

**CITY OF DACULA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13
Reconciliation to the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to the Financial Statements	15-28
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	29
Notes to Required Supplementary Pension Information	30
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) to Actual	31-32
Notes to Required Supplementary Information	33
SUPPLEMENTAL INFORMATION	
Schedule of Project Expenditures with Special Purpose Local Options Sales Tax Revenue	34
Community Development Block Grant Project Cost Schedule	35
COMPLIANCE AND INTERNAL CONTROL REPORT	
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 <i>Government Auditing Standards</i>	36-37
Status of Prior Audit Findings	38
Schedule of Current Audit Findings and Responses	38



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Dacula, Georgia

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Dacula, Georgia as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Dacula, Georgia, as of December 31, 2020, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in the Net Pension Liability and Related Ratios, and Budget to Actual Reports as listed in the table of contents, should 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 inquires 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 procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Dacula, Georgia's basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of projects constructed with special sales tax proceeds, community development block grant project cost and other schedules included in the other supplementary information as describe in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These statements and schedules have 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2021 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
April 8, 2021

CITY OF DACULA, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Dacula, Georgia we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Dacula, Georgia for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with their review of the financial statements.

Financial Highlights

- The assets of the City of Dacula, Georgia exceeded its liabilities at December 31, 2020 by \$24,992,567. Of this amount, unrestricted net position of \$7,957,202 may be used to meet the government's ongoing obligations to citizens and creditors. The total net position increased by \$2,767,879.
- As of the close of the current fiscal year, the City of Dacula, Georgia's governmental funds reported combined ending fund balances of \$12,934,213, an increase of \$1,352,089 in comparison with the prior year. Of this amount, \$26,684 is non-spendable, \$4,649,969 is restricted for capital projects, and \$8,257,560 is unassigned. The unassigned amount of \$8,257,560 consists of various assets netted against their respective liabilities. See the attached Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position for additional detail.

Overview of the financial statements

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Dacula, Georgia include general government, public safety and courts, highways and streets, parks and recreation, community development, economic development, and code enforcement.

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains one major governmental fund. The City's major governmental fund is the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for this major fund.

The City of Dacula, Georgia adopts an annual budget for all of its governmental funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance for the year ended December 31, 2020 budget. An appropriate budget for the non-major funds and a project length budget for the SPLOST Capital Projects Fund have been adopted by the City and are presented in the individual fund financial statements.

CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

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.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of individual fund financial statements.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dacula, Georgia, assets exceeded liabilities by \$24,992,567 at the close of the most recent fiscal year.

A portion of the City's net position (50%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt that is still outstanding used to acquire those assets. The City uses these 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.

City of Dacula, Georgia's Net Position

	Governmental Activities		
	2020	2019	Change
Current and other assets	\$ 13,204,217	\$ 11,698,264	\$ 1,505,953
Capital assets	12,385,396	10,942,665	1,442,731
Total assets	25,589,613	22,640,929	2,948,684
Deferred Outflows of Resources	373,845	95,517	278,328
Total assets and deferred outflows	\$ 25,963,458	\$ 22,736,446	\$ 3,227,012
Current liabilities	\$ 259,158	\$ 115,336	\$ 143,822
Long-term liabilities	711,733	396,085	315,648
Total liabilities	970,891	511,421	459,470
Deferred Inflows of Resources	-	337	(337)
Net position			
Net investment in capital assets	12,385,396	10,942,665	1,442,731
Restricted	4,649,969	4,693,932	(43,963)
Unrestricted	7,957,202	6,588,091	1,369,111
Total net position	24,992,567	22,224,688	2,767,879
Total liabilities, net position, and deferred inflows	\$ 25,963,458	\$ 22,736,446	\$ 3,227,012

CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Current and other assets increased by \$1,505,953 or 12.87% due to an increase in cash and cash equivalents. Capital Assets increased by \$1,442,731 or 13.18% due to the addition of land from an endowment made by a former mayor, increases in equipment, infrastructure and playground improvements.

Current liabilities increased by \$143,822 or 124.7% due to increases in accounts payable from timing at year-end. Noncurrent liabilities increased by \$315,648 or 79.6% due to an increase in Net Pension Liability for the year. Details of this liability can be found in the accompanying Notes to the Financial Statements.

Total Net Position increased by \$2,767,879 or 12.45%. A portion of the net position (\$4,649,969) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$7,957,202) may be used to meet the government's ongoing obligations to citizens and creditors.

Additionally, the consolidated totals have the interfunds receivables and payables eliminated from the current assets and from the current liabilities.

**CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

City of Dacula, Georgia's Change in Net Position

	Governmental Activities	
	2020	2019
Revenue:		
Program Revenues -		
Grants & contributions	\$ 1,825,093	\$ 4,779,566
General Revenues -		
Property taxes	1,227,139	1,053,580
Franchise tax	408,208	418,352
Beer & wine tax	273,239	238,598
Insurance premium tax	359,485	340,755
Motor vehicle tax	220,677	153,814
Other taxes	158,292	73,249
Fees, Fines, and Charges for Services	284,035	313,907
Interest	9,601	8,140
Other	226,248	11,853
Total Revenues	4,992,017	7,391,814
Expenses:		
General government	1,143,986	1,444,885
Parks and recreation	28,825	-
Streets	863,062	487,057
Total Expenses	2,035,873	1,931,942
(Decrease) increase in net position before transfers	2,956,144	5,459,872
Transfers/Prior Period Adjustment	(188,265)	(163,219)
(Decrease) increase in net position	2,767,879	5,296,653
Net position - beginning of period	22,224,688	16,928,035
Net position - end of period	\$ 24,992,567	\$ 22,224,688

Financial Analysis

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

Governmental funds. The focus of the City of Dacula, Georgia'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 of Dacula, Georgia's financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

As of the end of the current year, the City's governmental funds reported combined ending net position balances of \$24,992,567, an increase of \$2,767,879 in comparison with the prior year. Of this amount, the City has an *unassigned fund balance* of \$8,257,560.

Capital assets and debt administration

Capital assets. The City's Capital Assets as of December 31, 2020 amounts to \$12,385,396 (net of accumulated depreciation). This amount includes land, buildings, vehicles, equipment, and infrastructure.

City of Dacula, Georgia		Capital Assets	
	2020		2019
Land & land improvements	\$ 2,690,060	\$	2,183,060
Infrastructure	9,441,401		6,562,193
Buildings	2,065,815		1,644,553
Vehicles	276,024		245,147
Furniture & equipment	557,554		548,577
Construction in Process	-		2,025,217
Less accumulated depreciation	(2,645,458)		(2,266,082)
Net	\$ 12,385,396	\$	10,942,665

Additional information on the City of Dacula, Georgia's capital assets can be found in accompanying Notes to the Financial Statements.

Long-term debt. At the end of the current year, the City had no outstanding debt.

General Fund Budgetary Highlights and Analysis. The City of Dacula adopted a 2020 budget for the general fund of \$2,901,285. This was later revised to a budget of \$3,499,730 due to increased grants and COVID funds. The actual revenue for the year ended December 31, 2020, was \$3,816,476 which was \$355,443 or 10% more than the budgeted amount. The largest increases were in property tax, motor vehicle tax and municipal fines.

Requests for Information+

This financial report is designed to provide a general overview of the City of Dacula, Georgia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Dacula, Georgia
PO Box 400
Dacula, GA 30019

CITY OF DACULA, GEORGIA
Dacula, Georgia

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF DACULA, GEORGIA
STATEMENT OF NET POSITION
December 31, 2020

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 13,020,905	\$ 832,196	\$ 13,853,101
Receivables			
Property Taxes	58,731	-	58,731
Sanitation	97,897	19,483	117,380
Due from other governments	-	-	-
Prepaid items	26,684	-	26,684
Interfund receivables	-	-	-
Capital assets, not being depreciation	1,736,485	-	1,736,485
Capital assets, net of accumulated depreciation	10,648,911	53,897	10,702,808
Total Assets	25,589,613	905,576	26,495,189
Deferred outflows			
Deferred pension outflows	373,845	73,873	447,718
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 25,963,458	\$ 979,449	\$ 26,942,907
Liabilities			
Accounts payable	\$ 250,046	\$ 31,246	\$ 281,292
Accrued expenses	5,624	331	5,955
Compensated absences	3,488	-	3,488
Net pension liability	711,733	140,642	852,375
Total Liabilities	970,891	172,219	1,143,110
Deferred inflows			
Deferred pension inflows	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	970,891	172,219	1,143,110
Net Position			
Net investment in capital assets	12,385,396	53,897	12,439,293
Restricted for capital projects	4,649,969	-	4,649,969
Unrestricted	7,957,202	753,333	8,710,535
Total Net Position	\$ 24,992,567	\$ 807,230	\$ 25,799,797
TOTAL LIABILITIES AND NET POSITION	\$ 25,963,458	\$ 979,449	\$ 26,942,907

