

***CITY OF NORCROSS, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended August 31, 2020***

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**CITY OF NORCROSS, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the year ended August 31, 2020*

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## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Norcross, Georgia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of and for the period ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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 of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of August 31, 2020, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and Hotel/Motel Tax Fund for the period then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3 through 21 and 84 through 95 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 of Norcross, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards are 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 combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the City of Norcross, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Norcross, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
January 22, 2021



## **Karen A. Slaton-Dixon**

**Administrative Services Director**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the City of Norcross provides this Management's Discussion and Analysis for readers of the City's financial statements for the year ended August 31, 2020. The purpose of this narrative is to provide readers of these financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about the City of Norcross. This narrative overview of the City's financial activities should be read in conjunction with the information presented in the letter of transmittal found at the front of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Norcross exceeded its liabilities at the close of the year by \$95,269,800 (reported as "net position"). Of this amount \$11,943,098 is unrestricted, of which \$-1,338,732 is Governmental Activities and \$13,281,830 is Business-Type Activities. This unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,120,164
- The City's governmental funds reported combined ending fund balances of \$16,972,605. Approximately 45 percent of this amount, \$7,666,961 is available for spending at the City's discretion (unassigned fund balance in the General Fund).
- The City's proprietary funds reported net position of \$29,786,251 at year end, an increase of \$2,594,459 as a result of the current year's operations.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### ***Government-wide financial statements.***

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Norcross. The government-wide financial statements include the statement of net position and the statement of activities. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when cash is received or paid.

### **Statement of Net Position**

The statement of net position (pages 22-23), presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. The City's net position, which is the difference between assets (what the citizens own), and liabilities (what the citizens owe), is one way to measure the City's financial 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. Other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets (roads, buildings, and utility systems) must be considered to assess the overall health of the City.

### **Statement of Activities**

The statement of activities (page 24), presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Net Position and the Statement of Activities are divided into three types of activities:

- **Governmental activities** - Most of the City's basic services are reported under this category. These services include police, infrastructure maintenance, parks and recreation, and general administration. Taxes, fines/forfeitures and intergovernmental revenues (governmental activities) finance most of these activities.
- **Business-Type activities** - The City charges fees to customers to offset most of the cost of certain services it provides. The City's utility and solid waste services are reported under this category.
- **Discretely Presented Component Unit** - Component units are legally separate organizations for which the elected officials of the City are financially accountable. The Downtown Development Authority, although legally separate, functions for all practical purposes as a department of the City of Norcross, and, therefore, has been included as an integral part of the primary government.

### ***Fund Financial Statements.***

The focus of fund financial statements is directed to specific activities of the City and its most significant funds, not the City as a whole. A fund is 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. Some funds are required to be established by state law. The City of Norcross uses two categories of funds: governmental funds and proprietary funds.

In fund financial statements, information is presented in separate columns for each of the major funds. Data from non-major funds are combined into a single, aggregated column for presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements beginning on page 96.

### **Governmental funds**

Most of the City's basic governmental activities reported in the government-wide statements are accounted for in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation beside the fund financial statements.

In addition to the General Fund, which is considered a major fund, the City of Norcross maintains two governmental funds types:

1. Special Revenue Funds
2. Capital Projects Funds

The Hotel/Motel Tax, 2017 Special Purpose Local Option Sales Tax (SPLOST) and 2017 Revenue Bond funds are considered major Governmental funds.

The City of Norcross adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided for the General Fund and Hotel/Motel Tax Fund to demonstrate compliance with these budgets.

The City's basic governmental fund financial statements can be found on pages 25-28 of this report.

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

#### **Proprietary funds**

When the City charges customers for the full or partial cost of the services it provides (whether to outside customers or to other units of the City), these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities, using the accrual basis of accounting. Enterprise funds are a type of proprietary fund used to account for functions reported as business-type activities in the government-wide statements. The City uses four enterprise funds to account for separate business-type activities, and the major funds are reported in the basic proprietary fund financial statements on pages 31-35 of this report. The City of Norcross uses enterprise funds to account for its electric, storm water, and solid waste functions. The Electric Utility, Storm Water Utility and Solid Waste Enterprise Funds are considered major funds.

#### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City acts as a fiduciary for the Municipal Court Agency Fund.

Fiduciary funds are presented in the fund financial statements, but are not reported in the government-wide financial statements.

The City's fiduciary fund Statement of Assets and Liabilities is presented on page 36.

#### ***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 37-83 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combined financial statements for non-major funds described earlier. Individual fund statements and schedules are presented following the required supplementary information. These statements and schedules contain much more detailed financial information about individual services or divisions of the City.

This report includes two schedules on pages 26 and 28 that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on the fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement, but are reported as deferred inflows on the fund financial statements.
- Unless due and payable, long-term liabilities appear only in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Repayment of debt principal reduces a liability on the government-wide statements, but is an expenditure on the fund financial statements.
- Some expenses reported in the government-wide statements represent increases in liabilities on the government-wide statements but are not reported as expenditures in governmental funds because they do not require the use of current financial resources.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

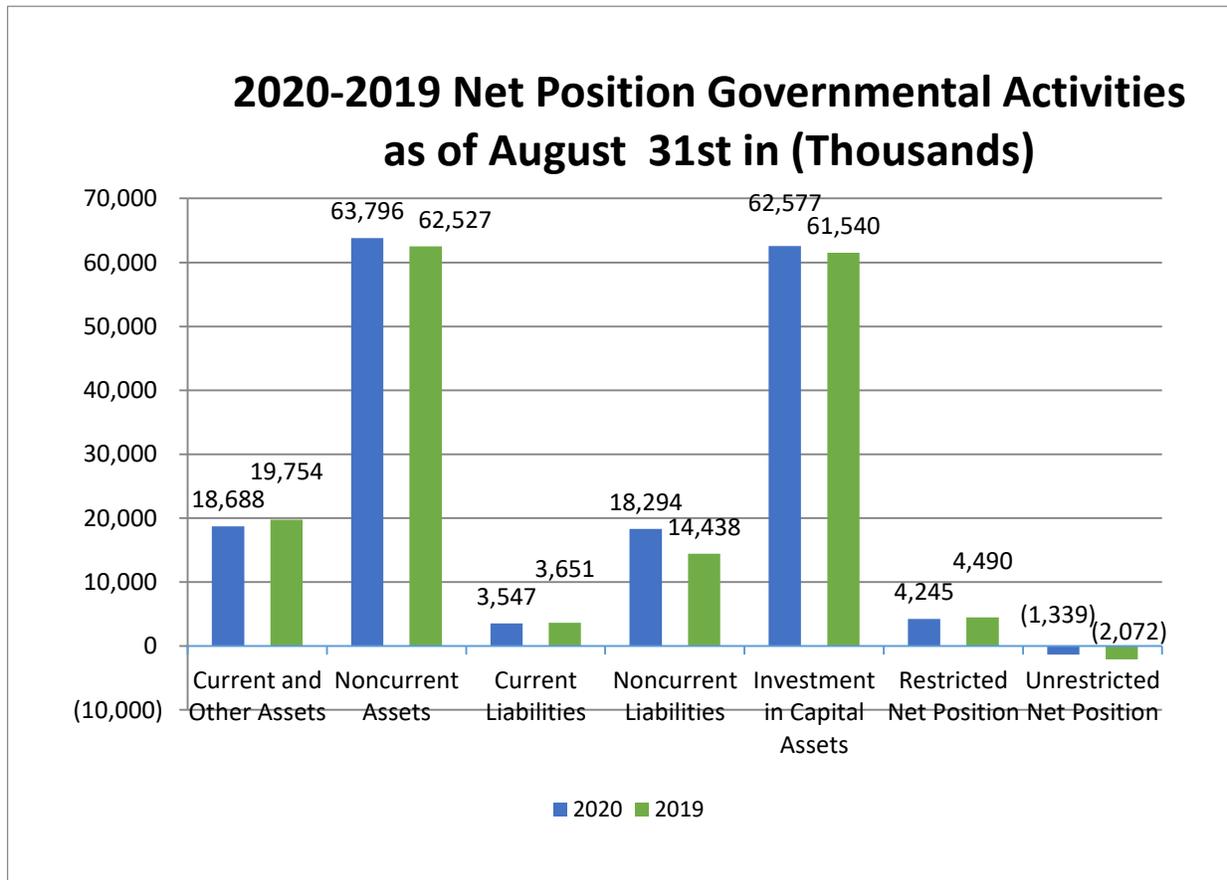
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Norcross, assets exceeded liabilities by \$95,269,800 as of August 31, 2020. The following table provides a summary of the City's governmental and business-type net position for the year ending August 31, 2020 and for the period ending August 31, 2019.

### City of Norcross Net Position as of August 31, 2020 and 2019 (in Thousands)

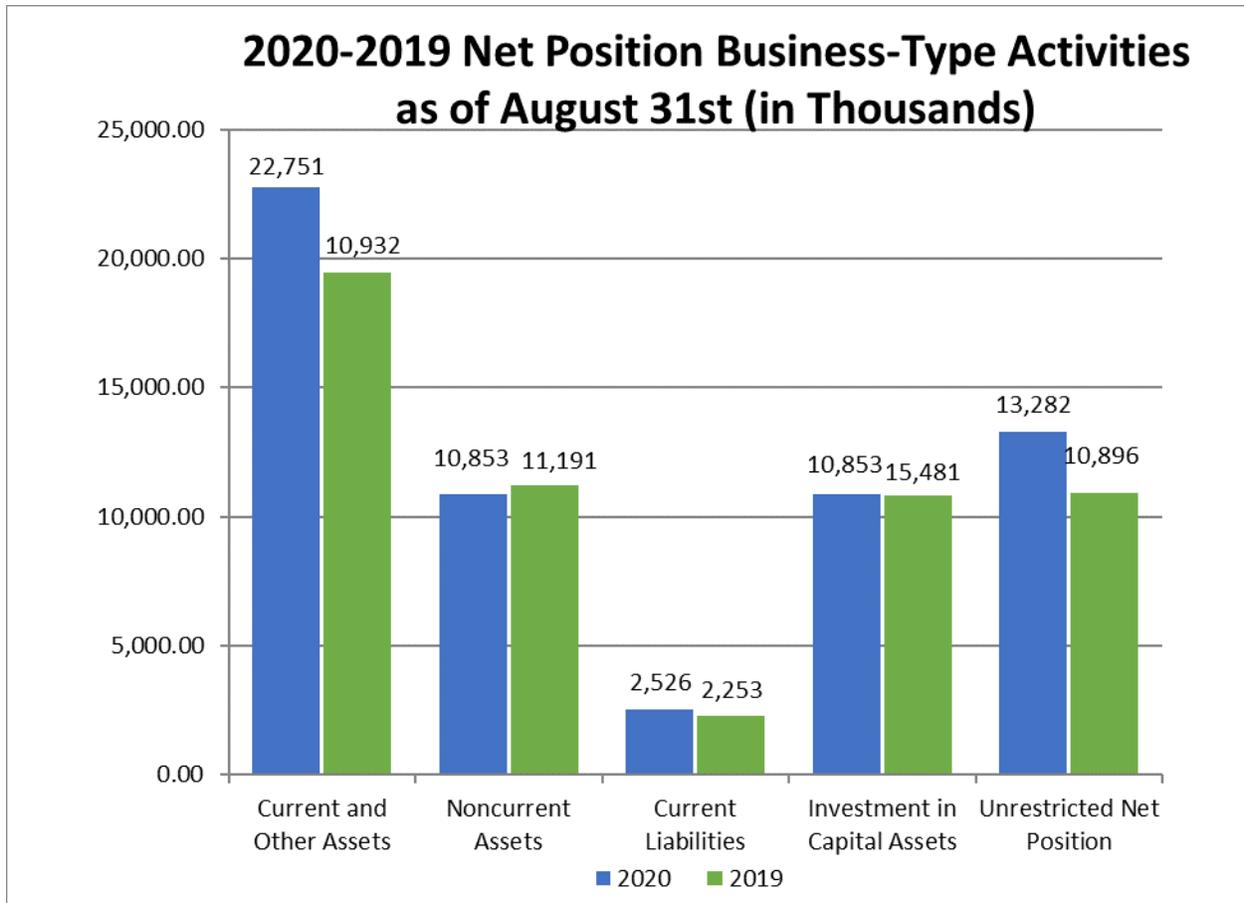
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	\$18,688	\$19,754	\$22,751	\$19,440	\$41,439	\$39,194
Capital Assets	63,796	62,516	10,853	10,809	74,649	73,325
Other Noncurrent Assets	0	0	0	382	0	382
Total Assets	82,484	82,270	33,604	30,631	116,088	112,901
Deferred Outflows of Resources	6,155	1,453	923	172	7,079	1,625
Current Liabilities	3,547	3,648	2,526	2,253	6,073	5,901
Noncurrent Liabilities	18,294	14,429	2,002	1,082	20,296	15,511
Total Liabilities	21,841	18,077	4,528	3,335	26,369	21,412
Deferred inflows of Resources	1,315	1,688	213	275	1,528	1,963
Net Investment in Capital Assets	62,577	61,540	10,853	10,809	73,430	72,349
Restricted Net Position	4,245	4,490	5,652	5,487	9,897	9,977
Unrestricted Net Position	(1,339)	(2,072)	13,282	10,896	11,943	8,824
Total Net Position	\$65,483	\$63,958	\$29,787	\$27,192	\$95,270	\$91,150

The largest portion of the City's net position as of August 31, 2020 (77%) reflects its net investment in capital assets (e.g. land, buildings, machinery, equipment and the Street and sidewalks). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Governmental Activities:** Capital assets increased by 2% over 2019. Unrestricted net position increased in 2020 by 35%.



