,851,264	99.7	N/A	1,851,264	99.7

(1) Negative collections can result from adjustments to the tax bills due to appeals. For 2011, 2013, and 2018, the amounts collected in the subsequent year did not exceed the amount of refunds issued due to appeals. Collections subsequent to 2022 are not yet available.

Source: Finance Department

CITY OF FLOWERY BRANCH, GEORGIA

WATER AND SEWER RATES

2022

Water			
Inside City Limits			
Residential		Multifamily (per unit)	
Volume (gallons)	Rate	Volume (gallons)	Rate
Base Charge	\$7.21 per month	Base Charge	\$7.21 per month
0-2,500	\$5.77 per 1000 gal	0-2,500	\$5.77 per 1000 gal
2,501-4,500	\$7.21 per 1000 gal	2,501-4,500	\$7.21 per 1000 gal
4,500 and above	\$11.54 per 1000 gal	4,500 and above	\$11.54 per 1000 gal

Sewer			
Inside City Limits			
Residential		Multifamily (per unit)	
Base Charge	All Volume	Base Charge	All Volume
\$7.21	\$9.20 per 1000 gal	\$7.21	\$7.47 per 1000 gal

Note: The City increased water and sewer rates by approximately 3% in January 2022.
Source: Water and Sewer Department

CITY OF FLOWERY BRANCH, GEORGIA

**PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

		WATER			
		Fiscal Year 2022		Fiscal Year 2013	
Customer	Type of Business	Total Billings	Percentage of System Revenues	Total Billings	Percentage of System Revenues
VR Tree Park LP	Residential	\$ 134,566	13.05 %	\$	
Gibson Flowery Branch SPE, LLC	Residential	36,134	3.50 %		
SHM Hideaway Bay LLC	Commercial	19,846	1.92 %		
Crest Flowery Branch Apartments (1)	Residential	24,285	2.36 %		
TRY-LA, Inc	Hotel	12,489	1.21 %		
Summit Lake HOA	Residential	5,427	0.53 %		
Coin Laundry Solutions, Inc	Laundromat	9,778	0.95 %		
City of Flowery Branch	Local Government	8,599	0.83 %		
Trailwest Village	Mobile Home Park	6,765	0.66 %		
David Pierce Family	Commercial	5,876	0.57 %		
Tree Park	Residential	-	-	99,044	0.53 %
Trailwest Village	Mobile Home Park	-	-	33,937	0.18 %
Try-La	Hotel	-	-	7,171	0.04 %
24/7 Laundry	Laundromat	-	-	5,476	0.03 %
David Pierce Family	Residential	-	-	3,246	0.02 %
David Pierce Family	Residential	-	-	3,264	0.02 %
MPB Properties	Commercial	-	-	1,797	0.01 %
Buford Housing	Residential	-	-	2,925	0.02 %
Nora Mejia	Residential	-	-	923	0.00 %
Larry Anderson	Residential	-	-	675	0.00 %
Totals		\$ 263,765	25.58 %	\$ 158,458	0.85 %

		SEWER			
		Fiscal Year 2022		Fiscal Year 2013	
Customer	Type of Business	Total Billings	Percentage of System Revenues	Total Billings	Percentage of System Revenues
VR Tree Park LP	Residential	\$ 155,129	7.25 %	\$	
Gibson Flowery Branch SPE, LLC	Residential	37,764	1.76 %		
Crest Flowery Branch Apartments	Residential	20,175	0.94 %		
TRY-LA, Inc	Hotel	11,263	0.53 %		
Coin Laundry Solutions, Inc.	Laundromat	8,887	0.42 %		
Buford Housing Authority	Re	4,647	0.22 %		
Deevik Properties LLC	Commercial	4,432	0.21 %		
City of Flowery Branch	Local Government	4,267	0.20 %		
Crest Flowery Branch Apartments	Residential	3,984	0.19 %		
David Pierce Family, LP	Residential	3,740	0.17 %		
Tree Park	Residential	-	-	117,228	0.20 %
David Pierce Family, LP	Commercial	-	-	64,437	0.11 %
Deevik Properties LLC	Nursing Home	-	-	39,763	0.07 %
Peerless Winsmith	Commercial	-	-	30,762	0.05 %
Atlanta Falcons	Commercial	-	-	29,515	0.05 %
Centro Properties	Commercial	-	-	14,565	0.02 %
Hall Co. Schools	School	-	-	11,084	0.02 %
Brinker Georgia	Restraurant	-	-	9,265	0.02 %
Try-La	Hotel	-	-	8,597	0.01 %
Publix	Supermarket	-	-	6,677	0.01 %
Totals		\$ 254,287	11.88 %	\$ 331,893	0.56 %