**CITY OF DACULA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Change</u>	
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Activities</u>
Primary Government:						
Governmental activities:						
General government	\$ 1,143,986	\$ 284,035	\$ 161,303	\$ 494,606	\$ (204,042)	\$ -
Parks and recreation	28,825	-	-	150,000	121,175	-
Streets	863,062	-	-	1,019,184	156,122	-
Total governmental activities	<u>2,035,873</u>	<u>284,035</u>	<u>161,303</u>	<u>1,663,790</u>	<u>73,255</u>	<u>-</u>
Business-type Activities						
Sanitation	<u>598,568</u>	<u>471,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,367)</u>
Total business-type activities	<u>598,568</u>	<u>471,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,367)</u>
Total Primary Government	<u>\$ 2,634,441</u>	<u>\$ 755,236</u>	<u>\$ 161,303</u>	<u>\$ 1,663,790</u>	<u>73,255</u>	<u>(127,367)</u>
General revenues:						
Taxes						
Property tax				1,227,139		-
Motor vehicle tax				220,677		-
Franchise tax				408,208		-
Beer and wine tax				273,239		-
Insurance premium tax				359,485		-
Other tax				158,292		-
Investment income				9,601		446
Other income				226,248		-
Transfers				<u>(188,265)</u>		<u>188,265</u>
Total general revenues				2,694,624		188,711
Change in net position				2,767,879		61,344
Net position - Beginning				<u>22,224,688</u>		<u>745,886</u>
Net position - Ending				<u>\$ 24,992,567</u>		<u>\$ 807,230</u>

**CITY OF DACULA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

	General Fund	SPLOST Fund	Capital Projects Fund	Total
Assets				
Cash and cash equivalents	\$ 8,234,833	\$ 2,913,749	\$ 1,872,323	\$ 13,020,905
Receivables				
Property Taxes	58,731	-	-	58,731
Due from other governments	-	97,897	-	97,897
Prepaid items	26,684	-	-	26,684
	<u>8,320,248</u>	<u>3,011,646</u>	<u>1,872,323</u>	<u>13,204,217</u>
Total Assets	\$ 8,320,248	\$ 3,011,646	\$ 1,872,323	\$ 13,204,217
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 16,046	\$ 234,000	\$ -	\$ 250,046
Accrued expenses	5,624	-	-	5,624
Payroll liabilities	-	-	-	-
	<u>21,670</u>	<u>234,000</u>	<u>-</u>	<u>255,670</u>
Total Liabilities	21,670	234,000	-	255,670
Deferred Inflows of Resources				
Unavailable revenue - property taxes	14,334	-	-	14,334
	<u>14,334</u>	<u>-</u>	<u>-</u>	<u>14,334</u>
Total Liabilities and Deferred Inflows	36,004	234,000	-	270,004
Fund Balances:				
Non-spendable prepaid items	26,684	-	-	26,684
Restricted for:				
Capital projects	-	2,777,646	1,872,323	4,649,969
Unassigned	8,257,560	-	-	8,257,560
	<u>8,284,244</u>	<u>2,777,646</u>	<u>1,872,323</u>	<u>12,934,213</u>
Total Fund Balances	8,284,244	2,777,646	1,872,323	12,934,213
Total Liabilities and Fund Balances	\$ 8,320,248	\$ 3,011,646	\$ 1,872,323	\$ 13,204,217

**CITY OF DACULA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Amounts reported for governmental activities in the statement of Net Position are different due to:

Total fund balances - total governmental funds	\$	12,934,213
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		12,385,396
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds.		14,334
Deferred inflows and outflows related to the net pension obligation are not a current asset or liability:		373,845
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2020 are:		
Compensated absences		(3,488)
Net pension liability		(711,733)
		(715,221)
Net position of governmental activities	\$	24,992,567

CITY OF DACULA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	SPLOST Fund	Capital Projects Fund	Total
Revenues				
Taxes	\$ 2,647,040	\$ -	\$ -	\$ 2,647,040
Licenses, permits, and fees	284,035	-	-	284,035
Intergovernmental	855,909	1,019,184	-	1,875,093
Contributions and donations	-	-	150,000	150,000
Investment income	3,244	4,034	2,323	9,601
Other revenue	26,248	-	-	26,248
Total Revenues	<u>3,816,476</u>	<u>1,023,218</u>	<u>152,323</u>	<u>4,992,017</u>
Expenditures				
Current Operations:				
General government	1,355,856	-	-	1,355,856
Parks & Recreation	13,751	-	481,645	495,396
Streets	862,552	737,859	-	1,600,411
Total Expenditures	<u>2,232,159</u>	<u>737,859</u>	<u>481,645</u>	<u>3,451,663</u>
Excess/(Deficiency) of revenues over expenditures	<u>1,584,317</u>	<u>285,359</u>	<u>(329,322)</u>	<u>1,540,354</u>
Other financing sources (uses)				
Transfers	<u>(188,265)</u>	<u>-</u>	<u>-</u>	<u>(188,265)</u>
Net change in fund balance	1,396,052	285,359	(329,322)	1,352,089
Fund balance - December 31, 2019	<u>6,888,192</u>	<u>2,492,287</u>	<u>2,201,645</u>	<u>11,582,124</u>
Fund balance - December 31, 2020	<u>\$ 8,284,244</u>	<u>\$ 2,777,646</u>	<u>\$ 1,872,323</u>	<u>\$ 12,934,213</u>

**CITY OF DACULA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Amounts reported for governmental activities in the statement of activities is different due to:

Net changes in fund balances - total government funds	\$	1,352,089
<p>Some of the City's taxes reported as revenues in the funds when the resources are measurable and available. Property taxes are reported as revenues in the Statement of Activities when they represent a legally enforceable claim.</p>		
		(5,990)
<p>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.</p>		
Capital outlays		1,822,107
Depreciation		(379,374)
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.</p>		
Net pension obligation and related deferred items		(36,983)
Compensated absences		16,030
		16,030
Change in net position of governmental activities	\$	2,767,879

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the City of Dacula, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. Organization:

The City was incorporated under the laws of the State of Georgia and operates under a mayor-council form of government. The City provides the following services as authorized by its charter: general government (legislative, elections, financial administration, and general government buildings and plant); public safety (police and fire) and public works (highways and streets, sanitation and wastewater, water and solid waste). As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government).

3. Reporting Entity:

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*. Based on GASB criteria, the City has no entities that qualify as discretely presented or blended component units.

4. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The City first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

4. Basis of Presentation, Basis of Accounting and Measurement Focus: (Cont'd)

Fiduciary funds and component units that are fiduciary in nature are not reported in the government-wide financial statements. The City does not report any fiduciary funds or component units.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating reserves, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

- *General Fund* – This 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.
- *SPLOST Capital Projects Fund* – This fund is for SPLOST activities. It accounts for all financial resources of SPLOST projects such as roads, bridges, and recreational facilities.
- *Capital Projects Fund* – This fund accounts for all financial resources of donations received from former Mayor James Wilbanks as stated in his Last Will and Testament.

The City reports the following major enterprise funds:

- *Sanitation Fund* – This fund accounts for the provision of sanitation services to the businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operation, financing and related debt services, and billing and collections.

Measurement Focus, Basis of Accounting:

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions are transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange. Non-exchange transactions include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

4. Basis of Presentation, Basis of Accounting and Measurement Focus: (Cont'd)

The proprietary fund activities statements are divided into operating and non-operation sections. Operating revenues and expenses are the result of activities that are integral to the purpose of the proprietary fund. Non-operating revenues and expenses are the results of activities that are related to the proprietary funds but are not integral to the purpose of the fund, such as interest revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City complies with Governmental Accounting Standards Board (“GASB”) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB’s). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

5. Cash, Cash Equivalents, and Investments:

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

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the “Change in fair market value of investments” in the Statement of Revenues, Expenditures and Changes in Fund Balance.

6. Inventory:

Materials purchased during the year are shown as expenditures when acquired and are not inventoried at year end due to lack of materiality.

7. Restricted Assets:

There was no outstanding debt at December 31, 2020 that required assets to be maintained.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

8. Prepaid Items:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

9. Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as Assets with an estimated useful life in excess of two years. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Capital assets are recorded at costs or estimate historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40
Infrastructure	40
Furniture and Equipment	5-7
Vehicles	5
Land improvements	40

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure asset projects completed before December 31, 2004. However, they do reflect those assets that were either completed during the fiscal year or considered construction in progress at year end.

10. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts:

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Sanitation Fund. Full-time, permanent employees can accumulate up to one hundred sixty (160) hours of sick leave. The employee shall then be paid upon retirement and at the normal rate of pay for an eligible employee. The City had \$3,488 of accrued sick leave at December 31, 2020.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

11. Long-Term Obligations:

The City has no long-term obligations as of December 31, 2020.

12. Receivables and Payables:

All trade and property tax receivables are shown net of an allowance for uncollectible accounts when material.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgets and Budgetary Accounting:

The City follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to January 1, the Mayor and City Council members prepare a proposed budget for the fiscal year commencing January 1.
2. Public hearings are held to obtain taxpayer's comments.
3. The budget is legally enacted through the passage of a resolution.
4. All revisions to the budget must be submitted to the City Council for approval.
5. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and Special Revenue Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.
6. Budgetary appropriations lapse at the end of the fiscal year.

Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting.

NOTE C - DEPOSIT AND INVESTMENTS:

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Georgia and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits consist of checking and savings accounts, and non-negotiable certificates of deposits in local banks. At December 31, 2020, the book balance of checking and savings accounts, and non-negotiable certificates of deposits in all banks was \$13,853,101 and the bank balance was \$13,739,931. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$12,739,931 was covered by collateral held by the banks in the City's name.

Investments – There were no investments at December 31, 2020.

