

CITY OF PEACHTREE CORNERS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Prepared by:
City of Peachtree Corners Finance Department

INTRODUCTORY SECTION

CITY OF PEACHTREE CORNERS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

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CITY OF PEACHTREE CORNERS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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November 26, 2019

Honorable Mike Mason, Mayor,
Members of the City Council, and
Citizens of Peachtree Corners, Georgia

Ladies and Gentlemen:

Enclosed please find the Comprehensive Annual Financial Report of the City of Peachtree Corners, Georgia, for the fiscal year ended June 30, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and accounts of the City of Peachtree Corners. The report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain an understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peachtree Corners for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Peachtree Corners' financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

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

PROFILE OF THE GOVERNMENT

Peachtree Corners was incorporated in July of 2012 and celebrated its seventh anniversary this year. Positioned in metro area, Peachtree Corners is a demographically diverse community and covers a 17-square mile area in southwest Gwinnett County, Georgia. Peachtree Corners is the nineteenth largest city in the State of Georgia, serving a population of 43,509 (U.S. Census estimate for 2018). The City's daytime population remains consistent with more than 42,500 due to the concentration of major corporations and businesses located within the City, including Crawford Insurance, Comcast, Phoenix Corp, Immucor, Pond & Co, and Career Builder. Seven



miles of the Chattahoochee River flow along the western border of Peachtree Corners, creating a unique recreational opportunity within a metropolitan setting.

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

The City operates under a council/manager form of government, where the Council is the legislative authority and the Mayor possess all the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Peachtree Corners charter. The City Manager maintains all the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter. The City is empowered to levy a property tax on both real and personal property located within its boundaries and is qualified to levy all other taxes granted to municipalities within the State of Georgia.

Deploying a non-traditional approach to government services, the City operates through public-private partnerships. The City provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; community development and recreational and cultural activities. All services outside the City Manager's executive staff are outsourced or provided through an intergovernmental agreement with another government entity. Sanitation services are also outsourced through a contract. Water and sewer services are delivered to residential and commercial properties by Gwinnett County. The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The Mayor and Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. Since Fiscal Year 2013, the budgeting process included performance management initiatives. Amounts in this budget may be re-allocated within funds by approval of the City Manager as long as the total budgeted amounts do not exceed the approved appropriations by fund.

LOCAL ECONOMY

A robust community of major corporations, mid-size companies and new businesses, Peachtree Corners is one of the best places in the country to do business. The City embodies an urban energy and relaxed lifestyle. The City is home to a burgeoning dining scene and has created a nighttime scene with the construction of a new Town Center, or one can choose to expend energy paddle boarding on the river, enjoying one of the City's many parks and green spaces. Peachtree Corners is also located on the second busiest highway in Gwinnett County, a county with over nine hundred thousand residents.

The City's commercial properties comprise more than 35 percent of the total land usage, ensuring a strong economic environment for the government. In addition to the companies listed previously, Peachtree Corners is also home to Century Link, Fleetcor Technologies, Siemens, and Next South Corp.



According to the 2018 US Census, there were 17,062 housing units within Peachtree Corners, with 55% recorded as home ownership and 45% recorded as tenant occupied. The median value of owner-occupied housing was \$291,900. The average household size was 2.6 people, with an average household income of \$94,594.

The City ranked number 8 Best Suburb in Georgia and was recently awarded the outstanding initiative award from the Georgia Planning Association for its Innovation Master Hub Plan, which is a roadmap to redevelop a once burgeoning technology hub. The City also earned its first distinguished budget award.

NATIONAL ECONOMY

With the steadily improving job market, the unemployment rate improved for the state of Georgia in 2019 to 3.6%, citywide lowered to 3%, according to the Bureau of Labor Statistics. According to August 2019 S&P CoreLogic Case-Shiller Home Price Indices, home prices continued their rise across the country over the last 12 months. The national index, which covers all nine U.S. census divisions was up 7% from the prior month. All 20 cities in the report were up year over year.

LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a minimum General Fund balance reserve of 25% of operating expenditures. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

To facilitate the provision of city services, the government is committed to a consistent fee structure for business taxes and permitting. The City's operating millage rate of 1 mill is statutorily set. The City has not assessed the millage rate for the last six years and relies on franchise taxes, business taxes, and permitting fees to fund city services.

The City is expected to continue developing as an economic hub and preferred location for business and residential investment. Through planned growth consistent with existing zoning, the governing body approved several distinctive commercial and capital improvement developments during Fiscal Year 2019. Additionally, the commercial community continues to experience significant redevelopment through builders and investors.

MAJOR INITIATIVES FOR THE YEAR

Curiosity Lab at Peachtree Corners

\$2 million was included in the 2019 capital budget for construction of an intelligent mobility and smart city corridor, which will allow for the testing of various technologies in the autonomous vehicle, smart cities IoT, and cellular markets. The city is creating a 1.5 mile intelligent mobility corridor in Technology Park, running from Spalding Drive to Peachtree Parkway. Autonomous



vehicles on the track will be interacting with live traffic. Curiosity Lab at Peachtree Corners opened in the fall of 2019 and has already had its first fully autonomous vehicle testing and demonstrating on the track.





Construction of Trail System

\$1.7 million was included in the 2019 capital budget for construction of the first section of the master planned trail system, which upon completion will have over 12 miles of trails throughout the city.





2.5 Acre Town Green

\$2.5 million was included in the 2019 general fund budget for construction of a 2.5 acre town green within in the newly developed Town Center. This green space was designed and built to create a central gathering place for residents. The Town Green opened in spring of 2019 drawing over 5,000 people.



INITIATIVES FOR FUTURE YEARS

Expansion of Trail System

\$1 million was included in the 2020 capital budget for continued construction of the trail system.



Pedestrian Bridge

\$4.1million was included in the 2020 capital budget for the construction of a pedestrian bridge, connecting to major economic hubs of the City, the newly created Town Center and The Forum, a destination shopping center.

Public Works

\$4.9 million was included in the 2020 capital budget for infrastructure improvements to roads, bridges, sidewalks, intersections and traffic management. The City currently has over 14 capital projects in various stages of construction and planning.

FINANCIAL POLICIES

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

Single Audit - As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and internal staff.

As part of the City's single audit for fiscal year 2019, required in conformity with provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs as well as to determine that the City has complied with applicable laws and regulations.

Budgetary Controls - The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the general fund are included in the annual appropriated budget. A project length budget is adopted for capital project funds. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a fund may be authorized by the City Manager to meet unforeseen needs, as long as the total budgeted amounts do not exceed these appropriations by fund. The City's budget procedures, together with such procedures for discretely presented component units, are more fully explained in the accompanying notes to the financial statements.



OTHER INFORMATION

Awards and Achievements – The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Peachtree Corners for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the first for the City and shows its commitment to financial integrity and transparency. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments - The preparation of the report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department, the auditors for the City and its component units, and the cooperation of City staff in various departments. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,

Brian Johnson
City Manager

Brandon Branham
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Peachtree Corners
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

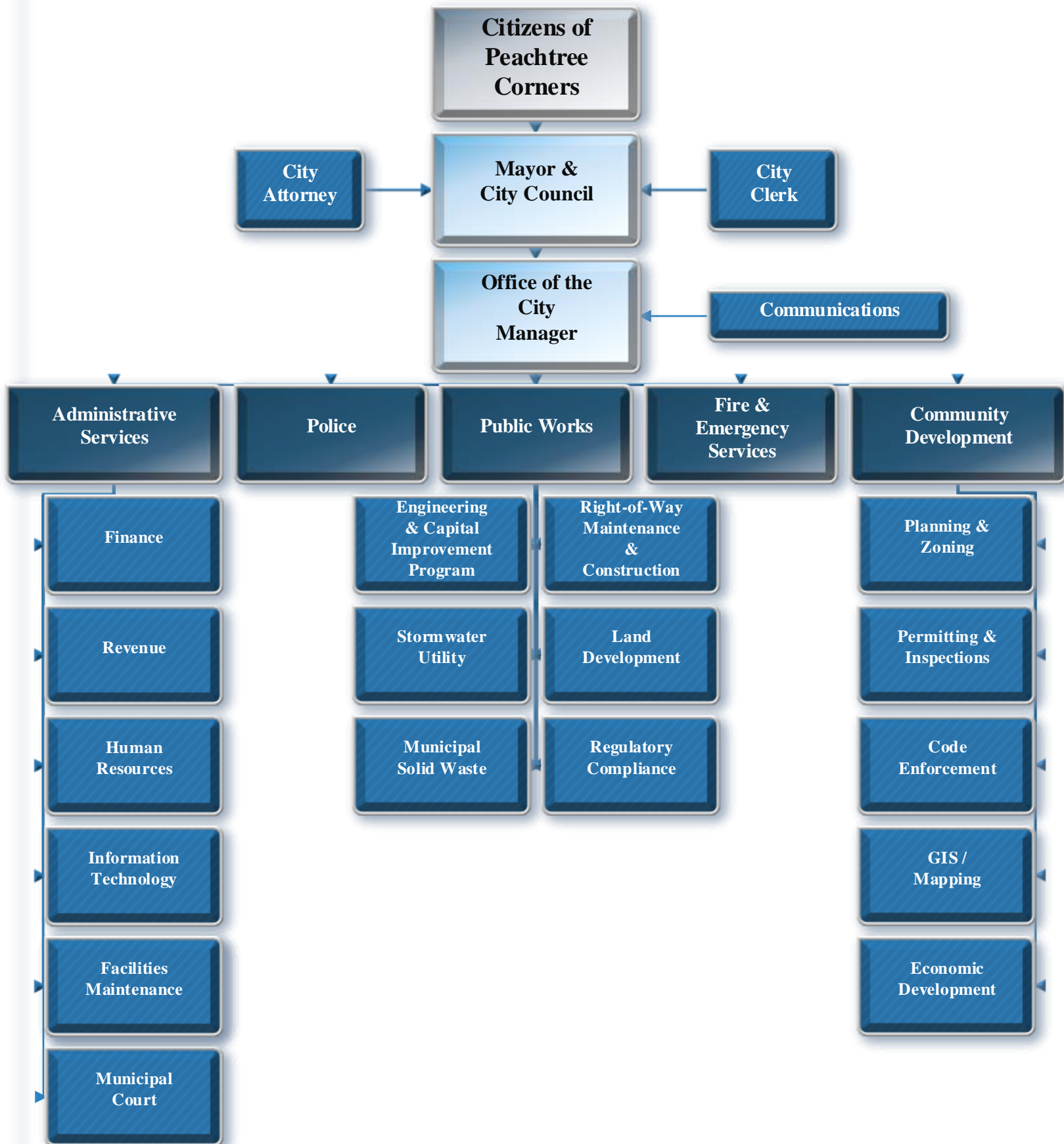
Christopher P. Morrell

Executive Director/CEO

CITY OF PEACHTREE CORNERS, GEORGIA
PRINCIPAL OFFICIALS
JUNE 30, 2019

Mike Mason	Mayor
Phil Sadd	Post 1
Eric Christ	Post 2
Alex Wright	Post 3
Jeanne Aulbach	Post 4
Lorri Christopher	Post 5
Weare Gratwick	Post 6