Source: Water and Sewer Department

CITY OF FLOWERY BRANCH, GEORGIA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Period Ended June 30,	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Contracts Payable	Unamortized Premium	Notes Payable	Revenue Bonds	Notes from Direct Borrowings			
2013	\$ 0	\$ 0	\$ 0	\$ 3,600,000	\$ 0	\$ 3,600,000	2.27	128.01
2014	0	0	0	3,385,000	0	3,385,000	2.02	117.76
2015	0	0	225,579	2,990,000	1,164,918	4,380,497	2.62	157.22
2016	0	0	950,000	2,757,000	1,500,000	5,207,000	3.05	189.41
2017	3,731,030	0	763,102	2,510,000	1,434,548	8,438,680	4.88	317.21
2018	3,731,030	0	574,666	2,257,000	1,368,175	7,930,871	3.86	262.30
2019	3,456,115	0	384,679	1,998,000	1,300,865	7,139,659	2.98	236.13
2020	8,170,125	545,203	193,128	1,732,000	1,232,607	11,873,063	4.95	392.68
2021	7,882,925	483,798	0	1,460,000	1,163,388	10,990,111	3.83	318.54
2022	7,589,378	456,542	0	1,182,000	1,868,107	11,096,027	2.74	277.73

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping general obligation debt:			
Hall County	\$ 13,303,971	5.29 %	\$ 704,124
Hall County Board of Education	\$ 170,303,303	8.66 %	\$ 14,746,641
Total overlapping debt	<u>\$ 183,607,274</u>		<u>\$ 15,450,765</u>
Direct debt:			
Contracts payable	\$ 7,589,378	100.00 %	7,589,378
Unamortized premium	456,542	100.00 %	456,542
Total direct debt	<u>\$ 8,045,920</u>		<u>\$ 8,045,920</u>
Total direct and overlapping debt	<u>\$ 191,653,194</u>		<u>\$ 23,496,685</u>

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

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

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

CITY OF FLOWERY BRANCH, GEORGIA

**LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 58,017,335	\$ 49,671,483	\$ 45,116,365	\$ 40,158,935	\$ 33,488,040	\$ 29,065,501	\$ 27,546,601	\$ 23,977,866	\$ 23,176,420	\$ 23,132,774
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 58,017,335</u>	<u>\$ 49,671,483</u>	<u>\$ 45,116,365</u>	<u>\$ 40,158,935</u>	<u>\$ 33,488,040</u>	<u>\$ 29,065,501</u>	<u>\$ 27,546,601</u>	<u>\$ 23,977,866</u>	<u>\$ 23,176,420</u>	<u>\$ 23,132,774</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Assessed value	\$ 568,807,123									
Add back: exempt real property	11,366,227									
Total assessed value	<u>\$ 580,173,350</u>									
Debt limit (10% of total assessed value)	58,017,335									
Debt applicable to limit:										
General obligation debt	0									
Less: Amount set aside for repayment of general obligation debt	<u>0</u>									
Total net debt applicable to limit	<u>0</u>									
Legal debt margin	<u>\$ 58,017,335</u>									

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

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

CITY OF FLOWERY BRANCH, GEORGIA

**PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Water and Sewer Revenue Bonds						Coverage
	Gross Revenue (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service			
				Principal	Interest		
2012	\$ 1,519	\$ 1,212	\$ 308	\$ 200	\$ 156	0.86	
2013	1,588	1,166	421	210	148	1.18	
2014	1,590	1,102	488	215	144	1.36	
2015	1,860	1,206	654	395 (3)	135	1.23	
2016	2,469	1,408	1,061	233	67	3.54	
2017	2,666	1,391	1,275	247	61	4.14	
2018	2,181	1,391	790	253	55	2.56	
2019	2,152	1,374	778	259	49	2.52	
2020	4,682	1,566	3,116	266	43	10.09	
2021	5,321	1,898	3,423	272	36	11.10	
2022	4,846	2,123	2,723	278	29	8.87	

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

(2) Total operating expenses exclusive of depreciation

(3) The City refunded Series 2004 bonds with the issuance of Series 2014 bonds

Note: Amounts rounded in thousands.