**Business-Type:** Current assets increased by 17%, capital assets decreased by 3%, and unrestricted net position increased by 22%.



Restricted net position of the primary government totaling \$9,897,175 are constrained by debt covenants or legal requirements and are not available for day-to-day operations of the City. The remaining balance is unrestricted net position of \$11,943,098 which may be used to meet the City's ongoing obligations to citizens and creditors. The portion of unrestricted net position from business-type activities was \$13,281,830 at the end of the year.

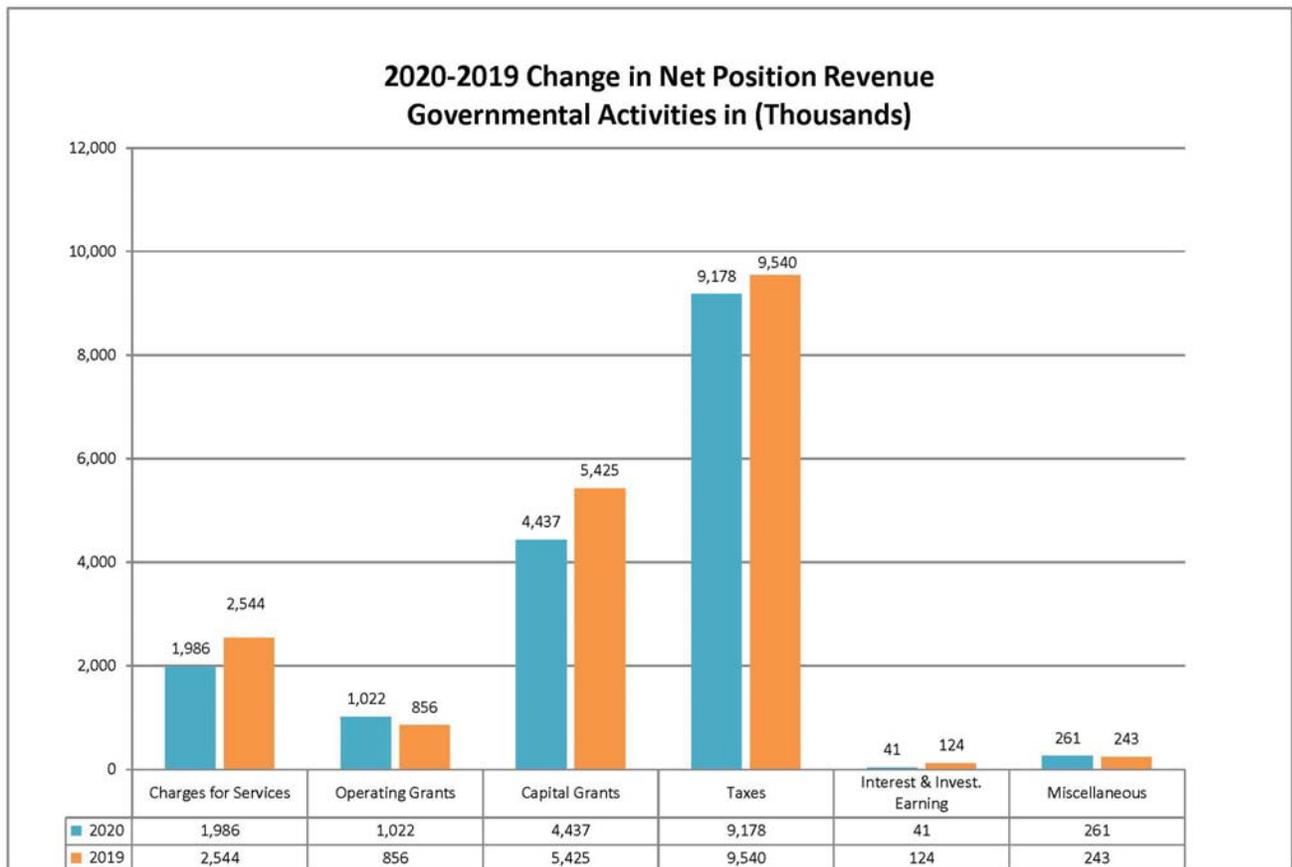
The City's net position increased by \$4,120,164 during the current year. Governmental activities resulted in an increase in net position of \$1,525,705 while business-type activities resulted in an increase of net position of \$2,594,459. The following table was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the year.

**City of Norcross**  
**Changes in Net Position for the Years ended August 31, 2020 and 2019**  
(in Thousands)

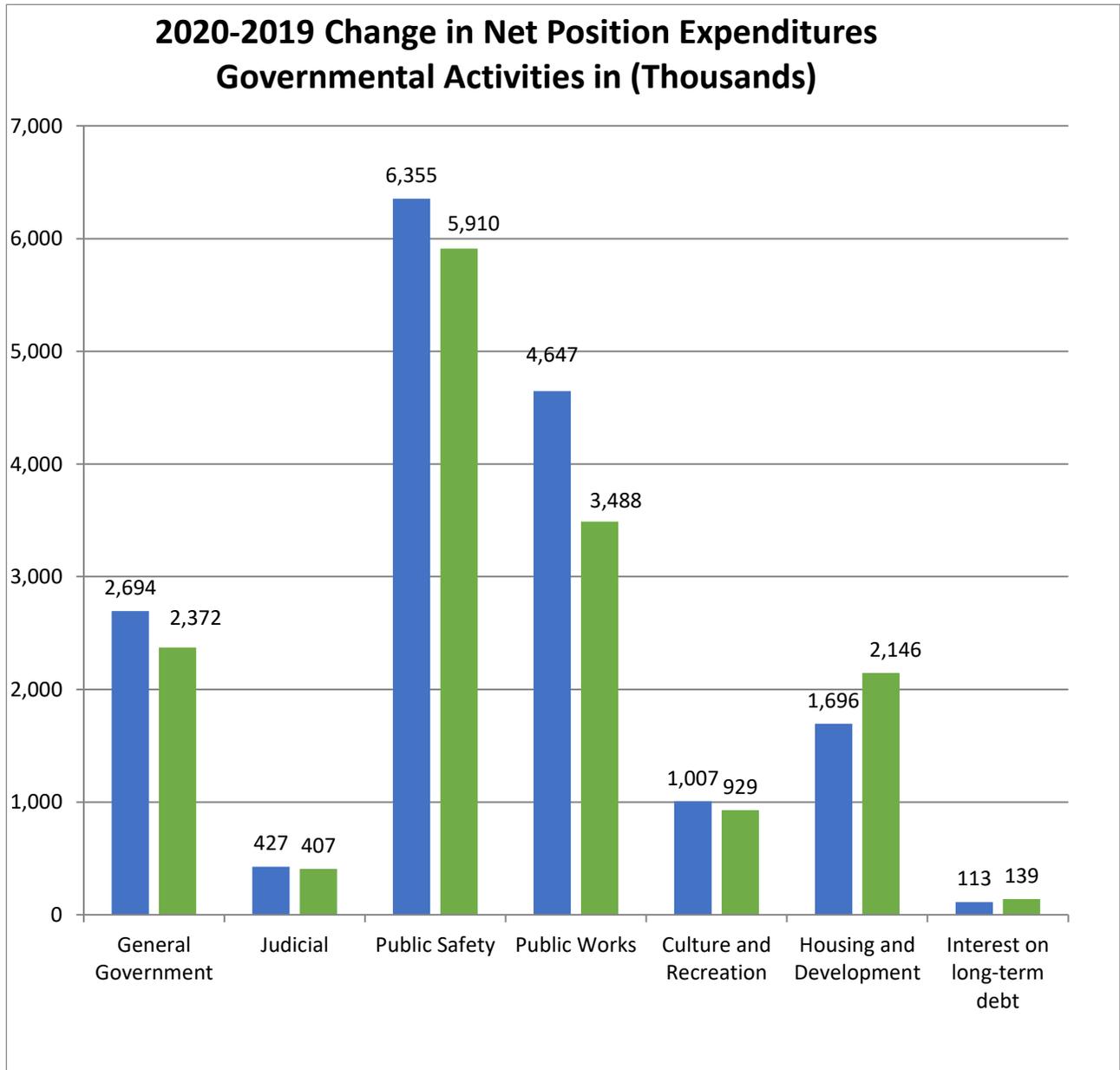
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$1,986	\$2,544	\$18,785	\$18,275	\$20,771	\$20,819
Operating Grants	1,022	855	0	165	1,022	1,020
Capital Grants	4,437	5,425	0	0	4,437	5,425
General Revenues:						
Taxes	9,178	9,540	0	0	9,178	9,540
Interest and Investment Earnings	41	123	264	555	305	678
Miscellaneous	261	243	26	62	287	305
<b>Total Revenues</b>	<b>16,925</b>	<b>18,730</b>	<b>19,075</b>	<b>19,057</b>	<b>36,000</b>	<b>37,787</b>
<b>Expenses:</b>						
General Government	2,694	2,372	0	0	2,694	2,372
Judicial	427	407	0	0	427	407
Public Safety	6,355	5,911	0	0	6,355	5,911
Public Works	4,647	3,488	0	0	4,647	3,488
Culture and Recreation	1,007	929	0	0	1,007	929
Housing and Development	1,696	2,146	0	0	1,696	2,146
Interest on long-term debt	113	139	0	0	113	139
Electric	0	0	11,506	12,972	11,506	12,972
Solid Waste	0	0	3,519	3,195	3,519	3,195
Storm Water	0	0	917	810	917	810
<b>Total Expenses</b>	<b>16,939</b>	<b>15,392</b>	<b>15,942</b>	<b>16,977</b>	<b>32,881</b>	<b>32,369</b>
<b>Increase in net position before special items and transfers</b>	<b>0</b>	<b>3,338</b>	<b>0</b>	<b>2,080</b>	<b>0</b>	<b>5,418</b>
Transfers	539	83	(539)	(83)	0	0
<b>Change in Net Position</b>	<b>1,526</b>	<b>3,421</b>	<b>2,594</b>	<b>1,997</b>	<b>4,120</b>	<b>5,418</b>
Net Position- Sept. 1	63,958	60,537	27,192	25,195	91,150	85,732
Prior period adjustments	0	0	0	0	0	0
<b>Aug. 31 Net Position</b>	<b>\$65,484</b>	<b>\$63,958</b>	<b>\$29,786</b>	<b>\$27,192</b>	<b>\$95,270</b>	<b>\$91,150</b>

**Governmental Activities.** Governmental Activities increased the City's net position by \$1,525,705. Revenues for the City's governmental activities decreased by 10% (\$1,805,420) over 2019. This decrease in revenue was the result of an decrease in franchise tax and hotel/motel tax. Expenses are up by 10% over 2019 (\$1,546,432). This increase in expenses was the result of an increase in the Public Safety, Public Works and General Government functions.