City of Peachtree Corners



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Peachtree Corners, Georgia**

Report on the 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 Peachtree Corners, Georgia** (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Peachtree Corners, Georgia as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of expenditures of special purpose local option sales tax, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and schedule of expenditures of special purpose local option sales tax (collectively “the supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 26, 2019, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 26, 2019

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

As management of the City of Peachtree Corners (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$69,372,066 (total net position), which represents an increase of \$11,102,371 from the prior year. Of the total net position, \$3,380,516 (unrestricted net position) is available to meet the ongoing obligations of the government.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,000,140. This represents a decrease of \$849,814 compared to prior year, primarily from the continued work on the town center and curiosity lab project.
- Total governmental fund revenues were \$22,770,446 an increase of \$1,695,532 from the prior year mainly due to the Economic Adjustment Assistance federal award received during the current year.
- Total governmental fund expenditures were \$23,892,553, a decrease of \$5,189,077 over the prior year, primarily related to construction ending on the town center project.

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 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 them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report functions of the City that are principally supported by taxes (governmental activities) separately from business-type activities. The governmental activities of the City include general government, public works, and community development. Business-type activities report the function of solid waste and stormwater.

The government-wide financial statements can be found on pages 15 and 16 of this report.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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 year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains three individual governmental funds. 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 the general, SPLOST and downtown development authority funds, which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds, except capital project funds for which project length budgets are adopted. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 through 19 of this report.

Proprietary funds The City maintains one type of proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Solid Waste and Stormwater operations.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information and cash flows for the Solid Waste and Stormwater operation, which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 40 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund as presented on a generally accepted accounting principal basis in this section.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Required supplementary information can be found on page 41 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the City's case, assets exceeded liabilities by \$69,372,066 which represents an increase of \$11,102,371.

The largest portion of the City's net position, \$42,511,025 reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. 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.

Other than net position that is restricted as to use for capital projects, \$16,305,525, the remaining portion of the City's net position represents unrestricted net position of \$10,555,516, which is available to meet the ongoing obligations of the government. This amount represents 81% of governmental activities expenses, and a 172% increase over the prior year.

The City's governmental activities current assets of \$33,150,270, decreased \$1,447,031 over the prior year and includes sales tax restricted for capital projects of \$10,767,907 in the SPLOST Fund. Long term liabilities of governmental activities decreased from the prior year \$601,367 due to long term debt being paid down. The City's capital assets in governmental activities are \$39,154,073 which represents an increase of \$10,312,699. The increase is primarily related to the acquisition and renovations costs for the city hall project and town center project.

The City's business-type activities current assets increased \$847,387 over the prior year due to collections for the Stormwater fund. The other categories remained relatively the same compared to the prior year.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

The table below summarizes the City's Net Position for 2019 and 2018.

**City of Peachtree Corners Net Position
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 33,150,270	\$ 34,597,301	\$ 4,064,857	\$ 3,217,470	\$ 37,215,127	\$ 37,814,771
Capital assets, net of accumulated depreciation	39,154,073	28,841,374	11,112,663	10,697,642	50,266,736	39,539,016
Total Assets	<u>72,304,343</u>	<u>63,438,675</u>	<u>15,177,520</u>	<u>13,915,112</u>	<u>87,481,863</u>	<u>77,353,787</u>
Liabilities						
Current liabilities	2,385,559	2,972,822	1,042,152	827,817	3,427,711	3,800,639
Long-term liabilities	14,682,086	15,283,453	-	-	14,682,086	15,283,453
Total Liabilities	<u>17,067,645</u>	<u>18,256,275</u>	<u>1,042,152</u>	<u>827,817</u>	<u>18,109,797</u>	<u>19,084,092</u>
Net Position						
Net investment in capital assets	31,398,362	19,665,011	11,112,663	10,697,642	42,511,025	30,362,653
Restricted	16,305,525	24,029,342	-	-	16,305,525	24,029,342
Unrestricted	7,532,811	1,488,047	3,022,705	2,389,653	10,555,516	3,877,700
Total net position	<u>\$ 55,236,698</u>	<u>\$ 45,182,400</u>	<u>\$ 14,135,368</u>	<u>\$ 13,087,295</u>	<u>\$ 69,372,066</u>	<u>\$ 58,269,695</u>

Governmental activities: From the inception of Peachtree Corners, and continuing through 2014, management focused on acquiring human resources as well as physical infrastructure for ongoing City activities. Fiscal Year 2015 and thereafter, the City moved more toward normal operating activities as management focused more on activities which have a direct impact on its citizens such as road improvements.

Revenues: Charges for services includes fines and forfeitures and licenses and permits. These revenues increased \$518,321. Total operating and capital grants and contributions increased \$2,407,473 as a result of a significant federal grant received. Franchise Fees decreased \$1,292,008 as the City begins to see normalization in this line item, whereas previous years had audits and unbilled accounts that were collected. Business taxes increased \$80,799 as the economy continues to improve and due to an audit performed by the City of businesses within the city limits.

Expenses: General government and public works expenses increased as an increased amount of infrastructure projects were completed. Community development expenses increased slightly as the operations of the Downtown Development Authority are now being included as a blended component unit. Interest on long term debt decreased \$61,874 as a result of bond issuance costs in the prior year related to additional debt issued by the City.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Business-type activities: Both revenues and expenses remained stable and comparable to the prior year.

**City of Peachtree Corners Changes in Net Position
For the Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2018	2018
Revenue						
Program revenues:						
Charges for services	\$ 2,016,451	\$ 1,498,130	\$ 4,368,767	\$ 3,973,614	\$ 6,385,218	\$ 5,471,744
Operating grants and contributions	36,630	90,510	-	-	36,630	90,510
Capital grants and contributions	9,289,365	6,828,012	-	-	9,289,365	6,828,012
General revenues:						
Motor vehicle taxes	728,251	559,032	-	-	728,251	559,032
Franchise taxes	3,702,272	4,994,280	-	-	3,702,272	4,994,280
Business taxes	3,511,286	3,430,487	-	-	3,511,286	3,430,487
Other taxes	3,485,333	3,572,639	-	-	3,485,333	3,572,639
Investment income	858	1,708	-	-	858	1,708
Miscellaneous	-	100,116	-	-	-	100,116
Transfers	272,293	-	(272,293)	-	-	-
Total Revenues	<u>23,042,739</u>	<u>21,074,914</u>	<u>4,096,474</u>	<u>3,973,614</u>	<u>27,139,213</u>	<u>25,048,528</u>
Expenses						
General government	6,580,944	5,209,278	-	-	6,580,944	5,209,278
Public works	3,432,436	3,657,463	-	-	3,432,436	3,657,463
Community development	2,499,823	2,100,069	-	-	2,499,823	2,100,069
Interest on long-term debt	475,238	537,112	-	-	475,238	537,112
Solid waste	-	-	1,387,232	1,227,963	1,387,232	1,227,963
Stormwater	-	-	1,661,169	1,065,870	1,661,169	1,065,870
Total expenses	<u>12,988,441</u>	<u>11,503,922</u>	<u>3,048,401</u>	<u>2,293,833</u>	<u>16,036,842</u>	<u>13,797,755</u>
Change in net position	10,054,298	9,570,992	1,048,073	1,679,781	11,102,371	11,250,773
Net position, beginning of year	45,182,400	35,611,408	13,087,295	11,407,514	58,269,695	47,018,922
Net position, end of year	<u>\$ 55,236,698</u>	<u>\$ 45,182,400</u>	<u>\$ 14,135,368</u>	<u>\$ 13,087,295</u>	<u>\$ 69,372,066</u>	<u>\$ 58,269,695</u>

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. The table below summarizes governmental fund revenues and expenditures for 2019 and 2018.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

**City of Peachtree Corners Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2019 and 2018**

	2019	2018	Dollar Increase (Decrease)	Percent
Revenues:				
Motor vehicle taxes	\$ 728,251	\$ 559,032	\$ 169,219	30.27 %
Franchise taxes	3,702,272	4,994,280	(1,292,008)	(25.87)
Insurance premium taxes	2,723,935	2,525,916	198,019	7.84
Business taxes	3,511,286	3,430,487	80,799	2.36
Other taxes	761,398	1,046,723	(285,325)	(27.26)
Licenses and permits	1,508,645	1,439,684	68,961	4.79
Fines and forfeitures	7,594	4,080	3,514	86.13
Intergovernmental	9,240,565	6,890,558	2,350,007	34.10
Investment income	86,288	14,672	71,616	488.11
Contributions	-	15,000	(15,000)	(100.00)
Miscellaneous Income	500,212	154,482	345,730	223.80
Total revenues	<u>22,770,446</u>	<u>21,074,914</u>	<u>1,695,532</u>	<u>8.05</u>
Expenditures				
General government	8,644,696	9,570,418	(925,722)	(9.67)
Public works	1,603,306	1,791,515	(188,209)	(10.51)
Community development	7,413,523	13,949,204	(6,535,681)	(46.85)
Capital outlay	5,120,744	3,415,754	1,704,990	49.92
Debt service	1,110,284	354,739	755,545	212.99
Total expenditures	<u>23,892,553</u>	<u>29,081,630</u>	<u>(5,189,077)</u>	<u>(17.84)</u>
Excess (deficiency) of revenues over expenditures	(1,122,107)	(8,006,716)	6,884,609	(85.99)
Other financing sources (uses)				
Transfers in	3,584,356	971,788	2,612,568	268.84
Transfers out	(3,312,063)	(971,788)	(2,340,275)	240.82
Proceeds from certificate of participation	-	7,175,000	(7,175,000)	(100.00)
Net change in fund balances	(849,814)	(831,716)	(18,098)	2.18
Fund balances, beginning of year	31,849,954	32,681,670	(831,716)	(2.54)
Fund balances, end of year	<u>\$ 31,000,140</u>	<u>\$ 31,849,954</u>	<u>\$ (849,814)</u>	<u>(2.67) %</u>

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$31,000,140, a decrease of \$849,814, primarily related to the expenditures on major long-term capital projects. Of this balance, \$23,106,102 is restricted by law or contractual agreement, the largest portion of which is SPLOST tax revenues in the SPLOST fund and fund balance in the Downtown Development Authority. \$7,524,729 is unassigned and can be used to meet the near-term operating needs of the City.