CITY OF DACULA, GEORGIA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE D- PROPERTY TAXES:

The value of all real and business personal property located in the City is assessed (appraised) by Gwinnett County. Taxable assessed value represents the appraisal value less applicable exemptions authorized by Gwinnett County. Appraised values are established by Gwinnett County. The City levies property taxes on August 1 of each year and the taxes are due on October 15, with a lien date of March 15. Taxes are collected by Gwinnett County throughout the year and are remitted to the City. Current tax collections for the year ended December 31, 2020 were 96.8% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

NOTE E - ACCOUNTS RECEIVABLE:

At December 31, 2020, accounts receivable consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General fund			
Taxes receivable	\$ 58,731	\$ -	\$ 58,731
Special Purpose Local Option Sales Tax	97,897	-	97,897
Proprietary fund Sanitation receivable			
Sanitation Receivable	<u>-</u>	<u>19,483</u>	<u>19,483</u>
	<u>156,628</u>	<u>19,483</u>	<u>176,111</u>
Allowance for Doubtful Accounts	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,628</u>	<u>\$ 19,483</u>	<u>\$ 176,111</u>

CITY OF DACULA, GEORGIA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE F - CAPITAL ASSETS:

A summary of changes in capital assets are as follows:

	<u>Balance 12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance 12/31/2020</u>
Governmental activities					
Not being depreciated					
Construction in progress	\$ 2,025,217	\$ -	\$ -	\$ (2,025,217)	\$ -
Land	<u>1,436,046</u>	<u>300,439</u>	<u>-</u>	<u>-</u>	<u>1,736,485</u>
Subtotal	<u>3,461,263</u>	<u>300,439</u>	<u>-</u>	<u>(2,025,217)</u>	<u>1,736,485</u>
Depreciable capital assets					
Buildings	1,644,553	410,728	-	10,534	2,065,815
Infrastructure	6,562,193	874,380	-	2,004,828	9,441,401
Furniture & equipment	548,577	8,977	-	-	557,554
Vehicles	245,147	30,877	-	-	276,024
Land improvements	<u>747,014</u>	<u>196,706</u>	<u>-</u>	<u>9,855</u>	<u>953,575</u>
Subtotal	<u>9,747,484</u>	<u>1,521,668</u>	<u>-</u>	<u>2,025,217</u>	<u>13,294,369</u>
Accumulated depreciation					
Buildings	431,796	51,646	-	-	483,442
Infrastructure	946,155	236,035	(2)	-	1,182,192
Furniture & equipment	418,952	41,174	-	-	460,126
Vehicles	202,610	26,680	-	-	229,290
Land improvements	<u>266,569</u>	<u>23,839</u>	<u>-</u>	<u>-</u>	<u>290,408</u>
Subtotal	<u>2,266,082</u>	<u>379,374</u>	<u>(2)</u>	<u>-</u>	<u>2,645,458</u>
Net capital assets	<u>\$ 10,942,665</u>	<u>\$ 1,442,733</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ 12,385,396</u>
	<u>Balance 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 12/31/2020</u>
Business-type activities					
Depreciable capital assets					
Vehicles	\$ 535,355	\$ -	\$ -	\$ -	\$ 535,355
Subtotal	<u>535,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535,355</u>
Accumulated depreciation					
Vehicles	<u>420,396</u>	<u>61,062</u>	<u>-</u>	<u>-</u>	<u>481,458</u>
Subtotal	<u>420,396</u>	<u>61,062</u>	<u>-</u>	<u>-</u>	<u>481,458</u>
Net capital assets	<u>\$ 114,959</u>	<u>\$ (61,062)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,897</u>

Depreciation was charged to functions as follows:

Governmental activities	
General government	\$ 143,339
Streets	236,035
Business-type activities	
Sanitation	<u>61,062</u>
	<u>\$ 440,436</u>

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE G - FUND DEFICITS:

No fund had a deficit fund balance or net position balance at December 31, 2020.

NOTE H - INTERFUND BALANCES AND ACTIVITY:

For the year ended December 31, 2020, the General Fund transferred \$188,265 to the Sanitation Fund for amounts collected from Gwinnett County on sanitation accounts.

NOTE I - CLAIMS, JUDGEMENTS AND OTHER COMMITMENTS:

Amounts received or receivable from federal grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation: The City Attorney advised that no legal actions were in progress by or against the City at December 31, 2020 that would have a material effect on the City's financial condition.

NOTE J - RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, job related illnesses or injuries to employees; natural disaster and unemployment compensation.

The City manages its risk by the purchase of commercial insurance and fidelity bonds. The commercial insurance purchased is in an amount sufficient to the City's risk loss and consequently the City has effectively not retained the risk of loss. There were no significant reductions in insurance coverage compared to the prior year nor were there any settlements in excess of insurance coverage for the past three years.

NOTE K - FUND BALANCE – GOVERNMENTAL FUNDS:

The City adopted early implantation of GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Non-spendable, Restricted, Committed, Assigned and Unassigned.

Fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE K - FUND BALANCE – GOVERNMENTAL FUNDS: (Cont'd)

Committed – amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council. At year end, the city did not have any committed fund balance amounts.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. At year end, the City did not have any Assigned fund balance amounts.

Unassigned – all other spendable amounts.

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

NOTE L - JOINT VENTURES:

Under Georgia law, the City, in conjunction with other cities and counties in the ten-county metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). The City pays no annual dues to ARC. Membership in a Regional Commission (RC) is required by the Official Code of Georgia (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by the caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the fifteen multi-jurisdictional districts of roughly equal population, elected by the twenty-three public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, GA 30303.