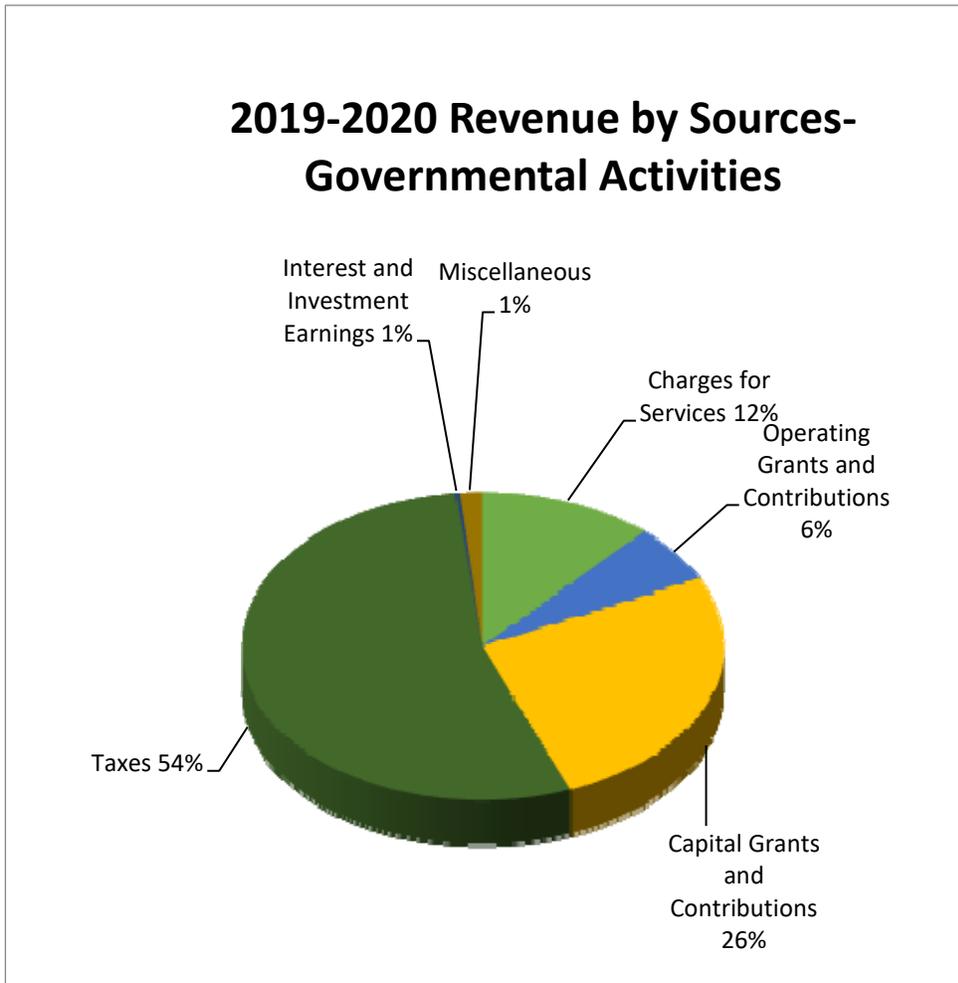
Operating Grants and Contributions increased 20%, Capital Grants and Contributions decreased 18%, Taxes decreased 4%, Interest and Investment Earnings decreased 67%.



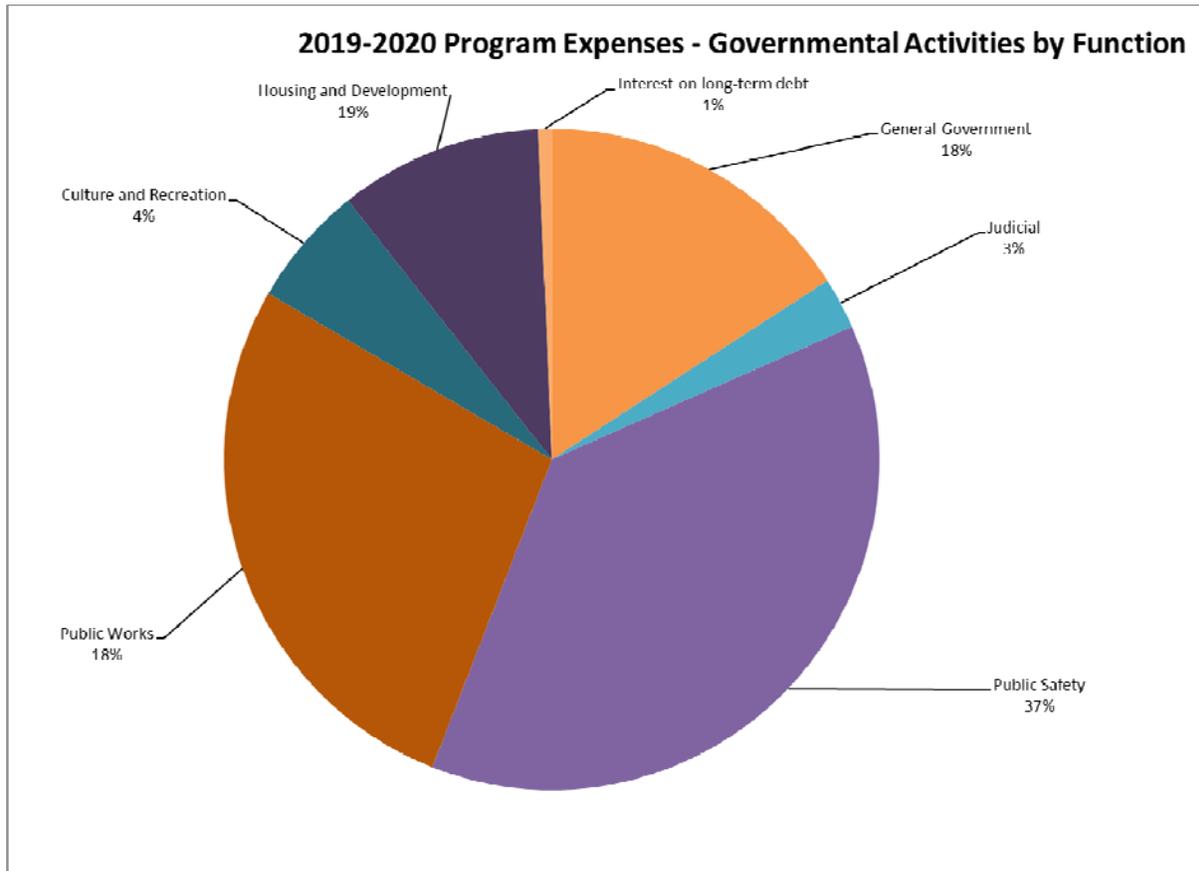
**Governmental Activities:** General Government expenses increased by 14%, Public Safety increased 8%, Judicial increased 5%, Culture and Recreation increased 9%, Public Works increased 33%, Housing and Development decreased 21%, and Interest on long term debt decreased 19%.



Revenue for governmental activities was \$16.9 million. The major revenue sources were taxes (54%), capital grants and contributions (26%), charges for services (12%), operating grants and contributions (6%), Interest and Investment Earnings (<1%), and miscellaneous (2%).

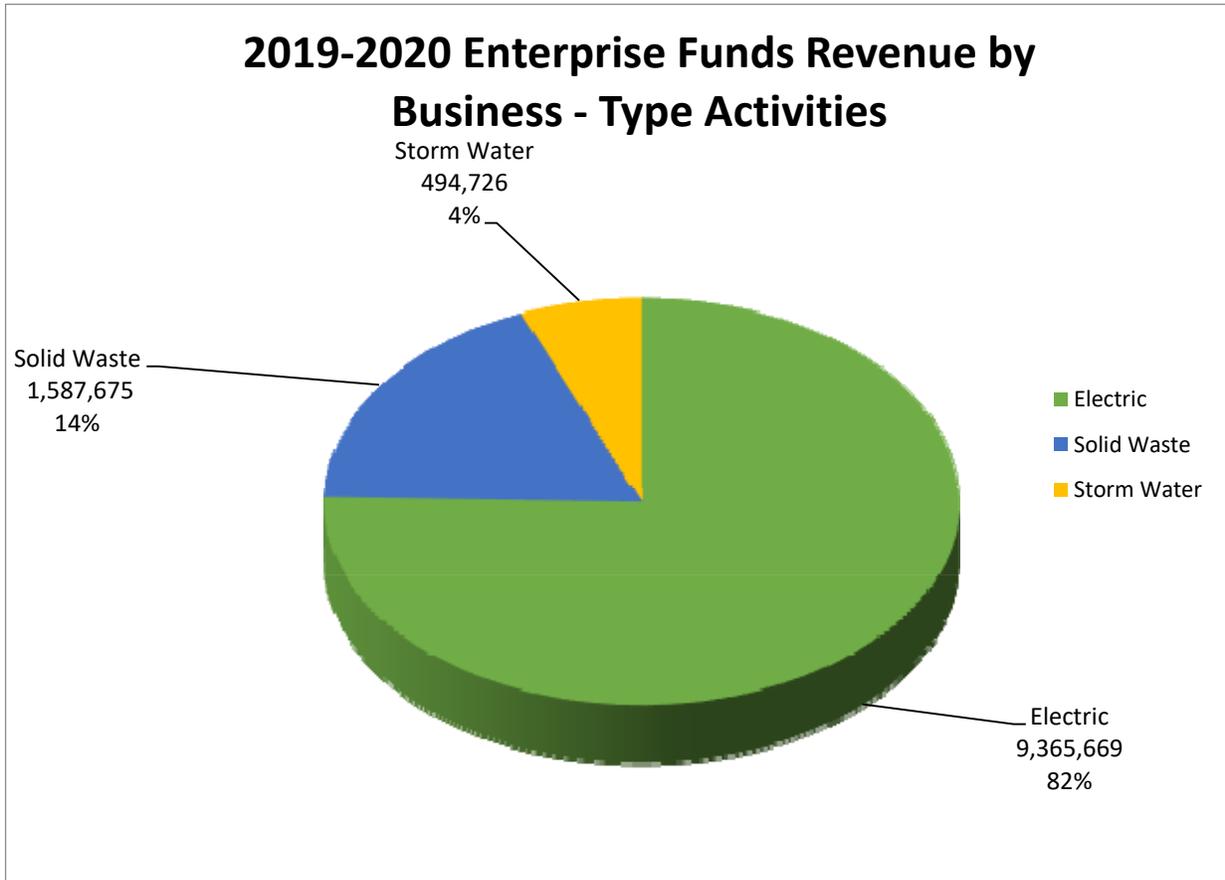


Expenses for the Governmental Activities were \$16.9 million, of which Public Safety accounted for 38%, Public Works 28%, General Government 16%, Housing and Development 10%, Judicial 3%, and Culture and Recreation 6%, interest on long-term debt 1%.