Tax revenues include motor vehicle taxes, sales taxes, franchise taxes and business taxes and overall have decreased \$1,129,296, mainly due to audits of franchise fees being performed in 2018. Revenues for licenses and permits have increased \$68,961 as building activity within the city continues to grow. Fines and forfeitures increased \$3,514. Investment income increased \$71,616 primarily from investment decisions made by the Finance Department. Miscellaneous revenue increased due to payments received from leasing second floor of city hall.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Total governmental expenditures have decreased \$5,189,077 due to major capital projects being completed. General government expenditures decreased \$925,722 due to stabilization of resources for major capital projects. Public works expenditures decreased \$188,209 due to staff resources being shared for stormwater services. Community development expenditures decreased \$6,535,681 as a result of the completion of expenditures in the Downtown Development Authority for the town center project. Debt service expenditures increased \$755,545 primarily as a result of revenue bonds issued by the Downtown Development Authority.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$7,894,038, a decrease of \$1,053,422. As a measure of the liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance at June 30, 2019 was \$7,524,729 and represents 56% percent of total general fund expenditures.

Total general fund revenues have increased \$1,174,294. Motor vehicle taxes increased \$169,219 as title ad-valorem taxes increased with higher than expected car sales across the state. Franchise taxes decreased 1,292,008, while business taxes, and insurance premium taxes have increased \$80,799, and \$198,019 respectively, as the general and local economy has improved. Licenses and permits have increased \$68,961 as building activity continues to improve. Fines and forfeitures have increased \$3,514 as code enforcement had an increase in activity.

Total general fund expenditures increased \$41,803. General government expenditures decreased \$925,722, public works expenditures decreased \$188,209, community development expenditures increased \$432,649 and debt service expenditures increased \$723,085 due to principal now being paid on debt service.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

**City of Peachtree Corners General Fund Revenues, Expenditures and Changes in Fund Balance
For the Years Ended June 30, 2019 and 2018**

	2019	2018	Dollar Increase (Decrease)	Percent
Revenues:				
Motor vehicle taxes	\$ 728,251	\$ 559,032	\$ 169,219	30.27 %
Franchise taxes	3,702,272	4,994,280	(1,292,008)	(25.87)
Insurance premium tax	2,723,935	2,525,916	198,019	7.84
Business taxes	3,511,286	3,430,487	80,799	2.36
Other taxes	761,398	1,046,723	(285,325)	(27.26)
Licenses and permits	1,508,645	1,439,684	68,961	4.79
Fines and forfeitures	7,594	4,080	3,514	86.13
Intergovernmental	1,876,630	75,510	1,801,120	2,385.27
Investment income	857	1,708	(851)	(49.82)
Contributions	-	15,000	(15,000)	(100.00)
Miscellaneous income	500,212	54,366	445,846	820.08
Total revenues	<u>15,321,080</u>	<u>14,146,786</u>	<u>1,174,294</u>	<u>8.30</u>
Expenditures				
General government	8,644,696	9,570,418	(925,722)	(9.67)
Public works	1,603,306	1,791,515	(188,209)	(10.51)
Community development	2,359,873	1,927,224	432,649	22.45
Debt service:				
Principal	645,000	-	645,000	100.00
Interest	252,824	174,739	78,085	44.69
Total expenditures	<u>13,505,699</u>	<u>13,463,896</u>	<u>41,803</u>	<u>0.31</u>
Excess of revenues over expenditures	1,815,381	682,890	1,132,491	165.84
Other financing sources (uses):				
Transfers in	219,450	850,000	(630,550)	(74)
Transfers out	<u>(3,088,253)</u>	<u>(121,788)</u>	<u>(2,966,465)</u>	<u>2,436</u>
Net change in fund balance	(1,053,422)	1,411,102	(2,464,524)	(174.65)
Fund balance, beginning of year	8,947,460	7,536,358	1,411,102	18.72
Fund balance, end of year	<u>\$ 7,894,038</u>	<u>\$ 8,947,460</u>	<u>\$ (1,053,422)</u>	<u>(11.77) %</u>

General Fund Budgetary Highlights

The general fund budget versus actual comparison can be found on page 41. For fiscal year 2019, the City had an overall surplus budget versus actual variance of \$377,549.

Total revenues were \$709,640 more than budgeted. Taxes were \$400,207 more than budgeted as title ad-valorem increased faster than previously forecasted and an audit of business taxes resulted in increased revenue. Licenses and permits were \$232,677 more than budgeted as the City's infrastructure initiatives have brought in increased commercial and residential construction. Intergovernmental revenues were \$9,120 less than budgeted due to a grant project not being completed as of year-end. A budget amendment for intergovernmental revenues was made once

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

the City was approved to receive a significant federal award. All other revenue categories reflect excess budget variances as the city continues to use very conservative revenue estimates.

Total expenditures were \$53,909 in excess of budgeted amounts due to grant administration expenses being higher than anticipated. Public works expenditures were \$40,512 under budgeted items due to emergency repairs and maintenance of roads and walkways being less than originally projected. General buildings and ground, and public information were both over budget slightly due to unexpected expenditures. All other expenditure categories reflect excess budget variances as the City continues to use very conservative budget models.

SPLOST Fund

The SPLOST fund accounts for the revenues and related project expenditures under the SPLOST agreements. At the end of 2019, the fund balance for this fund was \$10,767,907 which represents an increase of \$2,444,808 compared to the prior year as there was an increase in SPLOST collections and interfund transfers in from the prior year.

Downtown Development Authority

The Downtown Development Authority is a blended component unit which accounts for the land held for resale and the capital improvements to the land. Fund balance as of June 30, 2019 is \$12,338,195 which decreased during the year due to the increased activity on the town center project.

Solid Waste Fund

The solid waste fund accounts for fees and expenses associated with garbage and recycling. The activity in this fund during the fiscal year ended June 30, 2019 was very comparable to the prior year and resulted in a change in net position of \$96,573.

Stormwater Fund

The stormwater fund accounts for fees and expenses associated with drainage. This was the second year of operations for the stormwater fund. The activity in this fund during the fiscal year ended June 30, 2019 resulted in a change in net position of \$951,500.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Capital Asset and Debt Administration

Capital Assets The City's investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$39,154,073 (net of accumulated depreciation). This represents an increase of \$10,312,699 over the prior year. The increase is primarily driven by the city hall project, town center project, and incubator building. Additional information on the City's capital assets can be found in Note 6 on pages 35 and 36 of this report.

**City of Peachtree Corners Capital Assets (net of depreciation)
June 30, 2019**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,548,978	\$ 1,022,278	\$ -	\$ -	\$ 1,548,978	\$ 1,022,278
Construction in progress	3,182,311	13,858,127	-	-	3,182,311	13,858,127
Machinery and equipment	1,460,290	1,863,349	-	-	1,460,290	1,863,349
Buildings	22,517,610	6,681,547	-	-	22,517,610	6,681,547
Infrastructure	7,750,702	5,173,624	11,112,663	10,697,642	18,863,365	15,871,266
Improvements	2,694,182	242,449	-	-	2,694,182	242,449
	<u>\$ 39,154,073</u>	<u>\$ 28,841,374</u>	<u>\$ 11,112,663</u>	<u>\$ 10,697,642</u>	<u>\$ 50,266,736</u>	<u>\$ 39,539,016</u>

Long-term Debt At the end of fiscal year 2018, the City had total debt outstanding of \$15,175,000, primarily for the city hall project and acquisition of land. As of the end of 2019 the City had \$14,530,000 of outstanding debt.

Additional information on the City's long-term debt can be found in Note 7 on page 36 and 37 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

- Sustainability of Existing Services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- Cost of Government – The operating millage rate of 1 mill is statutorily set and cannot be changed without a referendum. At this time the City has chosen not to charge this millage rate and as part of the financial strategic plan, the government is committed to franchise and business taxes, to facilitate the provision of city services.
- Infrastructure Improvements – The City provided substantial capital funding to continue the work started in prior years to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, buildings, machinery and equipment, roadways, sidewalks, equipment and signs.
- Economy Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the economic conditions that are expected to continue through 2020.
- The City restricts the use of one-time revenues to capital projects.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Requests for Information

This financial report is designed to provide a general overview of the City of Peachtree Corners' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Peachtree Corners, 310 Technology Parkway, Peachtree Corners, Georgia, 30092, or by calling 678-691-1200.