Source: Notes to the Financial Statements

CITY OF FLOWERY BRANCH, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (1)	Unemployment Rate (1)
2013	5,635	\$ 158,467	\$ 28,122	32.6	1,572	5.3
2014	5,829	167,549	28,744	33.2	1,700	5.3
2015	6,012	167,506	27,862	33.1	1,787	5.4
2016	6,216	170,878	27,490	34.5	1,897	5.0
2017	6,503	172,999	26,603	34.3	1,859	3.5
2018	6,801	205,635	30,236	35.3	1,928	2.6
2019	7,934	239,892	30,236	35.3	1,928	3.6
2020	7,934	239,892	30,236	35.3	1,928	3.6
2021	8,325	287,229	34,502	35.3	1,928	3.6
2022	10,144	405,283	39,953	38.4	1,859	3.5

(1) Source: US Census Bureau QuickFacts

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

CITY OF FLOWERY BRANCH, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2022			2013		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (3)	Rank	Percentage of Total City Employment (2)
SKF USA, Inc	291	1	5.11 %			0.00 %
Atlanta Falcons Football Club	216	2	3.79 %	127	1	3.02 %
Publix Super Market	119	3	2.09 %	87	2	2.07 %
The Home Depot	104	4	1.83 %	87	2	2.07 %
Target Store	98	5	1.72 %	78	4	1.86 %
Kohls Department Store	62	6	1.09 %	62	5	1.48 %
Contract Lumber Inc	56	7	0.98 %	14	10	0.33 %
Chick-fil-a	50	8	0.88 %	50	6	1.19 %
Chilli's Bar & Grille	43	9	0.76 %	31	7	0.74 %
Vulcan Materials	35	10	0.61 %	-	-	0.00 %
Reconserve of Georgia, Inc.	-		0.00 %	30	8	0.71 %
Crossroads Bar & Grille	-		0.00 %	24	9	0.57 %
Totals	1,074		18.86 %	590		14.05 %

(1) Source: 2022 individual employer's business license filings.

(2) Source: US Census Bureau QuickFact

(3) Source: 2013 individual employer's business license filings.

CITY OF FLOWERY BRANCH, GEORGIA

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

Function	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Legislative	6	6	6	6	6	6	6	6	6	6
Adminstration	2	2	2	2	2	2	2	2	2	2
Finance	3	2	2	2	2	2	2	2	2	2
Judicial	2	2	2	2	2	2	2	2	2	2
Public Safety	18	16	16	16	14	14	13	13	13	13
Public Works*	10	8	8	8	8	7	7	7	7	7
Planning and Community Development	4	3	3	3	3	3	3	3	3	3
Tourism	1	0	0	0	0	0	0	0	0	0
Water and Sewer*	13	10	10	7	7	7	7	7	7	7
Total	<u>59</u>	<u>49</u>	<u>49</u>	<u>46</u>	<u>44</u>	<u>43</u>	<u>42</u>	<u>42</u>	<u>42</u>	<u>42</u>

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

Source: City Annual Budget Document

CITY OF FLOWERY BRANCH, GEORGIA

**CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government										
City Hall Buildings	1	1	1	1	3	3	3	3	3	3
Other Municipal Buildings	2	2	2	2	2	2	2	2	2	2
Public Safety										
Patrol Units	24	27	26	24	19	19	17	17	17	17
Public Works										
Streets (miles)		82	39	38	38	37	N/A	N/A	N/A	N/A
Culture and Recreation										
Parks	2	2	2	2	1	1	1	1	1	1
Water/Wastewater (1)										
Miles of water mains	20	20	16	16	16	16	16	16	16	16
Maximum daily capacity (thousand gals.)	997	480	700	700	700	700	700	700	700	700
Miles of sanitary sewers	39	41	41	41	41	41	41	41	41	41
Miles of storm sewers	24	24	24	24	24	24	24	24	24	24