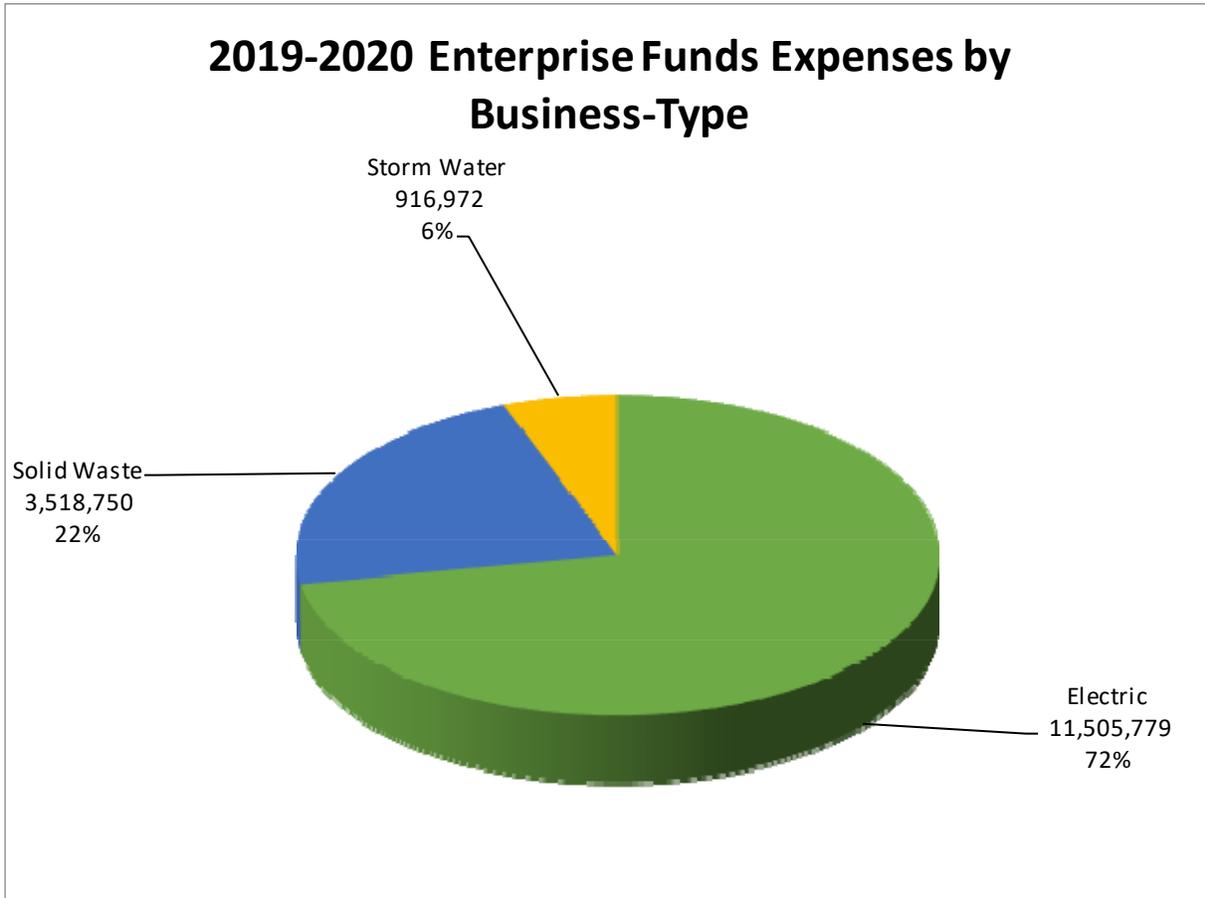


**Business-Type Activities.** Operations of business-type activities increased the City's net position by \$2,594,459. Key elements of this increase were as follows:

Sales for Business-Type activities were \$18,784,889 an increase of 3% over the prior year sales of \$18,274,852.

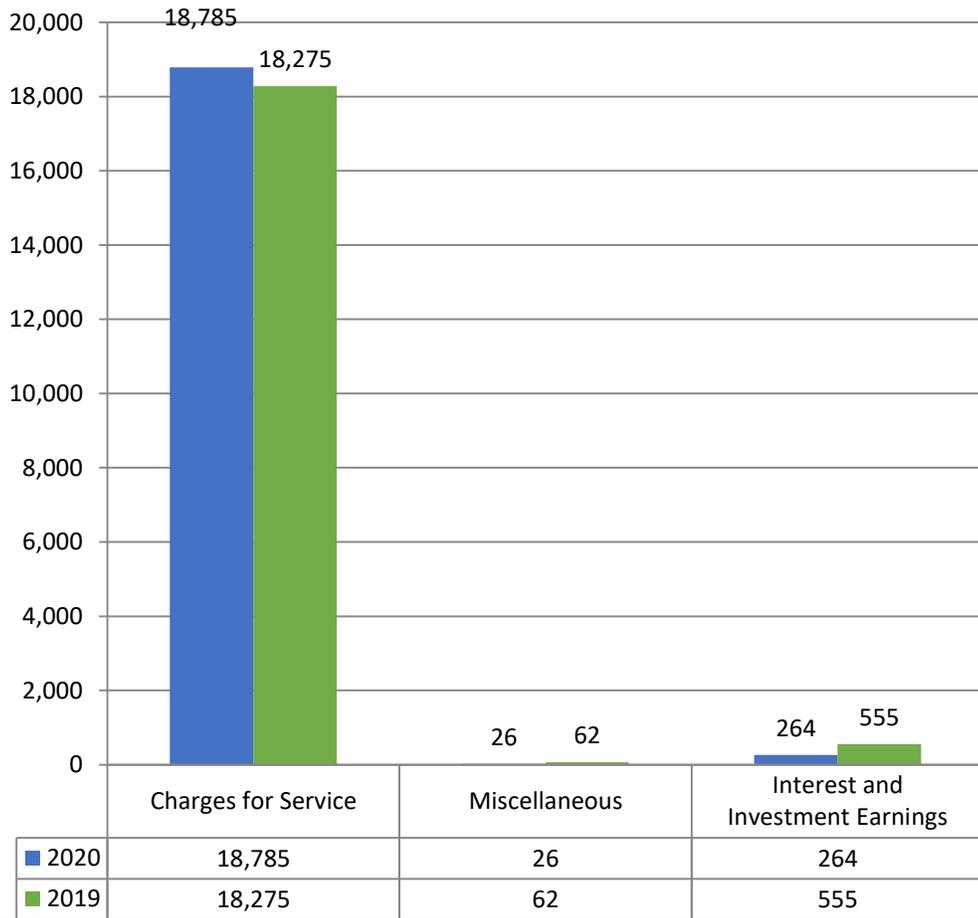


Expenses for the Business-type Activities were \$15.9 million, of which Electric accounted for 72%, Solid Waste 22%, and Storm Water 6%.

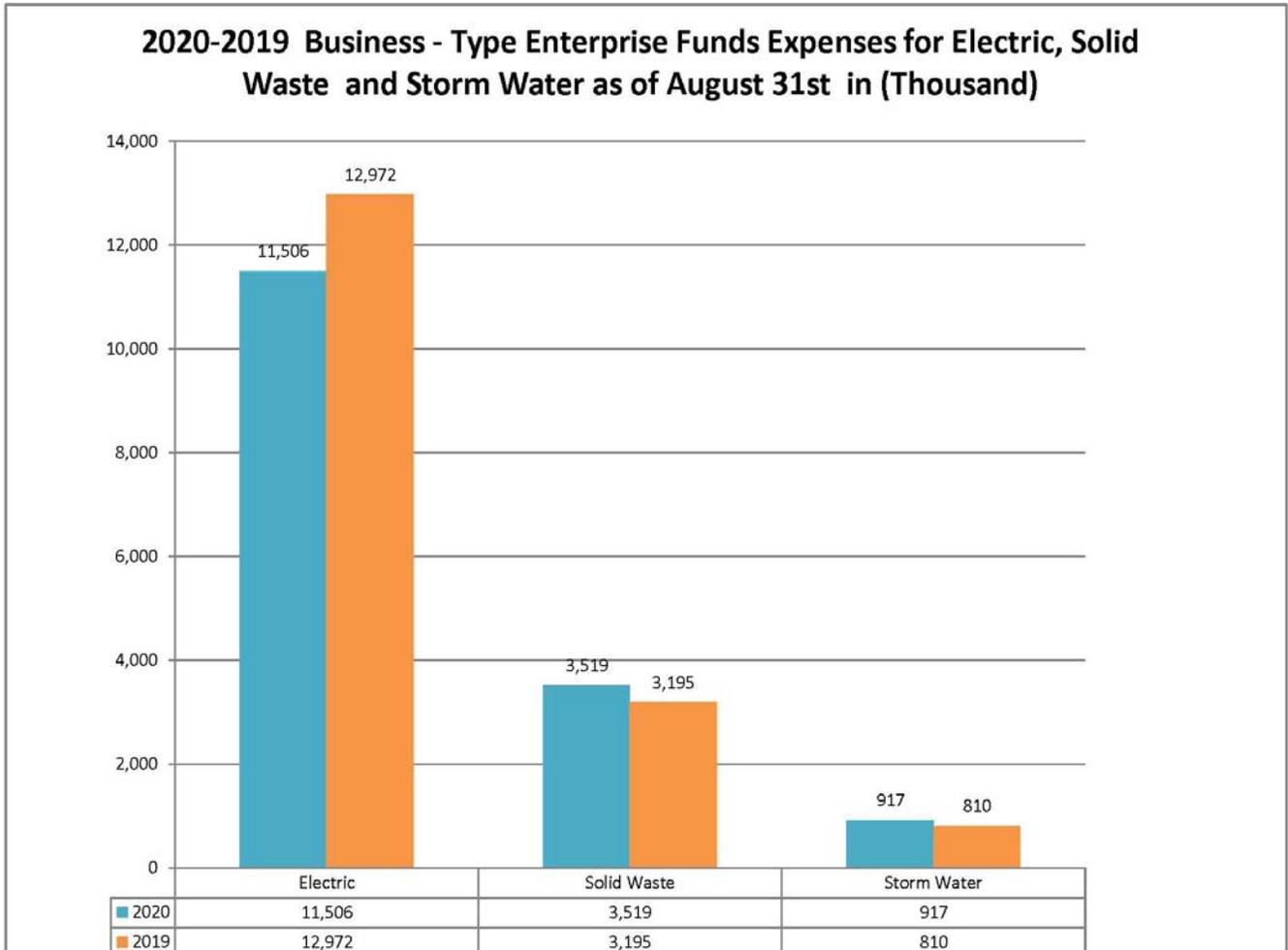


**Business-Type;** Electric, Storm Water, and Solid Waste charges for services increased 3%, Miscellaneous decreased 58%, and Interest on Investment Earning decreased by 53%.

**2020-2019 Business-Type Enterprise Funds Revenue for Electric, Solid Waste and Storm Water as of August 31st in (Thousands)**



**Business-Type:** Electric decreased 11%, Solid Waste increased 10%, and Storm Water increased 13%.



The Electric Utility Enterprise Fund net position increased by \$2,407,457. This was an increase from 2019 of \$593,139 due to the decrease in operating expenses.

The Solid Waste Utility Enterprise Fund net position decreased by \$57,569. This is an increase from 2019 of \$30,923 due to the increase in operating expenses.

The Storm Water Utility Fund net position increased by \$244,571. This is an increase from 2019 of \$35,186 due to an increase in cost of services.

Review pages 124-133 (Exhibits G-1 thru G-9) for additional information on Enterprise Funds.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S INDIVIDUAL FUNDS

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

**Governmental funds.** The City uses governmental funds 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, an unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The City of Norcross uses nine governmental funds.

At the end of the current year, the City's General Fund reported an ending fund balance of \$8,269,453 an increase of \$1,246,253 or (31%) in comparison with the prior year. Approximately 92.8% of this amount (\$7,666,961) constitutes an unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is in a nonspendable form.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 65% of total general fund expenditures for the current year.

Key factors in the increase of the General Fund's fund balance of \$1,246,253 during the current year are:

- This increase is due to the increase in charges for services.
- For 2020, there was an increase in the funds transferred in over 2019.

Below is a breakdown of 2020-2019 Revenues and Expenses comparison:

- 2020-2019 Revenues comparison: Revenues for 2020 are \$12,571,288 and 2019 revenues were \$13,825,043. Revenues decreased by \$1,253,755 which is an decrease of 9% over 2019.
- 2020-2019 Expenditures comparison: Expenditures for 2020 are \$11,881,091 and 2019 expenditures were \$12,942,301. Expenditures decreased by \$1,061,210, an 8% decrease over 2019.

Below are several revenue line items that have an increase (decrease) in revenue over 2020;

- Tax revenue increased by \$742,751 (9%).
- Investment earnings decreased by \$82,739 (67%).
- Licenses and permits decreased by \$535,745 (48%).
- Fine, fees and forfeitures increased by \$44,140 (4%) over 2019.
- Charges for services decreased by \$80,609 (52%).
- Other revenue increased by \$18,287 (8%).

Review pages 100-105 (Exhibits D-1 thru D-4) for additional information on the General Fund.