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,253,451	\$ 4,323,289	\$ 23,576,740
Land held for development	12,328,450	-	12,328,450
Accounts receivable, net of allowances	925,508	15,120	940,628
Prepays	369,309	-	369,309
Internal balances	273,552	(273,552)	-
Capital assets:			
Nondepreciable	4,731,289	-	4,731,289
Depreciable, net of accumulated depreciation	34,422,784	11,112,663	45,535,447
Total assets	72,304,343	15,177,520	87,481,863
LIABILITIES			
Accounts payable and other accrued liabilities	1,698,216	192,930	1,891,146
Retainage payable	400,711	-	400,711
Accrued interest payable	235,429	-	235,429
Deposits payable	51,203	-	51,203
Unearned revenue	-	849,222	849,222
Compensated absences due within one year	45,626	-	45,626
Compensated absences due in more than one year	106,460	-	106,460
Certificate of participation due within one year	435,000	-	435,000
Certificate of participation due in more than one year	6,920,000	-	6,920,000
Bonds payable due within one year	380,000	-	380,000
Bonds payable due in more than one year	6,795,000	-	6,795,000
Total liabilities	17,067,645	1,042,152	18,109,797
NET POSITION			
Net investment in capital assets	31,398,362	11,112,663	42,511,025
Restricted for:			
Capital projects	16,305,525	-	16,305,525
Unrestricted	7,532,811	3,022,705	10,555,516
Total net position	\$ 55,236,698	\$ 14,135,368	\$ 69,372,066

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

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

					Net (Expenses) Revenues and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 6,580,944	\$ 1,140,911	\$ 36,630	\$ -	\$ (5,403,403)	\$ -	\$ (5,403,403)	
Public works	3,432,436	-	-	9,289,365	5,856,929	-	5,856,929	
Community development	2,499,823	875,540	-	-	(1,624,283)	-	(1,624,283)	
Interest on long-term debt	475,238	-	-	-	(475,238)	-	(475,238)	
Total governmental activities	12,988,441	2,016,451	36,630	9,289,365	(1,645,995)	-	(1,645,995)	
Business-type activities:								
Solid waste	1,387,232	1,511,305	-	-	-	124,073	124,073	
Stormwater	1,661,169	2,857,462	-	-	-	1,196,293	1,196,293	
Total business-type activities	3,048,401	4,368,767	-	-	-	1,320,366	1,320,366	
Total primary government	\$ 16,036,842	\$ 6,385,218	\$ 36,630	\$ 9,289,365	(1,645,995)	1,320,366	(325,629)	
General revenues:								
Motor vehicle taxes					728,251	-	728,251	
Franchise taxes					3,702,272	-	3,702,272	
Business taxes					3,511,286	-	3,511,286	
Other taxes					3,485,333	-	3,485,333	
Investment income					858	-	858	
Transfers					272,293	(272,293)	-	
Total general revenues					11,700,293	(272,293)	11,428,000	
Change in net position					10,054,298	1,048,073	11,102,371	
Net position, beginning of year					45,182,400	13,087,295	58,269,695	
Net position, end of year					\$ 55,236,698	\$ 14,135,368	\$ 69,372,066	

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

CITY OF PEACHTREE CORNERS, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

ASSETS	General Fund	SPLOST Fund	Downtown Development Authority	Total Governmental Funds
Cash and cash equivalents	\$ 7,629,426	\$ 11,378,256	\$ 245,769	\$ 19,253,451
Accounts receivable	322,362	603,146	-	925,508
Due from other funds	224,662	-	276,654	501,316
Prepaid items	369,309	-	-	369,309
Land held for development	-	-	12,328,450	12,328,450
Total assets	<u>\$ 8,545,759</u>	<u>\$ 11,981,402</u>	<u>\$ 12,850,873</u>	<u>\$ 33,378,034</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 574,230	\$ 891,916	\$ 232,070	\$ 1,698,216
Retainage payable	26,288	97,769	276,654	400,711
Deposits payable	51,203	-	-	51,203
Due to other funds	-	223,810	3,954	227,764
Total liabilities	<u>651,721</u>	<u>1,213,495</u>	<u>512,678</u>	<u>2,377,894</u>
FUND BALANCE				
Fund balance:				
Nonspendable:				
Prepaid items	369,309	-	-	369,309
Restricted:				
Capital projects	-	10,767,907	12,338,195	23,106,102
Unassigned	<u>7,524,729</u>	<u>-</u>	<u>-</u>	<u>7,524,729</u>
Total fund balance	<u>7,894,038</u>	<u>10,767,907</u>	<u>12,338,195</u>	<u>31,000,140</u>
Total liabilities and fund balance	<u>\$ 8,545,759</u>	<u>\$ 11,981,402</u>	<u>\$ 12,850,873</u>	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.				39,154,073
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(14,917,515)</u>
Net position of governmental activities				<u>\$ 55,236,698</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Downtown Development Authority</u>	<u>Total Governmental Funds</u>
Revenues:				
Motor vehicle taxes	\$ 728,251	\$ -	\$ -	\$ 728,251
Franchise taxes	3,702,272	-	-	3,702,272
Insurance Premium Taxes	2,723,935	-	-	2,723,935
Business taxes	3,511,286	-	-	3,511,286
Other taxes	761,398	-	-	761,398
Licenses and permits	1,508,645	-	-	1,508,645
Fines and forfeitures	7,594	-	-	7,594
Intergovernmental	1,876,630	7,363,935	-	9,240,565
Investment income	857	85,431	-	86,288
Miscellaneous income	500,212	-	-	500,212
Total revenues	<u>15,321,080</u>	<u>7,449,366</u>	<u>-</u>	<u>22,770,446</u>
Expenditures:				
Current:				
General government	8,644,696	-	-	8,644,696
Public works	1,603,306	-	-	1,603,306
Community development	2,359,873	-	5,053,650	7,413,523
Capital outlay	-	5,120,744	-	5,120,744
Debt service:				
Principal	645,000	-	-	645,000
Interest	252,824	-	212,460	465,284
Total expenditures	<u>13,505,699</u>	<u>5,120,744</u>	<u>5,266,110</u>	<u>23,892,553</u>
Excess (deficiency) of revenues over expenditures	1,815,381	2,328,622	(5,266,110)	(1,122,107)
Other financing sources (uses):				
Transfers in	219,450	339,996	3,024,910	3,584,356
Transfers out	<u>(3,088,253)</u>	<u>(223,810)</u>	<u>-</u>	<u>(3,312,063)</u>
Total other financing sources (uses)	<u>(2,868,803)</u>	<u>116,186</u>	<u>3,024,910</u>	<u>272,293</u>
Net change in fund balances	(1,053,422)	2,444,808	(2,241,200)	(849,814)
Fund balances, beginning of year	<u>8,947,460</u>	<u>8,323,099</u>	<u>14,579,395</u>	<u>31,849,954</u>
Fund balances, end of year	<u>\$ 7,894,038</u>	<u>\$ 10,767,907</u>	<u>\$ 12,338,195</u>	<u>\$ 31,000,140</u>

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

CITY OF PEACHTREE CORNERS, 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 JUNE 30, 2019

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

Net change in fund balances - total governmental funds	\$ (849,814)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	10,312,699
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the repayment of long-term debt.	645,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(53,587)</u>
---	-----------------

Change in net position - governmental activities	<u><u>\$ 10,054,298</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2019

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Stormwater Fund	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,485,563	\$ 2,837,726	\$ 4,323,289
Accounts receivable, net of allowances	1,019	14,101	15,120
Total current assets	<u>1,486,582</u>	<u>2,851,827</u>	<u>4,338,409</u>
NONCURRENT ASSETS			
Capital Assets:			
Depreciable assets	-	13,344,686	13,344,686
Less accumulated depreciation	-	(2,232,023)	(2,232,023)
Total noncurrent assets	<u>-</u>	<u>11,112,663</u>	<u>11,112,663</u>
Total assets	<u>1,486,582</u>	<u>13,964,490</u>	<u>15,451,072</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	130,021	62,909	192,930
Due to other funds	28,758	244,794	273,552
Unearned revenue	<u>849,222</u>	<u>-</u>	<u>849,222</u>
Total liabilities	<u>1,008,001</u>	<u>307,703</u>	<u>1,315,704</u>
NET POSITION			
Investment in capital assets	-	11,112,663	11,112,663
Unrestricted	<u>478,581</u>	<u>2,544,124</u>	<u>3,022,705</u>
Total net position	<u>\$ 478,581</u>	<u>\$ 13,656,787</u>	<u>\$ 14,135,368</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Solid Waste Fund	Stormwater Fund	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 1,511,305	\$ 2,857,462	\$ 4,368,767
Total operating revenues	1,511,305	2,857,462	4,368,767
OPERATING EXPENSES			
Contractual services	1,387,232	1,257,338	2,644,570
Depreciation	-	403,831	403,831
Total operating expenses	1,387,232	1,661,169	3,048,401
Income before transfers	124,073	1,196,293	1,320,366
Transfers out	(27,500)	(244,793)	(272,293)
Change in net position	96,573	951,500	1,048,073
Net position, beginning of year	382,008	12,705,287	13,087,295
Net position, end of year	<u>\$ 478,581</u>	<u>\$ 13,656,787</u>	<u>\$ 14,135,368</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Solid Waste Fund	Stormwater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,730,243	\$ 2,843,361	\$ 4,573,604
Payments to suppliers	(1,359,323)	(1,041,070)	(2,400,393)
Net cash provided by operating activities	370,920	1,802,291	2,173,211
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers out to other funds	(27,500)	(244,793)	(272,293)
Net cash used in non-capital financing activities	(27,500)	(244,793)	(272,293)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(818,852)	(818,852)
Net cash used in capital and related financing activities	-	(818,852)	(818,852)
Net increase in cash and cash equivalents	343,420	738,646	1,082,066
Cash and cash equivalents, beginning of year	1,142,143	2,099,080	3,241,223
Cash and cash equivalents, end of year	<u>\$ 1,485,563</u>	<u>\$ 2,837,726</u>	<u>\$ 4,323,289</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 124,073	\$ 1,196,293	\$ 1,320,366
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	403,831	403,831
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	823	(14,101)	(13,278)
Increase (decrease) in accounts payable	27,909	(6,295)	21,614
Increase in due to other funds	25,394	222,563	247,957
Increase in unearned revenue	192,721	-	192,721
Net cash provided by operating activities	<u>\$ 370,920</u>	<u>\$ 1,802,291</u>	<u>\$ 2,173,211</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City, which was incorporated in 2012, operates under a charter adopted July 1, 2012, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as code enforcement, building and zoning, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City has a significant financial and operational relationship. The blended component unit is reported as if it is a part of the City because its sole purpose is to provide services to the City. Separate financial statements are not prepared for this component unit.

The Downtown Development Authority of the City of Peachtree Corners (the “DDA”) has been included as a blended component unit in the accompanying financial statements. Although it is legally separate from the City, it is reported as a capital project fund in the City’s financial statements. A voting majority of the DDA’s governing body is appointed by the City. The DDA does not have the power to levy taxes or determine its own aggregate budget without the approval of the City, and the sole purpose of the DDA is to construct certain City facilities and to account for their subsequent activities. Financial information with regard to the component unit can be obtained from the DDA’s administrative offices at 310 Technology Parkway, Peachtree Corners, Georgia 30092. Separate financial statements for the DDA are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. 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. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. As such, property tax revenues are recognized in the current fiscal year for the previous tax year's levy. For tax year 2018, the City levied taxes using a zero millage rate. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Motor vehicle taxes, sales taxes, franchise taxes, business taxes, and licenses and permits associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if availability criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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.

The City reports the following major governmental funds:

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

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2014 and 2017 Special Purpose Local Option Sales Tax agreements.

The **Downtown Development Authority Fund (DDA)** accounts for the land held for development and the capital improvements to land. Its sole purpose is to provide services to the City.