NOTE M - PENSION PLAN: DEFINED BENEFIT PLAN – GMA ADMINISTERED:

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The 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 SW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE M - PENSION PLAN: DEFINED BENEFIT PLAN – GMA ADMINISTERED: (Cont'd)

As provided by State law, benefit provisions for Participants in GMEBS are established and amended by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate immediately upon hiring. Benefits vest after seven years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of twenty-five years total credited service to receive full benefits, otherwise early retirement may be elected after only ten years of service for reduced benefits. Ten years of service is required for nonservice related disability benefits. Disability benefits are paid out at 20% of an employee's current salary.

Death benefits are calculated using an actuarial reserve.

As of July 1, 2020, the date of the most recent actuarial valuation report, there were 19 participants consisting of the following:

Number of retired participants and beneficiaries	9
Number of vested former participants	2
Number of active employees	17

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standard law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For the year 2020, the actuarially determined contribution rate was 14.89% of covered payroll.

For the year ended December 31, 2020, the City's recommended contribution was \$115,441 which was actuarially determined and is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount of employer contributions recognized in the actuarial report dated July 1, 2020 was \$77,459.

Pension Liabilities, Pension Expense, Deferred outflows and Deferred Outflows of Resources Related to Pensions

At December 31, 2020, the City reported a net pension liability of \$852,375. The net pension liability was measured as of March 31, 2020 and was determined by an actuarial valuation as of July 1, 2020. The changes in the Net Pension Liability for the year ended March 31, 2020 (the measurement date) were as follows:

CITY OF DACULA, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

NOTE M - PENSION PLAN: DEFINED BENEFIT PLAN – GMA ADMINISTERED: (Cont'd)

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a-b)
Balance at March 31, 2019	\$ 1,629,483	\$ 1,155,130	\$ 474,353
Changes for the year:			
Service Cost	29,457	-	29,457
Interest	118,634	-	118,634
Differences between expected and actual experience	181,192	-	181,192
Contributions - Employer	-	77,459	(77,459)
Contributions - Employee	-	-	-
Net investment income	-	(72,734)	72,734
Benefit payments, including refunds of employee contributions	(154,303)	(154,303)	-
Administrative expense	-	(6,043)	6,043
Other	47,421	-	47,421
Net Changes	<u>222,401</u>	<u>(155,621)</u>	<u>378,022</u>
Balance at March 31, 2020	<u>\$ 1,851,884</u>	<u>\$ 999,509</u>	<u>\$ 852,375</u>

For the plan year ended June 30, 2020, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service Cost	\$ 29,457
Interest on TPL	118,634
Employee contributions	-
Administrative expenses	6,043
Expected return on assets	(83,527)
Deferred Inflows:	
Expensed portion of current year period differences between expected and actual experience in TPL	30,197
Expensed portion of current year period assumption changes	7,901
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	31,253
Current year recognition of deferred inflows and outflows established in prior years	<u>47,371</u>
Total Expense	<u>\$ 187,329</u>

CITY OF DACULA, GEORGIA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE M - PENSION PLAN: DEFINED BENEFIT PLAN – GMA ADMINISTERED: (Cont’d)

Amounts reported as deferred outflows of resources and deferred onflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
December 31, 2021	\$ 121,561	\$ (21,041)
December 31, 2022	92,459	(10,756)
December 31, 2023	92,459	-
December 31, 2024	69,355	-
December 31, 2025	38,103	-
Thereafter	-	-
	<u>\$ 413,937</u>	<u>\$ (31,797)</u>

Outstanding balances on deferred outflows/inflows of resources related to pensions as of December 31, 2020 are as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 216,528	\$ -
Changes of assumptions	45,230	-
Net difference between projected and actual earnings on pension plan investments	120,382	-
Subsequent contributions made to plan	<u>65,578</u>	<u>-</u>
Total	<u>\$ 447,718</u>	<u>\$ -</u>

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rate of return	7.375%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	0.0%

There were no changes in benefit provisions in the last two fiscal years. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2020.

CITY OF DACULA, GEORGIA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE M - PENSION PLAN: DEFINED BENEFIT PLAN – GMA ADMINISTERED: (Cont'd)

The long-term 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Cash	0%	
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the actuarially determined contribution rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Position Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.375%)	Current Rate (7.375%)	1% Increase (8.375%)
Net Pension Liability	\$ 1,059,963	\$ 852,375	\$ 679,813

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued City of Dacula Retirement Plan Financial report.

CITY OF DACULA, GEORGIA

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

NOTE N - SUBSEQUENT EVENTS:

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the City through April 8, 2021 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

The spread of a novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in the U.S. Markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on residents, employees, and vendors, all of which are uncertain and cannot be determined at this time.