## SPECIAL REVENUE FUNDS

- Confiscated Assets Fund: The fund balance for 2020 was \$21,535 and for 2019 is \$507. This is an increase of \$21,028, which is a 4,148% increase over 2019.
- Hotel/Motel Tax Fund: The fund balance for 2020 was \$418,389 and for 2019 is \$486,227. This is a decrease of \$67,838, which is a 14% decrease over 2019.
- Federal Seized Drug Fund: The fund balance for 2020 was \$19 and for 2019 is \$117,799. This is a decrease of \$117,780, which is a 100% decrease over 2019.
- Technology Surcharges Fund: The fund balance for 2020 was \$160,348 and for 2019 is \$190,208. This is an decrease of \$29,860 which is a 16% decrease over 2019.
- Rental Motor Vehicle Excise Tax Fund: The fund balance for 2020 was \$537,001 and for 2019 is \$398,051. This is an increase of \$138,950 which is a 73% increase over 2019.

Review pages 106-115 (Exhibits E-1 thru E-10) for additional information on the Special Revenue Funds.

## CAPITAL PROJECTS FUNDS

The City has three Special Purpose Local Option Sale Tax funds for the purpose of funding capital projects These funds were voted on and approved by the citizens of Norcross by referendum in an election.

- 2009 Special Purpose Local Option Sales Tax Fund: The fund balance for 2020 is \$10,535 and for 2019 is \$10,531. This is an increase of \$4.
- 2014 Special Purpose Local Option Sales Tax Fund: The fund balance for 2020 was \$1,744,507 and for 2019 is \$1,744,239. This is an increase of \$268.
- 2017 Special Purpose Local Option Sales Tax Fund: The fund balance for 2020 was \$2,179,521, and for 2019 is \$1,843,809. This is an increase of \$335,712.
- 2017 Revenue Bond: The fund balance for 2020 was \$3,631,297 and for 2019 is \$6,089,786. This is a decrease of \$2,458,489
- 

Review pages 116-123 (Exhibits F-1 thru F-10) for additional information on the Capital Projects Funds.

## PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

2020 Net position of the City's three proprietary funds are as follows:

Electric Utility	26,138,297
Solid Waste Utility	1,031,099
Storm Water Utility	2,616,855

The increase in net position for the funds was \$2,594,459, which is a 30% increase over 2019. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-type Activities.

Review pages 124-133 (Exhibits G-1 thru G-9) for additional information on the Enterprise Funds.

## COMPONENT UNIT

The Component Unit 2020 Balance Sheet shows fund balance of \$2,037,080 and 2019 Balance Sheet shows fund balance of \$8,041,497. This is an decrease of \$6,004,417 which is an decrease of 75% over 2019.

Review pages 136-137 (Exhibits I-1 thru I-2) for additional information on the Downtown Development Component Unit.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund 2019-2020 adopted budget was \$12,658,581. Final year end budget total was \$13,025,204.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

#### **Governmental and Business-Type**

The investment in capital assets for the City's Governmental and Business- type activities as of August 31, 2020, amounted to \$73,324,972 (net of accumulated depreciation), which is a 5% increase from 2019. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and distribution systems for water/sewer, electricity and storm water.

During the year ended August 31, 2020, the City invested \$5,788,649 in new capital assets. Investment for business-type activities totaled \$1,366,800, while \$4,421,849 was for governmental activities. Major capital asset events during the current year included the following:

Governmental Activities : \$5,757,543

- \$ 0 Purchase of Land
- \$ 3,356,912 Construction in Progress
- \$ 0 Buildings
- \$ 2,277,764 Infrastructure
- \$ 111,600 Vehicles and equipment
- \$ 11,267 Furniture and Fixtures
- \$ 0 Intangible assets

Business-type Activities : \$362,472

- \$ 138,354 Construction in Progress
- \$ 200,811 Investment in the electrical, and storm water distribution systems
- \$ 23,307 Vehicles and equipment

More information on capital assets may be found in the Note 9 to the Financial Statements, Exhibit A-13, on pages 59-60 of this report.

### *Debt Administration*

#### *Primary Government:*

At the end of August 31, 2020 the City had a capital lease agreement with Dell with a balance of \$257,913; Revenue Bond with a balance of \$4,530,000; Contracts Payable with a balance of \$293,405.

### ***Component Unit:***

Downtown Development Authority entered into a lending agreement with the City on September 10, 2018 in the amount of \$405,955 for the purchase of real property. As of August 31, 2020 the balance was \$0.

Downtown Development Authority issued Series 2019 Revenue Bonds in the amount of \$8,195,000 on December 27, 2019. The proceeds were issued for the purpose of financing the cost of a parking facility. As of August 31, 2020, the balance was \$8,195,000.

More information on long-term debt may be found in the Note 13 and 14 to the Financial Statements, Exhibit A-13, on pages 62-66 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's elected officials and management considered many factors when adopting the budget for the year ending August 31, 2020. Budget calculations were based on, but not limited to, the following factors:

- The Storm Water department has been operating for nine years, and we are yet faced with the challenge to make sure rates are set to accommodate capital replacement and fund the operation of the department. With an old Storm Water System, there are high dollar projects that need to be done and it will be hard to do with the current rate, so a rate increase was proposed and adopted to cover 5 years.
- SPLOST funds from Gwinnett County are being received at an average monthly rate of \$210,000. These funds are restricted for Roads and Streets, Recreation, Administration Facilities, and Parking Facilities. The challenge at this point is the need to re-adjust projects.
- The revenue projected is expected to be a challenge due to the challenges faced with COVID-19.
- The biggest challenge for 2020 as in prior years, is to continue to provide excellent customer service to residents by not reducing services or current staff with the ongoing pandemic.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Norcross finances for all of its citizens, taxpayers, customers, investors and creditors and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrative Services Director, 65 Lawrenceville Street, Norcross GA, 30071.

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***BASIC FINANCIAL STATEMENTS***

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**August 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 13,207,711	\$ 2,413,847	\$ 15,621,558	\$ 580,934
Investments	0	8,811,457	8,811,457	0
Restricted assets				
Cash and cash equivalents	4,039,455	209,339	4,248,794	1,464,779
Investments	0	6,080,389	6,080,389	0
Receivables (net)				
Accounts	15,969	4,115,184	4,131,153	0
Taxes	354,524	0	354,524	0
Intergovernmental	967,559	0	967,559	0
Interest	157	0	157	0
Prepaid items	102,492	25,182	127,674	0
Inventories	0	1,095,391	1,095,391	0
Total current assets	<u>18,687,867</u>	<u>22,750,789</u>	<u>41,438,656</u>	<u>2,045,713</u>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	23,383,391	1,893,438	25,276,829	6,046,961
Depreciable (net)	40,412,686	8,959,116	49,371,802	121,758
Total noncurrent assets	<u>63,796,077</u>	<u>10,852,554</u>	<u>74,648,631</u>	<u>6,168,719</u>
<b>Total assets</b>	<u>82,483,944</u>	<u>33,603,343</u>	<u>116,087,287</u>	<u>8,214,432</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	1,089,717	152,652	1,242,369	0
Deferred outflows related to OPEB	5,065,642	770,684	5,836,326	0
<b>Total deferred outflows of resources</b>	<u>6,155,359</u>	<u>923,336</u>	<u>7,078,695</u>	<u>0</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	712,639	655,306	1,367,945	6,814
Retainages	22,372	0	22,372	0
Intergovernmental	0	795,956	795,956	0
Sales tax	0	95,921	95,921	0
Customer deposits	0	0	0	1,820
Interest	19,479	0	19,479	34,145
Accrued salaries and payroll liabilities	188,121	28,220	216,341	0
Compensated absences	253,753	29,848	283,601	0
Unearned revenue	75,197	282,413	357,610	0
Other liabilities	551,077	0	551,077	0
Bonds payable	1,485,000	0	1,485,000	0
Contracts payable	119,215	0	119,215	0
Capital lease payable	120,284	0	120,284	0
Liabilities payable from restricted assets				
Customer deposits payable	0	637,861	637,861	0
Total current liabilities	<u>3,547,137</u>	<u>2,525,525</u>	<u>6,072,662</u>	<u>42,779</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**August 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>Noncurrent liabilities</b>				
Net pension liability	\$ 1,961,193	\$ 190,379	\$ 2,151,572	\$ 0
Net OPEB liability	12,975,949	1,811,418	14,787,367	0
Bonds payable	3,045,000	0	3,045,000	8,195,000
Contracts payable	174,190	0	174,190	0
Capital lease payable	137,629	0	137,629	0
<b>Total noncurrent liabilities</b>	<b>18,293,961</b>	<b>2,001,797</b>	<b>20,295,758</b>	<b>8,195,000</b>
<b>Total liabilities</b>	<b>21,841,098</b>	<b>4,527,322</b>	<b>26,368,420</b>	<b>8,237,779</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension	404,494	78,682	483,176	0
Deferred inflows related to OPEB	910,162	134,424	1,044,586	0
<b>Total deferred inflows of resources</b>	<b>1,314,656</b>	<b>213,106</b>	<b>1,527,762</b>	<b>0</b>
<b>NET POSITION</b>				
Net investment in capital assets	62,576,973	10,852,554	73,429,527	(561,502)
Restricted for:				
General Government	160,348	0	160,348	0
Public Safety	21,554	0	21,554	0
Housing and Development	537,001	0	537,001	0
MEAG generation projects	0	5,651,867	5,651,867	0
Capital projects	3,526,405	0	3,526,405	0
Unrestricted	(1,338,732)	13,281,830	11,943,098	538,155
<b>Total net position</b>	<b>\$ 65,483,549</b>	<b>\$ 29,786,251</b>	<b>\$ 95,269,800</b>	<b>\$ (23,347)</b>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended August 31, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General Government	\$ 2,694,256	\$ 147,519	\$ 0	\$ 0	\$ (2,546,737)
Judicial	426,519	0	0	0	(426,519)
Public Safety	6,355,412	1,373,551	1,022,293	0	(3,959,568)
Public Works	4,646,711	0	0	3,918,185	(728,526)
Culture and Recreation	1,007,002	38,007	0	519,300	(449,695)
Housing and Development	1,695,601	426,458	0	0	(1,269,143)
Interest on long-term debt	112,920	0	0	0	(112,920)
Total governmental activities	16,938,421	1,985,535	1,022,293	4,437,485	(9,493,108)
Business-type activities					
Electric Utility	11,505,779	14,162,165	0	0	2,656,386
Solid Waste	3,518,750	3,461,181	0	0	(57,569)
Storm Water Utility	916,972	1,161,543	0	0	244,571
Total business-type activities	15,941,501	18,784,889	0	0	2,843,388
Total primary government	32,879,922	20,770,424	1,022,293	4,437,485	(6,649,720)
<b>Component Unit</b>					
Downtown Development Authority					
Housing and Development	550,822	201,171	0	0	(349,651)
<b>Primary Government</b>					
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>	
<b>Change in net assets</b>					
Net (expense) revenue	\$ (9,493,108)	\$ 2,843,388	\$ (6,649,720)	\$ (349,651)	
<b>General revenues</b>					
Taxes					
Property	6,570,476	0	6,570,476	0	
Franchise	937,993	0	937,993	0	
Intangibles	143,597	0	143,597	0	
Occupational	347,791	0	347,791	0	
Insurance premium	1,138,215	0	1,138,215	0	
Alcoholic beverage	321,400	0	321,400	0	
Hotel/Motel	595,076	0	595,076	0	
Other	123,591	0	123,591	94	
Interest and investment earnings	40,871	263,749	304,620	57,992	
Miscellaneous	260,963	26,162	287,125	300,361	
Transfers	538,840	(538,840)	0	0	
Total general revenues and transfers	11,018,813	(248,929)	10,769,884	358,447	
Change in net position	1,525,705	2,594,459	4,120,164	8,796	
Net position - beginning (original)	63,957,844	27,191,792	91,149,636	(58,960)	
Prior period adjustments	0	0	0	26,817	
Net position - beginning (restated)	63,957,844	27,191,792	91,149,636	(32,143)	
Net position - ending	\$ 65,483,549	\$ 29,786,251	\$ 95,269,800	\$ (23,347)	