The City reports the following major enterprise funds:

The **Solid Waste Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

The **Stormwater Fund** accounts for the activities associated with upgrading and maintaining the City's stormwater infrastructure.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

D. Budgets

Formal budgetary accounting is employed as a management control device for the funds of the City. The governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual operating budget is adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund. A project length budget is adopted for capital projects funds. During the fiscal period ended June 30, 2019, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedule. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits 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. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Land held for development does not qualify as an investment in accordance with GASB Statement No. 72, and therefore is recorded at cost.

F. Receivables

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

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

I. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

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

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

Furniture	7 years
Software	7 years
Buildings	30 years
Land improvements	30 years
Infrastructure	20-100 years

Fully depreciated assets still in service are carried in the capital asset accounts.

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 position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has no items that qualify for reporting in this category.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

K. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Bond premiums and discounts are accrued and amortized over the terms of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment, also through a resolution.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority to assign fund balances remains with the City Council.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

The City's policy is to maintain a minimum General Fund balance reserve equal to 25% of expenditures.

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.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

For purposes of calculating net investment in capital assets for Governmental Activities, the amount of \$31,398,362 as shown in the financial statements was determined by taking capital assets (\$39,154,073) less total outstanding capital related Certificates of Participation debt of \$7,355,000 and retainage payable of \$400,711. The City had no unspent bond proceeds at June 30, 2019. Bonds payable in the amount of \$7,175,000 were used to purchase land held for redevelopment which is recorded at cost and not included in capital assets. Therefore, the amount of bonds payable is not included in the calculation of net investment in capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$14,917,515 difference are as follows:

Certificate of participation	\$ (7,355,000)
Bonds payable	(7,175,000)
Accrued interest	(235,429)
Compensated absences	<u>(152,086)</u>
Net adjustment to decrease fund balance - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (14,917,515)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$10,312,699 difference are as follows:

Capital outlay	\$ 11,174,707
Depreciation expense	<u>(862,008)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 10,312,699</u>

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$53,587 difference are as follows:

Compensated absences	\$ (43,633)
Accrued interest	<u>(9,954)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (53,587)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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

Transfers of appropriations within a department budget or within a non-departmental expenditure category require the approval of the City Council. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

B. Excess Expenditures Over Appropriations

For the period ended June 30, 2019 expenditures of the executive, general administration, general buildings and ground, public information, community development and debt service – principal exceeded their appropriations by \$10,218, \$118,978, \$244, \$35,991, \$93,742 and \$90,000 respectively. The excess of expenditures over budget were primarily funded by greater than anticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2019, the City had deposits with three (3) financial institutions collateralized by the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. Additionally, the City had deposits with one (1) financial institution that were collateralized by pledged securities, as defined above, such that all of the City's bank balances were insured and collateralized as defined by GASB and State statutes.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Gwinnett County to bill and collect property taxes. The taxes, if billed, would be due in a single installment on October 15 based on the assessed value of property as listed on the previous January 1 and were due 60 days following the billing date each year. Property taxes are recorded as receivables and unavailable revenues when levied as they are intended to fund that fiscal year. Revenues are recognized when available. The City elected not to bill any taxes on real property for the fiscal year ended June 30, 2019.

Receivables at June 30, 2019, for the City's individual major funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>SPLOST</u>	<u>Stormwater</u>	<u>Solid Waste</u>
Receivables:				
Accounts	\$ 322,362	\$ -	\$ 14,101	\$ 4,658
Other governments	-	603,146	-	-
Less allowance				
for uncollectible	-	-	-	3,639
Net total receivable	<u>\$ 322,362</u>	<u>\$ 603,146</u>	<u>\$ 14,101</u>	<u>\$ 1,019</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2019 is as follows:

	Beginning Balance	Increases	Transfers	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 1,022,278	\$ 526,700	\$ -	\$ 1,548,978
Construction in progress	13,858,127	5,665,755	(16,341,571)	3,182,311
Total	<u>14,880,405</u>	<u>6,192,455</u>	<u>(16,341,571)</u>	<u>4,731,289</u>
Capital assets, being depreciated:				
Machinery and equipment	2,168,746	352,995	(559,226)	1,962,515
Buildings	6,856,301	2,107,575	14,007,311	22,971,187
Infrastructure	6,396,257	55,087	2,893,486	9,344,830
Improvements	243,124	2,466,595	-	2,709,719
Total	<u>15,664,428</u>	<u>4,982,252</u>	<u>16,341,571</u>	<u>36,988,251</u>
Less accumulated depreciation for:				
Machinery and equipment	(305,397)	(196,828)	-	(502,225)
Buildings	(174,754)	(278,823)	-	(453,577)
Infrastructure	(1,222,633)	(371,495)	-	(1,594,128)
Improvements	(675)	(14,862)	-	(15,537)
Total	<u>(1,703,459)</u>	<u>(862,008)</u>	<u>-</u>	<u>(2,565,467)</u>
Total capital assets being depreciated, net	<u>13,960,969</u>	<u>4,120,244</u>	<u>16,341,571</u>	<u>34,422,784</u>
Governmental activities capital assets, net	<u>\$ 28,841,374</u>	<u>\$ 10,312,699</u>	<u>\$ -</u>	<u>\$ 39,154,073</u>
		Beginning Balance	Increases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Infrastructure		\$ 12,525,834	\$ 818,852	\$ 13,344,686
Total		<u>12,525,834</u>	<u>818,852</u>	<u>13,344,686</u>
Less accumulated depreciation for:				
Infrastructure		(1,828,192)	(403,831)	(2,232,023)
Total		<u>(1,828,192)</u>	<u>(403,831)</u>	<u>(2,232,023)</u>
Business-type activities capital assets, net		<u>\$ 10,697,642</u>	<u>\$ 415,021</u>	<u>\$ 11,112,663</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
General government	\$ 490,513
Public works	371,495
Total depreciation expense - governmental activities	<u>\$ 862,008</u>
Business-type activities:	
Stormwater	\$ 403,831
Total depreciation expense - business-type activities	<u>\$ 403,831</u>

NOTE 7. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bond -					
direct placement	\$ 7,175,000	\$ -	\$ -	\$ 7,175,000	\$ 380,000
Certificates of participation	8,000,000	-	(645,000)	7,355,000	435,000
Compensated absences	108,453	83,743	(40,110)	152,086	45,626
Governmental activity					
Long-term liabilities	<u>\$ 15,283,453</u>	<u>\$ 83,743</u>	<u>\$ (685,110)</u>	<u>\$ 14,682,086</u>	<u>\$ 860,626</u>

For governmental activities, the compensated absences are expected to be liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bond – Direct Placement

In February 2018, the Downtown Development Authority issued a taxable revenue bond on behalf of the City in the amount of \$7,175,000 at an interest rate of 3.25%. Through an intergovernmental agreement between the City and Downtown Development Authority, the City has agreed to make the debt service payments on the bond. The net proceeds from the bond were used to purchase land held for economic development purposes of the City. The Series 2018 direct placement bonds contain a provision that if the Authority is unable to make payment, outstanding amounts are due immediately. The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	\$ 380,000	\$ 227,013	\$ 607,013
2021	390,000	214,500	604,500
2022	405,000	201,581	606,581
2023	415,000	188,256	603,256
2024	430,000	174,525	604,525
2025-2029	2,375,000	649,594	3,024,594
2030-2034	2,780,000	231,563	3,011,563
	<u>\$ 7,175,000</u>	<u>\$ 1,887,032</u>	<u>\$ 9,062,032</u>

Certificates of Participation

In May 2017, the Georgia Municipal Association issued Certificates of Participation on behalf of the City in the amount of \$8,000,000, (Series 2017A, \$5,000,000) and (Series 2017B, \$3,000,000). The proceeds from the certificates will be used to finance the construction and renovations of the City's new City Hall building. Interest rates vary (2.75% for Series 2017A and 4.23% for Series 2017B) and payments are due on January 1 and July 1 of each year until maturity (maturity dates for Series 2017A is July 1, 2032 and July 1, 2033 for Series 2017B). The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2020	\$ 435,000	\$ 230,623	\$ 665,623
2021	450,000	212,632	662,632
2022	470,000	192,293	662,293
2023	490,000	171,703	661,703
2024	510,000	150,256	660,256
2025-2029	2,500,000	552,821	3,052,821
2030-2033	2,500,000	141,543	2,641,543
	<u>\$ 7,355,000</u>	<u>\$ 1,651,871</u>	<u>\$ 9,006,871</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. OPERATING LEASES

The City has also entered into an operating lease for the lease of office space in City Hall. Total payments received for the lease were \$417,292 for the fiscal year ended June 30, 2019. The future minimum lease payments to be received for this lease is as follows:

<u>Year Ending June 30,</u>	
2020	\$ 438,506
2021	547,183
2022	563,615
2023	580,639
2024	597,999
2025	256,013
Total	<u><u>\$ 2,983,955</u></u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of due to/from other funds as of June 30, 2019 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 28,758
General Fund	Stormwater	191,950
General Fund	Downtown Development Authority	3,954
Downtown Development Authority	Stormwater	52,844
Downtown Development Authority	SPLOST	223,810
		<u><u>\$ 501,316</u></u>

The interfund balance between the General Fund and Downtown Development Authority is the result of disbursements paid by the General Fund on behalf of the Downtown Development Authority that have not been reimbursed as of June 30, 2019. The interfund balance between the General Fund and Solid Waste fund is for money the Solid Waste Fund collects on behalf of the City for trash collection charges that was not received by the General Fund as of June 30, 2019. The interfund balance between the General Fund and Stormwater Fund is the result of disbursements paid by the General Fund on behalf of the Stormwater Fund that have not been paid back as of June 30, 2019. The interfund balance between the Downtown Development Authority and the Stormwater Fund is the result of disbursements paid by the Downtown Development Authority on behalf of the Stormwater Fund that have not been paid back as of June 30, 2019. Additionally, the interfund balance between the Downtown Development Authority and SPLOST fund is the result of disbursements paid by the Downtown Development Authority on behalf of the SPLOST Fund that have not been paid back as of June 30, 2019. Interfund balances are due to the timing of year end and the actual payments and receipts between the funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The composition of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Stormwater Fund	General Fund	\$ 191,950
Solid Waste Fund	General Fund	27,500
General Fund	SPLOST Fund	339,996
General Fund	Downtown Development Authority	2,748,257
SPLOST Fund	Downtown Development Authority	223,810
Stormwater Fund	Downtown Development Authority	52,843
		<u>\$ 3,584,356</u>

Transfers are used to move unrestricted funds from the General Fund to the SPLOST Fund to supplement SPLOST projects in the SPLOST Fund. Transfers are used to move unrestricted revenues from the enterprise funds to the General Fund to support operations in the General Fund. Transfers are used to move unrestricted funds from the General Fund and Stormwater Fund to the Downtown Development Authority Fund to fund a capital outlay project being constructed by the City in the Downtown Development Authority Fund. Transfers are also used to move funds from the SPLOST Fund to the Downtown Development Authority Fund to fund capital outlay projects approved in the 2017 SPLOST referendum for sidewalk paving.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The City is subject to legal actions in the ordinary course of business. In the opinion of management and legal counsel, the City has adequate legal defenses and insurance coverage with respect to such actions and the liability, if any, which might result from these proceedings, would not have a material adverse effect on the financial position of the City.