CITY OF DACULA, GEORGIA
Dacula, Georgia

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF DACULA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

Total Pension Liability	2020	2019	2018	2017	2016	2015
Service Cost	\$ 29,457	\$ 25,292	\$ 25,581	\$ 17,299	\$ 30,203	\$ 22,541
Interest	118,634	113,780	109,168	108,373	109,707	101,240
Differences between expected and actual experience	181,192	70,235	69,986	29,474	(48,584)	80,867
Changes in assumptions	-	-	-	(2,249)	-	(31,938)
Benefit Payments	(154,303)	(143,205)	(145,619)	(139,659)	(77,424)	(49,493)
Other	47,421	-	22,839	-	-	-
Net Changes in Total Pension Liability	222,401	66,102	81,955	13,238	13,902	123,217
Total Pension Liability - Beginning	1,629,483	1,563,381	1,481,426	1,468,188	1,454,286	1,331,069
Total Pension Liability - Ending	<u>\$ 1,851,884</u>	<u>\$ 1,629,483</u>	<u>\$ 1,563,381</u>	<u>\$ 1,481,426</u>	<u>\$ 1,468,188</u>	<u>\$ 1,454,286</u>

Plan Fiduciary Net Position

Contributions - employer	\$ 77,459	\$ 64,784	\$ 60,199	\$ 78,438	\$ 71,899	\$ 82,704
Net investment income	(72,734)	41,401	139,351	132,826	3,083	95,100
Benefit payments	(154,303)	(143,205)	(145,619)	(139,659)	(77,424)	(49,493)
Administrative expense	(6,043)	(5,779)	(5,644)	(5,809)	(3,658)	(3,203)
Net Change in Fiduciary Net Position	(155,621)	(42,799)	48,287	65,796	(6,100)	125,108
Planned Fiduciary Net Position - Beginning	1,155,130	1,197,929	1,149,642	1,083,846	1,089,946	964,838
Planned Fiduciary Net Position - Ending	<u>\$ 999,509</u>	<u>\$ 1,155,130</u>	<u>\$ 1,197,929</u>	<u>\$ 1,149,642</u>	<u>\$ 1,083,846</u>	<u>\$ 1,089,946</u>
Net Pension Liability	<u>\$ 852,375</u>	<u>\$ 474,353</u>	<u>\$ 365,452</u>	<u>\$ 331,784</u>	<u>\$ 384,342</u>	<u>\$ 364,340</u>
Plan's fiduciary net position as a percentage of Total Pension Liability	53.97%	70.89%	76.62%	77.60%	73.82%	74.95%
Covered-employee payroll	\$ 559,868	\$ 525,363	\$ 443,405	\$ 418,583	\$ 372,661	\$ 646,458
Net Pension Liability as a percentage of covered payroll	152.25%	90.29%	82.42%	79.26%	103.13%	56.36%

CITY OF DACULA, GEORGIA

**NOTES TO THE REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2020**

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Project Unit Credit
Amortization Method	Closed level dollar for remained unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 11 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.
Actuarial Assumptions:	
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	0.00%

CITY OF DACULA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property tax	\$ 1,032,000	\$ 1,032,000	\$ 1,217,024	\$ 185,024
Motor Vehicle tax	100,100	110,173	220,677	110,504
Real Estate Transfer tax	30,000	15,600	11,767	(3,833)
Franchise tax	405,000	405,000	408,208	3,208
Beer & wine tax	232,000	232,000	273,239	41,239
Insurance premium tax/license	363,000	363,000	359,485	(3,515)
Other Tax	37,000	93,600	156,639	63,039
Total Taxes	<u>2,199,100</u>	<u>2,251,373</u>	<u>2,647,039</u>	<u>395,666</u>
Licenses, Permits & Fees				
Business licenses and permits	198,500	270,500	221,935	(48,565)
Alcohol license	55,300	62,400	62,100	(300)
Total Licenses, Permits & Fees	<u>253,800</u>	<u>332,900</u>	<u>284,035</u>	<u>(48,865)</u>
Intergovernmental Revenue				
Grants - CDBG	430,646	430,646	430,646	-
Grants - LMIG	-	63,959	63,960	1
Gwinnett County SDS Settlement	-	200,000	200,000	-
COVID Reimbursement	-	200,000	161,303	(38,697)
Total Other Income	<u>430,646</u>	<u>894,605</u>	<u>855,909</u>	<u>1</u>
Other Income				
Municipal fines	10,000	10,000	20,771	10,771
Interest income	7,000	10,000	3,245	(6,755)
Other	739	852	5,477	4,625
Total Other Income	<u>17,739</u>	<u>20,852</u>	<u>29,493</u>	<u>8,641</u>
Total Revenues & Prior Year Fund Balance	<u>\$ 2,901,285</u>	<u>\$ 3,499,730</u>	<u>\$ 3,816,476</u>	<u>\$ 355,443</u>