**CITY OF NORCROSS, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**August 31, 2020**

	General	Hotel/Motel Tax	2017 SPLOST	2017 Revenue Bond	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,029,725	\$ 379,225	\$ 1,340,955	\$ 4,039,455	\$ 2,457,806	\$ 17,247,166
Receivables (net)						
Accounts	15,969	0	0	0	0	15,969
Taxes	229,492	111,483	0	0	13,549	354,524
Intergovernmental	58,722	0	842,962	65,875	0	967,559
Interest	157	0	0	0	0	157
Prepaid items	102,492	0	0	0	0	102,492
Due from other funds	2,656	0	313,538	0	143,193	459,387
<b>Total assets</b>	<b>\$ 9,439,213</b>	<b>\$ 490,708</b>	<b>\$ 2,497,455</b>	<b>\$ 4,105,330</b>	<b>\$ 2,614,548</b>	<b>\$ 19,147,254</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 306,360	\$ 64,319	\$ 154,869	\$ 160,495	\$ 26,596	\$ 712,639
Retainages payable	0	0	22,372	0	0	22,372
Accrued salaries and payroll liabilities	188,121	0	0	0	0	188,121
Unearned revenue	67,197	8,000	0	0	0	75,197
Due to other funds	0	0	140,693	313,538	5,156	459,387
Other liabilities	442,226	0	0	0	108,851	551,077
<b>Total liabilities</b>	<b>1,003,904</b>	<b>72,319</b>	<b>317,934</b>	<b>474,033</b>	<b>140,603</b>	<b>2,008,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue- property tax	165,856	0	0	0	0	165,856
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	102,492	0	0	0	0	102,492
Restricted for:						
General Government	0	0	0	0	160,348	160,348
Public Safety	0	0	0	0	21,554	21,554
Housing and Development	0	0	0	0	537,001	537,001
Capital outlay	0	0	2,179,521	3,631,297	1,755,042	7,565,860
Assigned for:						
Housing and Development	0	418,389	0	0	0	418,389
Subsequent year's budget	500,000	0	0	0	0	500,000
Unassigned	7,666,961	0	0	0	0	7,666,961
<b>Total fund balances</b>	<b>8,269,453</b>	<b>418,389</b>	<b>2,179,521</b>	<b>3,631,297</b>	<b>2,473,945</b>	<b>16,972,605</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,439,213</b>	<b>\$ 490,708</b>	<b>\$ 2,497,455</b>	<b>\$ 4,105,330</b>	<b>\$ 2,614,548</b>	<b>\$ 19,147,254</b>

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

**Total fund balance - total governmental funds** \$ 16,972,605

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

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

These are:

Capital assets, net of accumulated depreciation 63,796,077

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds.

These are:

Property taxes 165,856

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

These are:

Capital leases	\$ (257,913)	
Interest payable	(19,479)	
Bonds	(4,530,000)	
Contracts	(293,405)	
Compensated absences	(253,753)	
Net pension liability	(1,961,193)	
Net OPEB liability	<u>(12,975,949)</u>	(20,291,692)

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

These are:

Deferred outflows of resources:

Deferred outflows related to pensions	\$ 1,089,717	
Deferred outflows related to OPEB	5,065,642	

Deferred inflows of resources:

Deferred inflows related to pensions	(404,494)	
Deferred inflows related to OPEB	<u>(910,162)</u>	<u>4,840,703</u>

Net position of governmental activities \$ 65,483,549

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the fiscal year ended August 31, 2020**

	General	Hotel/Motel Tax	2017 SPLOST	2017 Revenue Bond	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 9,378,689	\$ 595,076	\$ 0	\$ 0	\$ 123,591	\$ 10,097,356
Licenses and permits	580,527	0	0	0	0	580,527
Fines, fees and forfeitures	1,231,634	0	0	0	98,270	1,329,904
Charges for services	75,103	0	0	0	0	75,103
Intergovernmental	1,022,293	0	4,100,157	336,320	0	5,458,770
Interest	22,139	0	675	18,707	358	41,879
Other	260,903	0	0	0	60	260,963
<b>Total revenues</b>	<b>12,571,288</b>	<b>595,076</b>	<b>4,100,832</b>	<b>355,027</b>	<b>222,279</b>	<b>17,844,502</b>
<b>EXPENDITURES</b>						
Current						
General Government	2,426,612	0	0	0	90,943	2,517,555
Judicial	402,881	0	0	0	0	402,881
Public Safety	5,360,667	0	0	0	102,013	5,462,680
Public Works	1,985,589	0	0	0	0	1,985,589
Culture and Recreation	661,435	0	0	0	0	661,435
Housing and Development	859,321	662,914	0	0	101,348	1,623,583
Capital outlay	0	0	2,253,606	2,776,543	61	5,030,210
Debt service	184,586	0	1,511,514	51,514	0	1,747,614
<b>Total expenditures</b>	<b>11,881,091</b>	<b>662,914</b>	<b>3,765,120</b>	<b>2,828,057</b>	<b>294,365</b>	<b>19,431,547</b>
Excess (deficiency) of revenues over (under) expenditures	690,197	(67,838)	335,712	(2,473,030)	(72,086)	(1,587,045)
Other financing sources (uses)						
Transfers in	538,840	0	0	14,541	2,500	555,881
Transfers out	(14,541)	0	0	0	(2,500)	(17,041)
Issuance of long-term debt	7,846	0	0	0	0	7,846
Sales of capital assets	23,911	0	0	0	0	23,911
Total other financing sources (uses)	556,056	0	0	14,541	0	570,597
Net change in fund balance	1,246,253	(67,838)	335,712	(2,458,489)	(72,086)	(1,016,448)
Fund balances, September 1	7,023,200	486,227	1,843,809	6,089,786	2,546,031	17,989,053
<b>Fund balances, August 31</b>	<b>\$ 8,269,453</b>	<b>\$ 418,389</b>	<b>\$ 2,179,521</b>	<b>\$ 3,631,297</b>	<b>\$ 2,473,945</b>	<b>\$ 16,972,605</b>

**CITY OF NORCROSS, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the fiscal year ended August 31, 2020**

**Net change in fund balances - total governmental funds** \$ (1,016,448)

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

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

Capital outlay	\$ 3,479,779	
Depreciation	<u>(2,117,899)</u>	1,361,880

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

Cost of assets disposed	\$ (269,512)	
Related accumulated depreciation	<u>187,864</u>	(81,648)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenues. 80,783

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

Pension contributions	\$ 465,348	
Cost of benefits earned net of employee contributions	<u>(404,019)</u>	61,329

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

OPEB contributions	\$ 341,145	
Cost of benefits earned net of employee contributions	<u>(890,527)</u>	(549,382)

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

Capital lease payments	\$ 113,444	
Capital lease proceeds	(7,846)	
Contract payments	54,972	
Bond payments	1,460,000	
Net change in interest payable	<u>6,278</u>	1,626,848

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

Net change in compensated absences		<u>42,343</u>
Change in net position of governmental activities		<u>\$ 1,525,705</u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 8,815,255	\$ 8,815,255	\$ 9,378,689	\$ 563,434
Licenses and permits	637,000	637,000	580,527	(56,473)
Fines, fees and forfeitures	1,351,839	1,351,839	1,231,634	(120,205)
Charges for services	90,000	90,000	75,103	(14,897)
Intergovernmental	705,915	705,915	1,022,293	316,378
Interest	50,000	50,000	22,139	(27,861)
Other	151,062	151,062	260,903	109,841
<b>Total revenues</b>	<b>11,801,071</b>	<b>11,801,071</b>	<b>12,571,288</b>	<b>770,217</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Governing Body	418,204	419,085	403,284	15,801
Administration	508,931	508,931	441,697	67,234
City Clerk	196,237	196,237	167,535	28,702
Chief Executive	220,268	227,168	180,989	46,179
Information Technology	1,069,695	1,093,281	1,064,972	28,309
Human Resources	221,063	221,063	168,135	52,928
Judicial				
Municipal Court	445,156	447,156	402,881	44,275
Public Safety				
Police	5,201,856	5,195,497	4,734,592	460,905
E911 Communications	752,746	697,774	626,075	71,699
Public Works				
Public Works Administration	1,898,909	2,108,909	1,985,589	123,320
Culture and Recreation				
Parks and Recreation	794,606	794,606	661,435	133,171
Housing and Development				
Community Development	657,456	657,456	640,586	16,870
Economic Development	273,454	273,454	218,735	54,719
Debt Service				
General Government	0	129,615	129,614	1
Public Safety	0	54,972	54,972	0
<b>Total expenditures</b>	<b>12,658,581</b>	<b>13,025,204</b>	<b>11,881,091</b>	<b>1,144,113</b>
Excess (deficiency) of revenues over (under) expenditures	(857,510)	(1,224,133)	690,197	1,914,330
Other financing sources (uses)				
Transfers in	538,840	538,840	538,840	0
Transfers out	0	(14,541)	(14,541)	0
Issuance of long-term debt	0	0	7,846	7,846
Sales of capital assets	438,670	0	23,911	23,911
Contingency	(150,000)	(112,037)	0	112,037
<b>Total other financing sources (uses)</b>	<b>827,510</b>	<b>412,262</b>	<b>556,056</b>	<b>143,794</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(30,000)	(811,871)	1,246,253	2,058,124
Fund balances, September 1	30,000	811,871	7,023,200	6,211,329
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,269,453</b>	<b>\$ 8,269,453</b>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**STATEMENT OF OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 849,799	\$ 849,799	\$ 595,076	\$ (254,723)
<b>Total revenues</b>	<u>849,799</u>	<u>849,799</u>	<u>595,076</u>	<u>(254,723)</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	165,313	165,313	148,060	17,253
Contract services	<u>964,741</u>	<u>964,741</u>	<u>514,854</u>	<u>449,887</u>
<b>Total expenditures</b>	<u>912,675</u>	<u>1,130,054</u>	<u>662,914</u>	<u>467,140</u>
Excess (deficiency) of revenues over (under) expenditures	(62,876)	(280,255)	(67,838)	212,417
Fund balances, September 1	<u>62,876</u>	<u>280,255</u>	<u>486,227</u>	<u>205,972</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 418,389</u></u>	<u><u>\$ 418,389</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2020**

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 511,490	\$ 1,164,616	\$ 737,741	\$ 2,413,847
Investments	8,811,457	0	0	8,811,457
Restricted assets				
Cash and cash equivalents	0	209,339	0	209,339
Investments	6,080,389	0	0	6,080,389
Accounts receivable (net)	2,789,188	475,598	850,398	4,115,184
Prepaid items	25,024	0	158	25,182
Due from other funds	0	53,508	100,000	153,508
Inventories	1,095,391	0	0	1,095,391
<b>Total current assets</b>	<b>19,312,939</b>	<b>1,903,061</b>	<b>1,688,297</b>	<b>22,904,297</b>
<b>Noncurrent assets</b>				
Capital assets				
Non-depreciable	1,893,438	0	0	1,893,438
Depreciable (net)	7,454,372	105,384	1,399,360	8,959,116
<b>Total noncurrent assets</b>	<b>9,347,810</b>	<b>105,384</b>	<b>1,399,360</b>	<b>10,852,554</b>
<b>Total assets</b>	<b>28,660,749</b>	<b>2,008,445</b>	<b>3,087,657</b>	<b>33,756,851</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	111,750	0	40,902	152,652
Deferred outflows of resources related to OPEB	571,758	0	198,926	770,684
<b>Total deferred outflows of resources</b>	<b>683,508</b>	<b>0</b>	<b>239,828</b>	<b>923,336</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables				
Accounts	66,206	572,493	16,607	655,306
Intergovernmental	795,956	0	0	795,956
Sales tax	95,921	0	0	95,921
Accrued salaries and payroll liabilities	22,557	0	5,663	28,220
Compensated absences	19,822	0	10,026	29,848
Unearned revenue	86,899	195,514	0	282,413
Due to other funds	153,508	0	0	153,508
Liabilities payable from restricted assets				
Customer deposits payable	428,522	209,339	0	637,861
<b>Total current liabilities</b>	<b>1,669,391</b>	<b>977,346</b>	<b>32,296</b>	<b>2,679,033</b>
<b>Noncurrent liabilities</b>				
Net pension liability	126,875	0	63,504	190,379
Net OPEB liability	1,238,945	0	572,473	1,811,418
<b>Total noncurrent liabilities</b>	<b>1,365,820</b>	<b>0</b>	<b>635,977</b>	<b>2,001,797</b>
<b>Total liabilities</b>	<b>3,035,211</b>	<b>977,346</b>	<b>668,273</b>	<b>4,680,830</b>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**August 31, 2020**