The City has entered into several public/private contractual partnerships for outsourced services and operations. Through these contracts with the private companies, an array of operational services is provided via outsourcing. These contracts are operating contracts for which the City is continually monitoring its outsourcing needs as compared to the cost of providing these services in-house. Currently, the cost of these contracts is approximately \$5,589,814 annually. The total is derived from the following contracts: CH2MHill \$3,063,964, Optech \$887,594, InterDev \$117,456, Sophicity \$142,614, Waste Management \$763,391 and Waste Pro \$614,795.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN

The City of Peachtree Corners' defined contribution retirement plan is a single employer defined contribution plan established and administered by the Georgia Municipal Association ("GMA") for all City employees. At June 30, 2019, there were 4 plan members. The City contributes 12% of eligible employees' base salary and matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible and fully vested immediately upon entering the Plan. Plan provisions and contribution requirements are established and may be amended by the City's Council. For the fiscal year ending June 30, 2019, contributions to the Plan were \$64,899 by the employees and \$101,536 by the City.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Gwinnett County has paid on behalf of the City of Peachtree Corners. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PEACHTREE CORNERS, GEORGIA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Motor vehicle taxes	\$ 300,000	\$ 650,000	\$ 728,251	\$ 78,251
Franchise taxes	3,500,000	3,590,000	3,702,272	112,272
Business taxes	2,650,000	3,348,000	3,511,286	163,286
Insurance premium taxes	2,500,000	2,723,935	2,723,935	-
Other taxes	679,000	715,000	761,398	46,398
Licenses and permits	1,145,000	1,275,968	1,508,645	232,677
Fines and forfeitures	8,000	3,857	7,594	3,737
Intergovernmental	-	1,885,750	1,876,630	(9,120)
Investment income	500	850	857	7
Miscellaneous	278,000	418,080	500,212	82,132
Total revenues	11,060,500	14,611,440	15,321,080	709,640
Expenditures:				
Current:				
General government:				
Legislative	111,061	111,061	84,418	26,643
Executive	567,979	602,829	613,047	(10,218)
City clerk	346,325	376,850	335,423	41,427
General administration	1,469,000	2,011,000	2,129,978	(118,978)
Financial administration	456,646	486,811	459,828	26,983
Legal	225,000	345,000	328,531	16,469
General buildings and ground	1,252,132	4,031,132	4,031,376	(244)
Public information	576,104	626,104	662,095	(35,991)
Total general government	5,004,247	8,590,787	8,644,696	(53,909)
Public Works	1,743,153	1,643,818	1,603,306	40,512
Community development				
Community development	793,131	943,481	1,037,223	(93,742)
Code enforcement	442,900	442,900	442,900	-
Protective inspection administration	633,450	633,450	633,450	-
Planning and zoning	246,300	246,300	246,300	-
Total community development	2,115,781	2,266,131	2,359,873	(93,742)
Debt service:				
Principal	555,000	555,000	645,000	(90,000)
Interest	461,125	461,125	252,824	208,301
Total debt service	1,016,125	1,016,125	897,824	118,301
Total expenditures	9,879,306	13,516,861	13,505,699	11,162
Other financing sources (uses):				
Transfers in	131,400	219,450	219,450	-
Transfers out	(2,500,000)	(2,745,000)	(3,088,253)	(343,253)
Total other financing sources (uses)	(2,368,600)	(2,525,550)	(2,868,803)	(343,253)
Net change in fund balance	(1,187,406)	(1,430,971)	(1,053,422)	377,549
Fund balance, beginning of year	8,947,460	8,947,460	8,947,460	-
Fund balance, end of year	\$ 7,760,054	\$ 7,516,489	\$ 7,894,038	\$ 377,549

SUPPLEMENTARY INFORMATION

CITY OF PEACHTREE CORNERS, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2019

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2014 SPLOST Program:					
Transportation Projects	<u>\$ 19,970,315</u>	<u>\$ 19,970,315</u>	<u>\$ 17,099,878</u>	\$ 415,313	<u>\$ 17,515,191</u>
Total 2014 SPLOST Fund expenditures for the year ended June 30, 2019				<u>\$ 415,313</u>	
2017 SPLOST Program:					
Transportation Projects	<u>\$ 37,557,816</u>	<u>\$ 36,250,000</u>	<u>\$ 1,788,786</u>	\$ 4,589,245	<u>\$ 6,378,031</u>
Transfers to Downtown Development Authority for approved SPLOST capital projects				(223,810)	
Transfers in from other funds to offset project costs				339,996	
Total 2017 SPLOST Fund expenditures for the year ended June 30, 2019				<u>\$ 4,705,431</u>	
Total SPLOST Fund expenditures for the year ended June 30, 2019				<u>\$ 5,120,744</u>	

Note: The transfer made from the SPLOST Fund to the Downtown Development Authority is to move SPLOST proceeds to the Downtown Development Authority for capital outlay expenditures incurred during the year related to a capital project approved in the voter approved 2017 SPLOST referendum.

STATISTICAL SECTION

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

Page

Financial Trends..... 43

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

Revenue Capacity 47

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

Because the City has a zero millage rate, no property taxes were levied or collected; the only property taxes reported are motor vehicle taxes. Therefore, the schedules for Principal Property Taxpayers and Property Tax Levies and Collections are not applicable. Franchise taxes is the City's largest own-source revenue.

Debt Capacity 50

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

Demographic and Economic Information..... 53

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

Operating Information 55

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City's first year of incorporation was 2013; schedules presented include information beginning in that year.

CITY OF PEACHTREE CORNERS, GEORGIA

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

	2019	2018	2017	2016	2015	2014	2013
Governmental activities:							
Net investment in capital assets	\$ 31,398,362	\$ 19,665,011	\$ 10,019,701	\$ 16,937,513	\$ 16,964,506	\$ 17,617,500 (1)	\$ 73,355
Restricted	16,305,525	24,029,342	22,548,883	10,242,980	6,153,466	1,679,194	-
Unrestricted	7,532,811	1,488,047	3,042,824	9,483,434	6,151,991	7,299,535	3,466,350
Total governmental activities net position	<u>\$ 55,236,698</u>	<u>\$ 45,182,400</u>	<u>\$ 35,611,408</u>	<u>\$ 36,663,927</u>	<u>\$ 29,269,963</u>	<u>\$ 26,596,229</u>	<u>\$ 3,539,705</u>
Business-type activities:							
Net investment in capital assets	\$ 11,112,663	\$ 10,697,642	\$ 11,103,907	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,022,705	2,389,653	303,607	214,840	152,285	31,984	-
Total business-type activities net position	<u>\$ 14,135,368</u>	<u>\$ 13,087,295</u>	<u>\$ 11,407,514</u>	<u>\$ 214,840</u>	<u>\$ 152,285</u>	<u>\$ 31,984</u>	<u>\$ -</u>
Primary government:							
Net investment in capital assets	\$ 42,511,025	\$ 30,362,653	\$ 21,123,608	\$ 16,937,513	\$ 16,964,506	\$ 17,617,500	\$ 73,355
Restricted	16,305,525	24,029,342	22,548,883	10,242,980	6,153,466	1,679,194	-
Unrestricted	10,555,516	3,877,700	3,346,431	9,698,274	6,304,276	7,331,519	3,466,350
Total primary government net assets	<u>\$ 69,372,066</u>	<u>\$ 58,269,695</u>	<u>\$ 47,018,922</u>	<u>\$ 36,878,767</u>	<u>\$ 29,422,248</u>	<u>\$ 26,628,213</u>	<u>\$ 3,539,705</u>

Note: Fiscal year 2013 was the City's first full year of operation.

(1) In 2014 the City added approximately \$17,730,000 of previously unrecorded infrastructure.