CITY OF DACULA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
General Government				
Personnel Services & Benefits	\$ 805,610	\$ 696,798	\$ 669,527	\$ 27,271
Purchased/Contracted Services	289,220	289,220	183,908	105,312
Capital Outlay	53,750	54,737	39,854	14,883
Supplies	55,627	66,227	61,784	4,443
COVID 19	-	200,000	161,302	38,698
Other	376,253	253,659	239,481	14,178
Total General Government	<u>1,580,460</u>	<u>1,560,641</u>	<u>1,355,856</u>	<u>204,785</u>
Parks & Recreation				
Personnel Services & Benefits	7,500	7,500	5,301	2,199
Supplies	20,000	12,600	8,450	4,150
Total Other Expenses	<u>27,500</u>	<u>20,100</u>	<u>13,751</u>	<u>6,349</u>
Streets				
Personnel Services & Benefits	226,000	212,246	205,608	6,638
Supplies	99,600	90,100	82,641	7,459
Contract services	4,000	1,500	970	530
Paving	525,850	573,333	573,333	-
Total Other Expenses	<u>855,450</u>	<u>877,179</u>	<u>862,552</u>	<u>7,989</u>
Contingency/Transfer	437,875	1,041,810	188,265	853,545
Total Expenditures	<u>2,901,285</u>	<u>3,499,730</u>	<u>2,420,424</u>	<u>1,072,668</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	1,396,052	\$ <u>(717,225)</u>
Fund balance - Beginning of year			<u>6,888,192</u>	
Fund balance - End of year			<u>\$ 8,284,244</u>	

CITY OF DACULA, GEORGIA

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City's annual budget is prepared based on anticipated revenues and appropriate expenditures. These anticipations, generally conservative, are designed to help ensure fiscal responsibility and maintain a balanced budget. The responsibility of budgeting is with the Mayor and City Council members. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and City Council. Public hearings are held to obtain taxpayer input and a final budget is enacted by passage of an ordinance prior to December 31. The appropriated budget is prepared by fund, function, and department. Budgets were adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The legal level of budgetary control is the department level.

CITY OF DACULA, GEORGIA
Dacula, Georgia

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF DACULA, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SPECIAL OPTION SALES TAX REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original Estimated Cost	Revised Estimated Cost	Prior Years	Expenditures		Total	Completed
				Reallocation & Adjustments	Current Year		
2014 SPLOST							
Roads, Streets & Bridges	\$ 1,068,137	\$ 1,934,027	\$ 1,685,280	\$ -	\$ 248,747	\$ 1,934,027	100.00%
Recreational Facilities	30,252	30,252	25,279	-	-	25,279	83.56%
Public Safety Fac & Equip	46,542	40,319	31,785	-	-	31,785	78.83%
Water & Sewer	567,812	325,288	325,288	-	-	325,288	100.00%
Administrative Facilities	614,353	614,353	608,331	-	-	608,331	99.02%
Total 2014 SPLOST	2,327,096	2,944,239	2,675,963	-	248,747	2,924,710	
2017 SPLOST							
Roads, Streets & Bridges	3,514,507	3,514,507	-	-	-	-	0.00%
Recreational Facilities	244,145	244,145	19,719	-	25,145	44,864	18.38%
Public Safety Fac & Equip	170,980	170,980	5,713	-	252	5,965	3.49%
Water & Sewer	237,390	237,390	124,725	-	41,575	166,300	70.05%
Administrative Facilities	718,115	718,115	15,240	-	422,140	437,380	60.91%
Total 2017 SPLOST	4,885,137	4,885,137	165,397	-	489,112	654,509	
Total SPLOST	\$ 7,212,233	\$ 7,829,376	\$ 2,841,360	\$ -	\$ 737,859	\$ 3,579,219	

**CITY OF DACULA, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Accumulated Expenditures to Date CDBG Funds</u>	<u>Accumulated Expenditures to Date Other Funds</u>	<u>Grant Total Expenditures to Date</u>	<u>Questioned Costs</u>
Tanner Road	14.218	\$ 667,928	\$ 667,928	\$ 1,308,660	\$ 1,976,588	\$ -
Church Street	14.218	\$ 430,646	\$ 430,646	\$ 383,784	\$ 814,430	\$ -

CITY OF DACULA, GEORGIA
Dacula, Georgia

COMPLIANCE AND INTERNAL CONTROL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020



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 City Council
City of Dacula, 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 and each major fund of the City of Dacula, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Dacula, Georgia's basic financial statements, and have issued our report thereon dated April 8, 2021.

Internal Control Over Financial Reporting

Management of the City of Dacula, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Rector, Reeder & Lofton, P.C.
Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
April 8, 2021

CITY OF DACULA, GEORGIA
Dacula, Georgia

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2019, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	N/A
Significant deficiency(ies) identified not considered to be material weaknesses?	N/A
Type of report issued on the compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	N/A

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

N/A