	<u>Business-Type</u>			<u>Totals</u>
	<u>Electric Utility</u>	<u>Solid Waste</u>	<u>Storm Water Utility</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	\$ 62,951	\$ 0	\$ 15,731	\$ 78,682
Deferred inflows of resources related to OPEB	107,798	0	26,626	134,424
<b>Total deferred inflows of resources</b>	<u>170,749</u>	<u>0</u>	<u>42,357</u>	<u>213,106</u>
<b>NET POSITION</b>				
Investment in capital assets	9,347,810	105,384	1,399,360	10,852,554
Restricted for:				
MEAG generation projects	5,651,867	0	0	5,651,867
Unrestricted	11,138,620	925,715	1,217,495	13,281,830
<b>Total net position</b>	<u>\$ 26,138,297</u>	<u>\$ 1,031,099</u>	<u>\$ 2,616,855</u>	<u>\$ 29,786,251</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended August 31, 2020**

	Business-Type			Totals
	Electric Utility	Solid Waste	Storm Water Utility	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 14,162,165	\$ 3,461,181	\$ 1,161,543	\$ 18,784,889
Other	26,162	0	0	26,162
<b>Total operating revenues</b>	<u>14,188,327</u>	<u>3,461,181</u>	<u>1,161,543</u>	<u>18,811,051</u>
<b>OPERATING EXPENSES</b>				
Costs of sales and services	9,861,352	3,347,684	315,095	13,524,131
Personal services	1,365,905	168,849	566,980	2,101,734
Depreciation	278,522	2,217	34,897	315,636
<b>Total operating expenses</b>	<u>11,505,779</u>	<u>3,518,750</u>	<u>916,972</u>	<u>15,941,501</u>
Operating income (loss)	2,682,548	(57,569)	244,571	2,869,550
Non-operating revenues (expenses)				
Investment revenue	263,749	0	0	263,749
Net income (loss) before transfers	2,946,297	(57,569)	244,571	3,133,299
Transfers in (out)				
Transfers out	(538,840)	0	0	(538,840)
Change in net position	2,407,457	(57,569)	244,571	2,594,459
Net position, September 1	23,730,840	1,088,668	2,372,284	27,191,792
<b>Net position, August 31</b>	<u>\$ 26,138,297</u>	<u>\$ 1,031,099</u>	<u>\$ 2,616,855</u>	<u>\$ 29,786,251</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended August 31, 2020

	<b>Business-Type</b>			<b>Totals</b>
	<b>Electric Utility</b>	<b>Solid Waste</b>	<b>Storm Water Utility</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 14,164,883	\$ 3,439,712	\$ 1,046,190	\$ 18,650,785
Payments to suppliers	(9,967,710)	(3,044,398)	(311,425)	(13,323,533)
Payments to employees	(1,294,731)	(168,849)	(529,296)	(1,992,876)
Other receipts	26,162	0	0	26,162
Net cash provided (used) by operating activities	<u>2,928,604</u>	<u>226,465</u>	<u>205,469</u>	<u>3,360,538</u>
<b>Cash flows from non-capital financing activities:</b>				
Payments to other funds	<u>(1,205,284)</u>	<u>0</u>	<u>0</u>	<u>(1,205,284)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	<u>(158,952)</u>	<u>(1,200)</u>	<u>(198,911)</u>	<u>(359,063)</u>
<b>Cash flows from investing activities:</b>				
Interest received	263,749	0	0	263,749
Payments of note receivable	405,955	0	0	405,955
Purchase of investment	<u>(1,722,582)</u>	<u>0</u>	<u>0</u>	<u>(1,722,582)</u>
Net cash provided (used) by investing activities	<u>(1,052,878)</u>	<u>0</u>	<u>0</u>	<u>(1,052,878)</u>
Net increase (decrease) in cash and cash equivalents	511,490	225,265	6,558	743,313
Cash and cash equivalents, September 1	<u>0</u>	<u>1,148,690</u>	<u>731,183</u>	<u>1,879,873</u>
<b>Cash and cash equivalents, August 31</b>	<u>\$ 511,490</u>	<u>\$ 1,373,955</u>	<u>\$ 737,741</u>	<u>\$ 2,623,186</u>

**CITY OF NORCROSS, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended August 31, 2020

	<b>Business-Type</b>			<b>Totals</b>
	<b>Electric Utility</b>	<b>Solid Waste</b>	<b>Storm Water Utility</b>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 2,682,548	\$ (57,569)	\$ 244,571	\$ 2,869,550
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	278,522	2,217	34,897	315,636
(Increase) decrease in accounts receivable	23,802	(19,425)	(115,353)	(110,976)
(Increase) decrease in prepaid items	8,676	0	1,443	10,119
(Increase) decrease in inventories	(102,395)	0	0	(102,395)
(Increase) decrease in deferred outflows related to OPEB	(566,391)	0	(198,926)	(765,317)
(Increase) decrease in deferred outflows related to pension	13,514	0	722	14,236
Increase (decrease) in accounts payable	(15,185)	303,286	2,227	290,328
Increase (decrease) in intergovernmental payables	2,546	0	0	2,546
Increase (decrease) in unearned revenue	0	451	0	451
Increase (decrease) in deposits payable	(19,409)	(2,495)	0	(21,904)
Increase (decrease) in sales tax payable	(1,675)	0	0	(1,675)
Increase (decrease) in accrued payroll liabilities	(64)	0	2,626	2,562
Increase (decrease) in net OPEB liability	675,299	0	247,515	922,814
Increase (decrease) in deferred inflows related to pension	(18,065)	0	(2,270)	(20,335)
Increase (decrease) in deferred inflows related to OPEB	(30,505)	0	(11,093)	(41,598)
Increase (decrease) in net pension liability	(2,614)	0	(890)	(3,504)
Total adjustments	246,056	284,034	(39,102)	490,988
Net cash provided (used) by operating activities	\$ 2,928,604	\$ 226,465	\$ 205,469	\$ 3,360,538
<b>Cash and cash equivalents reconciliation:</b>				
Cash and cash equivalents	\$ 511,490	\$ 1,164,616	\$ 737,741	\$ 2,413,847
Restricted assets				
Cash and cash equivalents	0	209,339	0	209,339
Total cash and cash equivalents	\$ 511,490	\$ 1,373,955	\$ 737,741	\$ 2,623,186

**CITY OF NORCROSS, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
*August 31, 2020*

	<u>Municipal Court Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 152,768
<b>LIABILITIES</b>	
Due to other agencies	\$ 152,768

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**1. Description of Government Unit**

The City of Norcross was established in 1870. The City operates under a council/mayor and city manager form of government and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities for electric, sanitation, and storm water for the incorporated and immediate surrounding areas.

The City is governed by an elected mayor and five-member council.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Norcross (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as discretely presented component unit.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

**City of Norcross Downtown Development Authority**

The City of Norcross Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council and an executive director. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Norcross. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Norcross Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the section labeled "Component Unit" (See Exhibit H). The City of Norcross Downtown Development Authority has an August 31<sup>st</sup> year-end. Individual financial statements may be obtained by contacting the City of Norcross Downtown Development Authority, 65 Lawrenceville Street, Norcross, GA 30071.

**Norcross Development Authority**

The Norcross Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council. The Development Authority provides for the development and promotion of trade, commerce, industry, and employment opportunities in the City of Norcross. There was no activity for the Development Authority for the year ending August 31, 2020.

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**2. Summary of Significant Accounting Policies (continued)**

**C. Basis of Presentation – Government-wide Financial Statements, continued**

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

**General Fund** - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**Hotel/Motel Tax Special Revenue Fund** – This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Norcross.

**2017 Special Purpose Local Option Sales Tax Capital Projects Fund** - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

**2017 Revenue Bond Capital Projects Fund** - This fund is used to account for issued 2017 Revenue Bonds used to finance major capital projects.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

The City reports the following major proprietary funds:

***Electric Utility Fund*** – This fund is used to account for activities connected with the development, operation and maintenance of electric services in the City of Norcross.

***Solid Waste Fund*** – This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Norcross.

***Storm Water Utility Fund*** – This fund is used to account for activities connected with the development, operation and maintenance of storm water services in the City of Norcross.

Additionally, the City reports the following fund types:

**Governmental Fund Types**

***Special Revenue Funds*** – These funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditures for specific purposes.

***Capital Projects Funds*** – These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by the proprietary funds).

**Fiduciary Fund Types**

***Agency Funds*** - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the City or for others. The City has the Municipal Court Agency Fund.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

**Component Units**

The Norcross Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 60 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 compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**F. Revenues and Expenditures/Expenses**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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 Electric and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services funds include the cost of sales 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.

**G. Budgets and Budgetary Accounting**

The City Council adopts an annual budget for all governmental fund types, prior to August 31, except for the Capital Project Funds. The Capital Projects Funds are budgeted by the City Council when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by the passage of a resolution.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**G. Budgets and Budgetary Accounting, continued**

At the beginning of May each year, the departments submit their budget requests to the Administrative Services Director. Meetings are held between the Administrative Services Director and department heads in to review the proposed budget. The Administrative Services Director then submits the proposed budget to the City Council by June 1.

During July and August, the Mayor and Council conduct public hearings to discuss the proposed budget and to obtain input from the citizens of the City of Norcross. These hearings are publicized in the local newspaper at least two weeks before each hearing. The final proposed budget is then adopted by the City Council on or before August 31, during a regular Council meeting, which is also open to the public.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Changes may be made within an operating budget by departmental request, which must be approved by the City Council. All operating budget transfers between departments and all changes to Capital Projects budgets must be approved by City Council. Formal budgetary integration is employed as a management control device during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year-end. The City does not use the encumbrance system of accounting. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of August 31, 2020.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**H. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The City reports investments using net asset value (NAV) when NAV is calculated in a manner consistent with fair value measurement guidelines, fair value is not readily determinable, and it is not probable for the investment to be sold at an amount other than NAV.

**I. Intergovernmental Receivables**

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**J. Inventories**

Inventories of the Electric Utility Enterprise Fund are valued at cost on the average cost method. The cost of these inventories is recorded as an expense when consumed rather than when purchased.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**2. Summary of Significant Accounting Policies (continued)**

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items. The cost of the prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset class of the City. Neither their historical costs nor related depreciation have historically been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets in the year ended December 31, 2007. The City elected to report general infrastructure assets placed into service prior to July 1, 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**2. Summary of Significant Accounting Policies (continued)**

**L. Capital Assets, continued**

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life</b>	<b>Capitalization</b>
	<b>in Years</b>	<b>Threshold</b>
Buildings	50	\$ 2,000
Distribution systems	50	\$ 20,000
Roads (per lane mile)	50	\$ 50,000
Bridges and culverts	50	\$ 20,000
Sidewalks and streetlights	50	\$ 20,000
Storm water system	50	\$ 20,000
Equipment	7-10	\$ 2,000
Vehicles	5	\$ 2,000
Furniture and fixtures	7-10	\$ 2,000
Land improvements	25-50	\$ 2,000
Intangibles	15	\$ 2,000

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**M. 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 a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred outflows or resources for their defined benefit plan and OPEB plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension plan and OPEB plan.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**2. Summary of Significant Accounting Policies (continued)**

**N. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and compensatory time, which will be paid to the employees upon separation from City service. Accumulated unpaid compensated absence amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**O. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as another financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**P. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**Q. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**R. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**S. Restricted Assets and Restricted Net Position**

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because they are maintained in a separate bank account and their use is limited by applicable bond covenants.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**T. Fund Balances – Governmental Funds**

The City of Norcross implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at August 31, 2020 by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the City Council, the City of Norcross' highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution, which shall refer to the original resolution by its number.

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the Administrative Services Director, under the authorization of the City Council, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**2. Summary of Significant Accounting Policies (continued)**

**T. Fund Balances – Governmental Funds, continued**

For the purposes of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

**3. Deposit and Investment Risk**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy but follows State of Georgia requirements that all deposits be federally insured or fully collateralized. At August 31, 2020, the City had no uninsured, uncollateralized deposits.

**Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The City has no investment policy that would further limit its investment choices. Investments are reported at fair value.