CITY OF PEACHTREE CORNERS, GEORGIA

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

	2019	2018	2017	2016	2015	2014	2013
Expenses							
Governmental activities:							
General government	\$ 6,580,944	\$ 5,209,278	\$ 2,605,719	\$ 3,902,482	\$ 4,903,523	\$ 2,495,125	\$ 1,054,211
Public works	3,432,436	3,657,463	2,624,129	3,741,601	3,415,879	618,244	-
Housing and development	2,499,823	2,100,069	2,036,045	1,504,682	4,873,257	968,196	608,330
Interest on long-term debt	475,238	537,112	348,795	318	958	1,523	1,993
Total governmental activities expenses	12,988,441	11,503,922	7,614,688	9,149,083	13,193,617	4,083,088	1,664,534
Business-type activities:							
Solid waste	1,387,232	1,227,963	1,228,517	1,237,324	1,157,119	616,337	307,081
Stormwater	1,661,169	1,065,870	-	-	-	-	-
Total business-type activities expenses	3,048,401	2,293,833	1,228,517	1,237,324	1,157,119	616,337	307,081
Total primary government expenses	<u>\$ 16,036,842</u>	<u>\$ 13,797,755</u>	<u>\$ 8,843,205</u>	<u>\$ 10,386,407</u>	<u>\$ 14,350,736</u>	<u>\$ 4,699,425</u>	<u>\$ 1,971,615</u>
Program revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,140,911	\$ 550,601	\$ 530,939	\$ 404,620	\$ 371,106	\$ 330,275	\$ 122,323
Housing and development	875,540	947,529	744,185	655,604	618,159	627,142	201,449
Operating grants and contributions	36,630	90,510	40,841	50,500	131,610	16,252	128,785
Capital grants and contributions	9,289,365	6,828,012	6,442,363	6,196,928	6,065,266	1,550,469	-
Total governmental activities program revenues	11,342,446	8,416,652	7,758,328	7,307,652	7,186,141	2,524,138	452,557
Business-type activities:							
Charges for services:							
Solid waste	1,511,305	1,306,364	1,317,284	1,299,879	1,275,180	647,278	-
Stormwater	2,857,462	2,667,250	-	-	-	-	-
Total business-type activities program revenues	4,368,767	3,973,614	1,317,284	1,299,879	1,275,180	647,278	-
Total program revenues	<u>\$ 15,711,213</u>	<u>\$ 12,390,266</u>	<u>\$ 9,075,612</u>	<u>\$ 8,607,531</u>	<u>\$ 8,461,321</u>	<u>\$ 3,171,416</u>	<u>\$ 452,557</u>
Net (expense)/revenue							
Governmental activities	\$ (1,645,995)	\$ (3,087,270)	\$ 143,640	\$ (1,841,431)	\$ (6,007,476)	\$ (1,558,950)	\$ (1,211,977)
Business-type activities	1,320,366	1,679,781	88,767	62,555	118,061	30,941	(307,081)
Total primary government	<u>\$ (325,629)</u>	<u>\$ (1,407,489)</u>	<u>\$ 232,407</u>	<u>\$ (1,778,876)</u>	<u>\$ (5,889,415)</u>	<u>\$ (1,528,009)</u>	<u>\$ (1,519,058)</u>
General Revenues and Other Changes in Net Position							
Governmental activities:							
Taxes							
Motor vehicle taxes	\$ 728,251	\$ 559,032	\$ 849,532	\$ 1,056,930	\$ 756,524	\$ 660,859	\$ 2,004,463
Franchise taxes	3,702,272	4,994,280	3,220,188	3,053,324	3,028,563	3,281,768	361,907
Business taxes	3,511,286	3,430,487	2,606,672	2,567,228	2,396,689	2,451,150	2,245,322
Other taxes	3,485,333	3,572,639	2,741,913	2,555,514	2,495,463	482,579	139,673
Investment income	858	1,708	180,353	2,399	3,971	8,815	211
Miscellaneous revenues	-	100,116	270,603	-	-	-	106
Special item - donation of infrastructure at incorporation	-	-	-	-	-	17,730,303	-
Transfers	272,293	-	-	-	-	-	-
Total governmental activities	11,700,293	12,658,262	9,869,261	9,235,395	8,681,210	24,615,474	4,751,682
Business-type activities:							
Investment income	-	-	-	-	2,240	1,043	-
Transfers	(272,293)	-	-	-	-	-	-
Total business-type activities	(272,293)	-	-	-	2,240	1,043	-
Total primary government	<u>\$ 11,428,000</u>	<u>\$ 12,658,262</u>	<u>\$ 9,869,261</u>	<u>\$ 9,235,395</u>	<u>\$ 8,683,450</u>	<u>\$ 24,616,517</u>	<u>\$ 4,751,682</u>
Change in Net Position							
Governmental activities	\$ 10,054,298	\$ 9,570,992	\$ 10,012,901	\$ 7,393,964	\$ 2,673,734	\$ 23,056,524	\$ 3,539,705
Business-type activities	1,048,073	1,679,781	88,767	62,555	120,301	31,984	(307,081)
Total primary government	<u>\$ 11,102,371</u>	<u>\$ 11,250,773</u>	<u>\$ 10,101,668</u>	<u>\$ 7,456,519</u>	<u>\$ 2,794,035</u>	<u>\$ 23,088,508</u>	<u>\$ 3,232,624</u>

CITY OF PEACHTREE CORNERS, GEORGIA

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund							
Nonspendable - Prepays	\$ 369,309	\$ 275,156	\$ 66,833	\$ 23,069	\$ 22,176	\$ 15,071	\$ 3,398
Restricted	-	-	6,977,722	-	-	-	-
Unassigned	<u>7,524,729</u>	<u>8,672,304</u>	<u>491,803</u>	<u>12,712,468</u>	<u>9,362,173</u>	<u>7,343,335</u>	<u>3,490,383</u>
Total general fund	<u>\$ 7,894,038</u>	<u>\$ 8,947,460</u>	<u>\$ 7,536,358</u>	<u>\$ 12,735,537</u>	<u>\$ 9,384,349</u>	<u>\$ 7,358,406</u>	<u>\$ 3,493,781</u>
All Other Governmental Funds							
Nonspendable:							
Prepays	\$ -	\$ 3,954	\$ 3,954	\$ -	\$ -	\$ -	\$ -
Restricted:							
Capital projects funds	<u>23,106,102</u>	<u>22,898,540</u> (1)	<u>25,141,358</u> (1)	<u>10,242,980</u>	<u>6,153,466</u>	<u>1,679,194</u>	<u>-</u>
Total all other governmental funds	<u>\$ 23,106,102</u>	<u>\$ 22,902,494</u>	<u>\$ 25,145,312</u>	<u>\$ 10,242,980</u>	<u>\$ 6,153,466</u>	<u>\$ 1,679,194</u>	<u>\$ -</u>

(1) - Beginning in fiscal year 2017, the Downtown Development Authority was reported as a blended component unit.

CITY OF PEACHTREE CORNERS, GEORGIA

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

	2019	2018	2017	2016	2015	2014	2013
Revenues							
Taxes	\$ 11,427,142	\$ 12,556,438 (3)	\$ 9,418,305	\$ 9,232,996	\$ 8,677,239	\$ 6,880,381	\$ 4,747,340
Licenses and permits	1,508,645	1,439,684	1,270,861	1,051,717	982,359	942,425	323,772
Intergovernmental	9,240,565 (4)	6,890,558	6,476,754	6,246,928	6,170,876	1,566,721	128,785
Fines and forfeitures	7,594	4,080	4,263	8,507	6,906	14,992	-
Contributions	-	15,000	-	500	26,000	-	-
Investment income	86,288	14,672	186,803	2,399	3,971	8,815	211
Miscellaneous	500,212	154,482	270,603	-	-	-	106
Total revenues	<u>22,770,446</u>	<u>21,074,914</u>	<u>17,627,589</u>	<u>16,543,047</u>	<u>15,867,351</u>	<u>9,413,334</u>	<u>5,200,214</u>
Expenditures							
Current:							
General government	8,644,696	9,570,418 (1)	9,082,273 (1)	3,837,772	4,867,436	2,610,537	1,117,524
Public works	1,603,306	1,791,515	1,939,000	1,647,176	2,773,950	285,000	-
Housing and development	7,413,523	13,949,204 (2)	2,036,045	1,504,682	1,719,968	968,196	600,982
Capital outlay	5,120,744 (4)	3,415,754	2,599,912	2,107,414	-	-	-
Debt service:							
Principal	645,000	-	-	4,983	4,824	4,259	332
Interest	465,284	354,739	305,693	318	958	1,523	1,993
Total expenditures	<u>23,892,553</u>	<u>29,081,630</u>	<u>15,962,923</u>	<u>9,102,345</u>	<u>9,367,136</u>	<u>3,869,515</u>	<u>1,720,831</u>
Excess of revenues over expenditures	<u>(1,122,107)</u>	<u>(8,006,716)</u>	<u>1,664,666</u>	<u>7,440,702</u>	<u>6,500,215</u>	<u>5,543,819</u>	<u>3,479,383</u>
Other Financing Sources (Uses)							
Issuance of long term debt	-	7,175,000	8,000,000	-	-	-	14,398
Transfers in	3,584,356	971,788	19,552,648	-	-	128,725	-
Transfers out	(3,312,063)	(971,788)	(19,552,648)	-	-	(128,725)	-
Total other financing sources (uses)	<u>272,293</u>	<u>7,175,000</u>	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,398</u>
Net change in fund balances	<u>\$ (849,814)</u>	<u>\$ (831,716)</u>	<u>\$ 9,664,666</u>	<u>\$ 7,440,702</u>	<u>\$ 6,500,215</u>	<u>\$ 5,543,819</u>	<u>\$ 3,493,781</u>
Debt service as a percentage of noncapital expenditures	8.7%	3.3%	3.1%	0.1%	0.1%	0.2%	0.1%

(1) Increase compared to prior year is due to the real estate acquisition for the future site of city hall.

(2) Increase compared to prior year is due to the real estate acquisition for economic development.

(3) Increase in franchise taxes and business and occupational taxes compared to prior year is due to a field audit conducted by the City that identified additional billings.

(4) Increase in intergovernmental revenues compared to prior year is due to receipt of Economic Adjustment Assistance grant.

CITY OF PEACHTREE CORNERS, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST SEVEN FISCAL YEARS (in thousands)

Digest Year	Real Property				Personal Property			Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Industrial Property	Other (1)	Motor Vehicle	Utility	Heavy Equipment					
2012	\$ 982,746,640	\$ 967,179,560	\$ 132,431,540	\$ 1,362,720	\$ -	\$ -	\$ -	\$ 339,402,058	\$ 1,744,318,402	0.85	\$ 4,360,796,005	40%
2013	960,398,520	1,003,379,990	96,296,280	1,218,720	8,578,480	-	14,950	310,859,307	1,759,027,633	0.00	4,397,569,083	40%
2014	1,081,474,320	1,052,132,670	100,453,050	1,218,720	81,803,230	47,081,600	46,400	1,840,140	2,362,369,850	0.00	5,905,924,625	40%
2015	1,094,769,440	1,036,650,850	98,134,300	1,231,200	58,116,720	31,366,160	34,670	2,002,065	2,318,301,275	0.00	5,795,753,188	40%
2016	1,158,198,550	1,101,984,720	77,299,460	1,231,200	44,619,270	28,325,240	31,200	2,326,608	2,409,363,032	0.00	6,023,407,580	40%
2017	1,236,564,120	1,165,705,010	82,220,010	1,231,200	33,274,600	26,430,800	105,530	2,473,334	2,543,057,936	0.00	6,357,644,840	40%
2018	1,321,620,820	1,143,955,790	92,372,510	734,400	22,949,320	25,460,600	118,910	2,520,060	2,604,692,290	0.00	6,511,730,725	40%

Source: Gwinnett County Tax Commissioner

(1) Reflects agricultural, conservation use, and brownfield.