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

Source: Annual Financial Audit and various city departments

CITY OF FLOWERY BRANCH, GEORGIA

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Utility window customers	9,552	10,531	8,691	8,139	8,122	8,825	8,804	8,413	8,422	8,401
Judicial (1)										
Citations adjudicated	2,232	2,433	2,113	3,105	2,432	3,289	2,359	4,429	2,052	N/A
Bindovers	312	290	209	272	132	137	34	12	227	N/A
Warrants issued	123	97	29	100	68	98	79	104	125	N/A
Clients successfully completing probation	146	38	84	127	152	250	169	N/A	N/A	N/A
Public Safety (2)										
Arrests	404	376	340	355	235	287	287	220	304	N/A
Incidents	918	870	603	545	460	479	440	353	446	N/A
Incidents (field only)	3,113	2,679	2,356	2,346	1,750	1,900	648	N/A	N/A	N/A
Accidents	380	295	257	307	321	304	278	282	234	N/A
Calls for service	4,190	3,592	3,110	3,212	2,878	2,634	2,791	2,691	2,472	N/A
Calls for service (back up calls only)	4,053	3,962	3,481	2,874	2,414	2,597	1,231	N/A	N/A	N/A
Officer initiated traffic calls	5,230	5,103	3,098	3,967	3,123	3,380	2,769	2,950	3,876	N/A
Extra Patrols / Business Checks	18,385	29,639	18,259	11,705	5,755	6,691	7,615	7,780	3,538	N/A
Citations processed	1,940	2,523	2,290	3,458	3,753	3,301	2,574	2,488	3,296	N/A
Warning tickets issued	4,135	3,555	1,747	1,825	1,475	1,260	933	1,006	1,493	N/A
Police vehicle miles	188,581	194,510	194,189	186,851	176,473	187,258	163,147	149,699	189,030	N/A
Public Works (3)										
Work orders completed	1,286	1,675	1,928	725	765	764	673	781	N/A	N/A
Pavement repairs	96	82	110	145	N/A	N/A	N/A	N/A	N/A	N/A
Utility locates	2,630	2,846	2,483	1,916	1,173	2,442	2,662	1,694	N/A	N/A
Street signs replaced	81	86	80	95	50	N/A	N/A	N/A	N/A	N/A
Meters replaced or installed	93	305	139	59	N/A	N/A	N/A	N/A	N/A	N/A
Streets (miles)	55	52	38	38	38	N/A	N/A	N/A	N/A	N/A
Culture and Recreation										
Parks acres maintained	5,917	5,917	5,917	5,917	5,917	5,706	5,706	5,706	5,706	5,706
Community Development										
Residential Building Permits issued	390	496	391	259	245	347	228	201	171	119
Building inspections completed	3,490	2,362	329	1,345	1,113	1,293	941	599	531	427
Soil & erosion inspections completed	13,804	9,538	4,146	1,939	2,744	2,434	535	78	126	281
Code enforcement	157	193	195	132	35	42	13	6	32	36
New business license inspections	54	62	46	49	51	61	28	23	12	16
Certificate of occupancies issued	537	493	278	484	216	240	168	118	139	77
Water/Wastewater (4)										
New water lines installed (in linear feet)*	-	6,412	4,457	9,786	N/A	N/A	N/A	N/A	N/A	N/A
Water cutoffs*	277	290	482	455	244	233	245	250	234	169
Drinking water distributed (million gallons)	123	103	89	87	81	85	79	87	83	83
Average daily consumption (gallons)	336,698	284,777	241,061	239,000	285,385	261,578	N/A	N/A	N/A	N/A
Maximum daily consumption (thousand gallons)	997,000	480,000	433,910	430,200	513,693	470,840	N/A	N/A	N/A	N/A
Wastewater treated (million gallons)	302	234	210	211	208	176	172	166	165	157
Average daily treatment (gallons)	827,397	641,897	574,132	579,000	562,000	569,000	458,000	472,000	456,000	453,000
Residential water customers	1,787	1,492	1,492	1,391	1,590	1,583	1,459	1,464	1,404	1,335
Commercial water customers	87	92	92	77	84	81	75	72	80	73
Water mains (miles)*	20	20	16	16	16	16	16	16	16	16
Storm sewers (miles)*	24	24	24	24	24	24	24	24	24	24
Sanitary sewers (miles)*	39	41	41	41	41	41	41	41	41	41

(1) Municipal data is not available prior to 2014.