CITY OF PEACHTREE CORNERS, GEORGIA

PRINCIPAL FRANCHISE TAXPAYERS CURRENT AND SIX YEARS AGO

Franchise Taxpayer	2019			2013		
	Revenue	Rank	Percentage of Total Revenue	Revenue	Rank	Percentage of Total Revenue
Georgia Power	\$ 2,569,200	1	69.40 %	\$ 314,833	1	87.83 %
Atlanta Gas Light	389,703	2	10.53			
Comcast	239,920	3	6.48			
Bellsouth	177,825	4	4.80			
Waste Management	158,674	5	4.29	21,827	2	6.09
Zayo Group	56,124	6	1.52			
Advanced Disposal	21,914	7	0.59			
American Disposal Service of Georgia	6,775	8	0.18	814	4	0.23
Google	1,525	9	0.04			
Waste Eliminator	357	10	0.01			
Republic Services				20,997	3	5.86
Totals	<u>\$ 3,622,017</u>			<u>\$ 358,471</u>		

Source: Peachtree Corners Finance Department

Note: FY2013 is the first year the City had a full year of franchise operations.

CITY OF PEACHTREE CORNERS, GEORGIA

**FRANCHISE TAX RATES
LAST SEVEN CALENDAR YEARS**

Calendar Year	Telecommunication	Cable	Electric	Solid Waste
2013	3%	5%	3%	5%
2014	3%	5%	3%	5%
2015	3%	5%	3%	5%
2016	3%	5%	3%	5%
2017	3%	5%	3%	5%
2018	3%	5%	3%	5%
2019	3%	5%	4%	10%

Source: Peachtree Corners Finance Department

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

CITY OF PEACHTREE CORNERS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST SEVEN FISCAL YEARS

Fiscal Period Ended June 30,	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	Bonds Payable Direct Placement	Certificates of Participation	Capital Lease Payable	Total		
2013	\$ -	\$ -	\$ 14,066	\$ 14,066	0.02 %	\$ 0.37
2014	-	-	9,807	9,807	0.02	0.26
2015	-	-	4,983	4,983	0.01	0.13
2016	-	3,153,289	-	3,153,289	4.83	73.72
2017	-	8,000,000	-	8,000,000	12.25	187.03
2018	7,175,000	8,000,000	-	15,175,000	22.80	350.72
2019	7,175,000	7,355,000	-	14,530,000	21.72	333.95

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

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

CITY OF PEACHTREE CORNERS, GEORGIA

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
as of June 30, 2019**

Governmental Unit	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Overlapping debt			
Gwinnett County GO Bonds, Leases Payable ⁽¹⁾	\$ 103,549,000	7 %	\$ 7,248,430
Gwinnett County Board of Education GO Bonds, Certificates of Participation ⁽²⁾	1,259,293,321	7 %	88,150,532
Total overlapping debt	<u>1,362,842,321</u>		<u>95,398,962</u>
City of Peachtree Corners direct debt	14,530,000	100 %	14,530,000
Total direct and overlapping debt	<u>\$ 1,377,372,321</u>		<u>\$ 109,928,962</u>

(1) Gwinnett County Comprehensive Annual Financial Report for December 31, 2018

(2) Gwinnett County Board of Education Comprehensive Annual Financial Report for June 30, 2018

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

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

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

CITY OF PEACHTREE CORNERS, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST SEVEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013
Assessed Value	\$ 2,604,692,290	\$ 2,543,057,936	\$ 2,409,363,032	\$ 2,318,301,275	\$ 2,362,369,850	\$ 1,759,027,633	\$ 1,744,318,402
Add back: exempt real property	2,520,060	2,473,334	2,326,608	2,002,065	1,840,140	310,859,307	339,402,058
Total assessed value	<u>\$ 2,607,212,350</u>	<u>\$ 2,545,531,270</u>	<u>\$ 2,411,689,640</u>	<u>\$ 2,320,303,340</u>	<u>\$ 2,364,209,990</u>	<u>\$ 2,069,886,940</u>	<u>\$ 2,083,720,460</u>
Debt Limit - 10% of Assessed Value	<u>\$ 260,721,235</u>	<u>\$ 254,553,127</u>	<u>\$ 241,168,964</u>	<u>\$ 232,030,334</u>	<u>\$ 236,420,999</u>	<u>\$ 206,988,694</u>	<u>\$ 208,372,046</u>
Amount of Debt Applicable to Debt Limit:							
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Available in Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Debt Applicable to Debt Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	<u>\$ 260,721,235</u>	<u>\$ 254,553,127</u>	<u>\$ 241,168,964</u>	<u>\$ 232,030,334</u>	<u>\$ 236,420,999</u>	<u>\$ 206,988,694</u>	<u>\$ 208,372,046</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTE: The City's outstanding general obligation debt should not exceed 10 percent of total assessed property value.

CITY OF PEACHTREE CORNERS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST SEVEN FISCAL YEARS

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2013	38,006	\$ 65,319	\$ 1,719	33.2	4,230	2.2 %
2014	38,006	65,319	1,719	38.6	4,272	4.3
2015	38,006	65,319	1,719	37.9	4,189	5.4
2016	42,773	65,319	1,527	35.2	3,371	2.6
2017	42,773	65,319	1,527	34.8	3,317	4.0
2018	43,268	66,553	1,538	36.1	3,198	3.3
2019	43,509	66,905	1,538	36.1	3,149	3.0

(1) Source: U. S. Bureau of Labor Statistics

(2) Source: Gwinnett County Board of Education (High School Enrollment Only)

(3) Bureau of Labor Statistics July, 2018

Note: 2019 population, per capita, and personal income are estimates based on past regional trends.

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

CITY OF PEACHTREE CORNERS, GEORGIA

PRINCIPAL EMPLOYERS CURRENT YEAR AND SIX YEARS AGO

Employer	2019			2013		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Comcast	682	1	1.59 %			
Immucor Inc.	421	2	0.98	495	4	1.40 %
Crawford & Company	395	3	0.92			
Professional Career Development Institute	350	4	0.81			
One Diversified, LLC	315	5	0.73			
Centuries Communities of Georgia	310	6	0.72			
ACI Worldwide Corp	302	7	0.70	285	9	0.81
Siemens Industry Inc.	263	8	0.61			
NetPlanner Systems	248	9	0.58			
EMS Defense & Space	246	10	0.57			
The Network Inc.				950	1	2.69
All Risks Ltd.				725	2	2.05
Phoenix Corporation				585	3	1.66
Career Builder LLC				420	5	1.19
Fiserv				292	6	0.83
Fleetcor Technologies Operating				290	7	0.82
Technical Innovation LLC				287	8	0.81
Pond & Company				225	10	0.64
Totals	3,532		8.21 %	4,554		12.88 %

(1) Source: 2014 & 2019 individual employer's business license filing

(2) Source: U. S. Bureau of Labor Statistics

CITY OF PEACHTREE CORNERS, GEORGIA

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

Function	2019	2018	2017	2016	2015	2014	2013
General government	10	9	7	7	6	6	3
Judicial	1	1	1	1	1	1	-
Public works							
Highways and streets	17	16	9	9	9	2	-
Housing and development	10	10	9	9	7	5	3
Total	38	36	26	26	23	14	6

Source: City of Peachtree Corners Human Resources Department

Note: Fiscal year 2014 is the City's first full year of operations. The 2013 period was only 6 months. The City is gradually taking over the services provided to its citizens by Gwinnett County, which results in changes to the number of employees.

CITY OF PEACHTREE CORNERS, GEORGIA

OPERATING INDICATORS BY FUNCTION LAST SEVEN FISCAL YEARS

Function	2019	2018	2017	2016	2015	2014	2013
General government							
Ordinances approved	21	27	12	27	25	11	20
Special events held	12	9	2	2	2	2	2
Court cases	9	10	-	47	31	86	-
Bond rating	NA	NA	NA	NA	NA	NA	NA
Software applications supported	9	8	7	7	7	7	6
Grants managed	3	4	3	2	3	1	1
Public works							
Average days to repair pothole	24 hr- emg/ 3 days	24 hr- emg/ 3 days	24 hr- emg/ 3 days	24 hr- emg/ 3 days	24 hr- emg/ 3 days	24 hr- emg/ 3 days	24 hr- emg/ 3 days
Housing and development							
Stormwater plans reviewed	12	90	50	23	24	23	17
New building permits issued	1,337	1,141	436	1,102	1,027	1,115	649
Parcels annexed	-	-	-	-	-	-	-

Sources: Various City and County departments.

Note: Operating indicators are not available for years prior to 2013.

CITY OF PEACHTREE CORNERS, GEORGIA

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

Function/Program	2019	2018	2017	2016	2015	2014	2013
Public Works							
Streets (miles)	121	121	121	121	121	121	-
Stormwater Pipe (feet)	260,338	260,338	252,874	252,874	252,874	252,874	-
Stormwater Structures	3,928	3,928	3,816	3,816	3,816	3,816	-
General Government							
Land (acres)	13.37	4.35	4.35	-	-	-	-
Buildings							
Owned	2	1	1	-	-	-	-
Leased	1	1	1	1	1	1	1
Machinery & Equipment							
Owned	2	2	2	2	1	1	1
Leased	9	9	9	5	2	2	2

Source: Various City departments.

Note: The community development function does not maintain any capital assets.

COMPLIANCE SECTION



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

**The Honorable Mayor and Members
of the City Council of the
City of Peachtree Corners, 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 Peachtree Corners Georgia (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 26, 2019



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

**The Honorable Mayor and Members
of the City Council of the
City of Peachtree Corners, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the City of Peachtree Corners Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 26, 2019

CITY OF PEACHTREE CORNERS, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF COMMERCE			
Economic Development Cluster			
Economic Adjustment Assistance Program	11.307	04-79-07309	\$ 1,840,000
Total Economic Development Cluster			<u>1,840,000</u>
Total U.S. Department of Commerce			<u>1,840,000</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Georgia Emergency Management Agency:			
Federal Emergency Management Agency	97.036	FEMA-4338-DR-GA	<u>36,630</u>
Total U.S. Department of Homeland Security			<u>36,630</u>
Total Expenditures of Federal Awards			<u>\$ 1,876,630</u>

See accompanying note to schedule of expenditures of federal awards.

PEACHTREE CORNERS, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

The City did not utilize the 10% de minimus indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF PEACHTREE CORNERS, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X none reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to reported in accordance with 2 CFR 200.516(a)?

___ yes X no

Identification of major federal programs:

CFDA Number

11.307

Name of Federal Program or Cluster

Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

CITY OF PEACHTREE CORNERS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

CITY OF PEACHTREE CORNERS, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

None reported