(2) Public Safety data is not available prior to 2014.

(3) Some data for Public Works not available. Moving forward this data will be tracked using new maintenance software.

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

* Maintained by the Public Works department.

Source: Various City Departments.

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OTHER REPORTING SECTION

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SINGLE AUDIT SECTION

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Flowery Branch, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Flowery Branch, Georgia’s basic financial statements and have issued our report thereon dated November 25, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Flowery Branch, Georgia's Response to Finding

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

Purpose of This Report

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

Rushton, LLC

Gainesville, Georgia
November 25, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Rushton, LLC

Gainesville, Georgia
November 25, 2022

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2022

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Number</u>	<u>Expenditures</u>
<u>Department of the Treasury</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 165,020
Passed through the Georgia Governor's Office of Planning and Budget: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	10219PS	<u>19,377</u>
Total Department of the Treasury			<u>184,397</u>
<u>Department of Homeland Security</u>			
<u>Clean Water State Revolving Fund Cluster</u>			
Passed through the Georgia Environmental Finance Authority: Capitalization Grants for Clean Water State Revolving Funds	66.458	CW2020010	724,101
<u>Drinking Water State Revolving Fund Cluster</u>			
Passed through the Georgia Environmental Finance Authority: Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2020020	<u>50,812</u>
Total Department of Homeland Security			<u>774,913</u>
Total Federal Awards			<u><u>\$ 959,310</u></u>

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

CITY OF FLOWERY BRANCH, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Flowery Branch, Georgia, under programs for the federal government for the fiscal year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

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

3. De Minimis Indirect Cost Rate

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

4. Payments to Subrecipients

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

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2022

1. Summary of the Auditor's Results

A. Financial Statements

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

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
<u>Clean Water State Revolving Fund Cluster</u>	
66.458 Capitalization Grants for Clean Water State Revolving Funds	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2022

2. Financial Statement Findings and Responses

A. Current Year Audit Findings

2022-001

Condition: While performing audit procedures on traffic citations, we noted employees are able to manually change fine amounts in the receipting software without review. The judge is not reviewing and signing off on citations that are not contested. Citations that are not contested are collected, posted to account, and sent to the Solicitor to close out the violation.

Criteria: Effective internal control requires that adequate segregation of duties.

Effect: Failure to maintain adequate segregation of duties subjects the assets of the City to greater risk of misappropriation.

Cause: Employees are able to change fine amounts on traffic citations without review and approval.

Recommendation: The judge, or someone other than the employees receipting transactions, should review all citations and sign off evidencing approval. A report showing all changes to fine amounts should also be printed, reviewed, and signed off on a regular basis.

Management Response: Management concurs with this finding. A process has been implemented to provide adequate review and approval of traffic citations. An audit report is printed, reviewed, and signed off on a monthly basis. This action was taken immediately upon receipt of the comment from our auditor.

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

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

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STATE REPORTING SECTION

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CITY OF FLOWERY BRANCH, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2022

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
SPLOST VII					
Sewer system facilities	\$ 1,308,000	\$ 1,308,000	\$ 1,300,136	\$ 34,402	\$ 1,334,538
Police vehicles and equipment	231,000	231,000	515,893	0	515,893
Roads and sidewalks	1,113,935	1,113,935	631,933	44,181	676,114
Administrative buildings	1,616,652	1,616,652	6,640,309	0	6,640,309
Total	<u>\$ 4,269,587</u>	<u>\$ 4,269,587</u>	<u>\$ 9,088,271</u>	<u>\$ 78,583</u>	<u>\$ 9,166,854</u>
SPLOST VIII					
Roads, streets, bridges, sidewalks	\$ 5,718,230	\$ 5,718,230	\$ 0	\$ 576,997	\$ 576,997
Parks and leisure facilities, land, and equipment	415,000	415,000	0	0	0
Public safety vehicles and equipment	276,000	276,000	41,305	44,200	85,505
Public works facilities, land, vehicles, and equipment	383,384	383,384	0	37,493	37,493
Total	<u>\$ 6,792,614</u>	<u>\$ 6,792,614</u>	<u>\$ 41,305</u>	<u>\$ 658,690</u>	<u>\$ 699,995</u>

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



FLOWERY
BRANCH