**Concentration of Credit Risk**

The City has no formal policy on the amount the City may invest in any one issuer.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**3. Deposit and Investment Risk (continued)**

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

The City is a participant in the Municipal Electric Authority of Georgia (MEAG). The MEAG board approves an annual system budget from which MEAG then bills its participants. At the end of the year, adjustments are made by MEAG to each participant's billings to agree with actual cost. Whenever MEAG recovers funds from the City in excess of its actual costs to serve the City, the City may elect to have their funds deposited in the City's Voluntary Flexible Operating Accounts or Generation Trust Accounts in MEAG's Municipal Competitive Trust in lieu of receiving a refund. This voluntary stabilization funds are used to reduce future costs of the City at its discretion while also earning interest. The City is authorized to direct MEAG to retain or use the discretionary funds. The generation trust accounts are used to offset the City's share of future MEAG generation projects. The City may not use funds in the generation trust accounts for any other purpose.

The Municipal Competitive Trust accounts are held in the Intermediate, Intermediate Extended and Short-term Portfolios; these portfolios are not rated. At August 31, 2020, the average weighted maturity of the Intermediate, Intermediate Extended, and Short-term Portfolios were 2.1, 32.0, and 1.6 months, respectively. The investments in each of the funds consist primarily of debt securities such as U.S. Treasuries, U.S Agency obligations, municipal bonds, and time deposits with financial institutions. The funds in these accounts are invested in securities that are typically held to maturity. At August 31, 2020, the City's balances in the Voluntary Flexible Operating Accounts were \$9,533,809, and in the Generation Trust Accounts were \$5,358,037.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**3. Deposit and Investment Risk (continued)**

The City of Norcross has no unfunded commitments or restriction on its ability to sell the investments in the Municipal Competitive Trust accounts.

Investments measured at net asset value at August 31, 2020 consist of the following:

<b>Investment Type</b>	<b>Fair Value</b>
Municipal Competitive Trust	
Short-term Portfolio	\$ 4,620,731
Intermediate Portfolio	4,896,295
Intermediate Extended Portfolio	5,374,820
Total Investments	\$ 14,891,846

The City participates in the State of Georgia Local Government Investment Pool. Assets in this pool are invested in Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAf rated money market funds. Georgia Fund 1 is managed by the Georgia Office of State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Georgia Fund 1 is rated AAf by Standard & Poor's. The weighted average maturity at August 31, 2020 was 35 days. At August 31, 2020, the City's balance in Georgia Fund 1 was \$50,016.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**4. Accounts Receivable**

Net accounts receivable at August 31, 2020 consist of the following:

<b>Primary Government</b>		
<b>Major Funds</b>		
General Fund	\$	15,969
Enterprise Funds		
Electric Utility	\$	2,802,985
Less: Allowances for Uncollectibles		(13,797)
Solid Waste		477,987
Less: Allowances for Uncollectibles		(2,389)
Storm Water Utility		1,040,141
Less: Allowances for Uncollectibles		(189,743)
		<u>4,115,184</u>
Total Primary Government	\$	<u>4,131,153</u>

**5. Intergovernmental Receivables**

Intergovernmental receivables at August 31, 2020 consist of the following:

<b>Primary Government</b>		
<b>Major Funds</b>		
General Fund	\$	58,722
Capital Projects Funds		
2017 SPLOST	\$	842,962
2017 Revenue Bond		65,875
		<u>908,837</u>
Total Primary Government	\$	<u>967,559</u>

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**6. Taxes Receivable**

***Property Taxes***

Property taxes receivable as of August 31, 2020 consist of the following:

Year of Levy	Amount
2019	\$ 136,880
2018	38,502
2017	18,214
2016	21,032
2015	14,363
2014	73,727
2013	77,322
	380,040
Less allowance for uncollectible	(210,312)
Total	\$ 169,728

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2020, based upon the assessments of January 1, 2019, were billed on September 15, 2019, and due on November 15, 2019. Tax liens are issued 90 days after the due date. The tax rate of 6.749 mills for 2019 was levied on August 5, 2019.

***Other Taxes***

\$30,016 of franchise taxes, \$111,483 of hotel/motel taxes, \$29,748 of alcohol excise taxes and \$13,549 in rental motor vehicle excise taxes are also included in taxes receivable.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**7. Interfund Receivables and Payables**

A summary of interfund receivables and payables is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b><u>Amount</u></b>
Storm Water Utility	Electric Utility	\$ 100,000
Nonmajor Governmental	2017 SPLOST	140,693
Nonmajor Governmental	Nonmajor Governmental	2,500
2017 SPLOST	2017 Revenue Bond	313,538
Solid Waste	Electric Utility	53,508
General	Nonmajor Governmental	<u>2,656</u>
Subtotal		<u><u>\$ 612,895</u></u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between the General Fund, Storm Water Utility, and Electric Utility enterprise funds resulted from transactions to alleviate equity in pooled cash deficits at year-end. Amounts due to the 2017 SPLOST Fund from the 2017 Revenue Bond Fund are related to SPLOST-compliant expenditures that will be reimbursed from the SPLOST bond proceeds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**8. Interfund Transfers**

A summary of interfund transfers is as follows:

<b>Transfer Out Fund</b>	<b>Transfer In Fund</b>	<b><u>Amount</u></b>
Electric Utility	General	\$ 538,840
Nonmajor Governmental	Nonmajor Governmental	2,500
General	2017 Revenue Bond	<u>14,541</u>
Subtotal		<u><u>\$ 555,881</u></u>

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets between governmental activities and business-type activities, also within business-type activities. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the fiscal year ended August 31, 2020

**9. Capital Assets**

Capital asset activity for the primary government for the year ended August 31, 2020 was as follows:

	<u>Balance 9/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 8/31/2020</u>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 20,255,576	\$ 0	\$ 0	\$ 20,255,576
Construction in progress	3,539,090	3,356,912	(3,768,187)	3,127,815
Total nondepreciable assets	<u>23,794,666</u>	<u>3,356,912</u>	<u>(3,768,187)</u>	<u>23,383,391</u>
Depreciable assets				
Buildings	12,934,898	0	0	12,934,898
Infrastructure	59,292,511	3,768,187	0	63,060,698
Vehicles and equipment	5,368,324	111,600	(269,512)	5,210,412
Furniture and fixtures	3,513,098	11,267	0	3,524,365
Intangible assets	340,396	0	0	340,396
Total depreciable assets	<u>81,449,227</u>	<u>3,891,054</u>	<u>(269,512)</u>	<u>85,070,769</u>
Accumulated depreciation				
Buildings	(4,187,477)	(271,070)	0	(4,458,547)
Infrastructure	(32,158,682)	(1,219,353)	0	(33,378,035)
Vehicles and equipment	(4,064,365)	(401,802)	187,864	(4,278,303)
Furniture and fixtures	(2,219,775)	(208,727)	0	(2,428,502)
Intangible assets	(97,749)	(16,947)	0	(114,696)
Total accumulated depreciation	<u>(42,728,048)</u>	<u>(2,117,899)</u>	<u>187,864</u>	<u>(44,658,083)</u>
Total depreciable assets, net	<u>38,721,179</u>	<u>1,773,155</u>	<u>(81,648)</u>	<u>40,412,686</u>
Governmental activities capital assets, net	<u>\$ 62,515,845</u>	<u>\$ 5,130,067</u>	<u>\$ (3,849,835)</u>	<u>\$ 63,796,077</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Construction in progress	1,757,493	138,354	(3,409)	1,892,438
Total non-depreciable assets	<u>1,758,493</u>	<u>138,354</u>	<u>(3,409)</u>	<u>1,893,438</u>
Depreciable assets				
Distribution system	12,070,416	200,811	0	12,271,227
Vehicles and equipment	1,771,325	23,307	0	1,794,632
Total depreciable assets	<u>13,841,741</u>	<u>224,118</u>	<u>0</u>	<u>14,065,859</u>
Accumulated depreciation				
Distribution system	(3,411,314)	(239,391)	0	(3,650,705)
Vehicles and equipment	(1,379,793)	(76,245)	0	(1,456,038)
Total accumulated depreciation	<u>(4,791,107)</u>	<u>(315,636)</u>	<u>0</u>	<u>(5,106,743)</u>
Total depreciable assets, net	<u>9,050,634</u>	<u>(91,518)</u>	<u>0</u>	<u>8,959,116</u>
Business-type activities capital assets, net	<u>\$ 10,809,127</u>	<u>\$ 46,836</u>	<u>\$ (3,409)</u>	<u>\$ 10,852,554</u>

**CITY OF NORCROSS, GEORGIA**  
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**9. Capital Assets (continued)**

Capital asset activity for the Downtown Development Authority Component Unit for fiscal year ending August 31, 2020 was as follows:

	<u>Balance 9/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 8/31/2020</u>
<b>Downtown Development Authority Component Unit</b>				
Non-depreciable assets				
Land	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Construction in progress	0	6,042,961	0	6,042,961
Total non-depreciable assets	<u>4,000</u>	<u>6,042,961</u>	<u>0</u>	<u>6,046,961</u>
Depreciable assets				
Buildings	104,055	0	0	104,055
Equipment	2,375	0	0	2,375
Infrastructure	30,264	0	0	30,264
Total depreciable assets	<u>136,694</u>	<u>0</u>	<u>0</u>	<u>136,694</u>
Accumulated depreciation				
Buildings	(2,668)	(2,081)	0	(4,749)
Equipment	(488)	(244)	0	(732)
Infrastructure	(8,850)	(605)	0	(9,455)
Total accumulated depreciation	<u>(12,006)</u>	<u>(2,930)</u>	<u>0</u>	<u>(14,936)</u>
Total depreciable assets, net	<u>124,688</u>	<u>(2,930)</u>	<u>0</u>	<u>121,758</u>
Downtown Development Authority capital assets, net	<u>\$ 128,688</u>	<u>\$ 6,040,031</u>	<u>\$ 0</u>	<u>\$ 6,168,719</u>

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 241,100
Judicial	363
Public Safety	474,894
Public Works	1,158,308
Culture and Recreation	112,865
Housing and Development	130,369

Total depreciation expense for governmental activities \$ 2,117,899

**Business-type activities**

Electric Utility	\$ 278,522
Solid Waste Utility	2,217
Storm Water Utility	34,897

Total depreciation expense for business-type activities \$ 315,636

**DDA Component Unit** \$ 2,930

**CITY OF NORCROSS, GEORGIA**  
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**10. Property Held for Resale**

The City has purchased property in conjunction with the Lillian Webb Park project to attract business to the Downtown Norcross area. The City will develop the property and expects to sell lots to businesses. The City has no plans to use the property. The Downtown Development Authority Component Unit has also purchased property in conjunction with the Lillian Webb Park project. In 2018, the City transferred the purchased property to the Downtown Development Authority. In 2020, the property held for resale was sold.

**11. Notes Receivable**

On September 10, 2018, the City of Norcross entered into a lending agreement with the Downtown Development Authority for the purchase of property. The DDA executed a promissory note in favor of the City to pay 2% simple annual interest, with payments suspended for the first 6 months, with interest and payable due monthly thereafter. Principal payments are due and payable until the subject property is sold or the City makes demand on the note, at which time all interest and principal become due. See Note 13 for note payable. In 2020, the property was sold, and the note receivable was paid. At August 31, 2020, the balance of the note receivable was \$0.

**12. Capital and Operating Lease Agreements**

The City has entered into agreements for the lease of certain facilities and equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at August 31, 2020 total \$257,913 for governmental activities.

Total assets leased under capital leases are \$950,871 for governmental activities, consisting of:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Furniture and fixtures	\$ 652,811	\$ 250,529
Vehicles and equipment	298,060	170,320
Totals	<u>\$ 950,871</u>	<u>\$ 420,849</u>

Amortization of leased equipment under capital leases is included with depreciation expense.

**CITY OF NORCROSS, GEORGIA**  
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**12. Capital and Operating Lease Agreements (continued)**

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of August 31, 2020:

<b>Year Ending August 31,</b>	<b>Governmental activities</b>
2021	\$ 130,572
2022	119,147
2023	21,852
2024	1,402
Total minimum lease payments	272,973
Less amounts representing interest	(15,060)
Present value of minimum lease payments	\$ 257,913

The City's lease agreements are relatively minor commitments and are in compliance with state law.

**13. Long-Term Debt**

***Bonds from Direct Placements***

***Governmental Activities***

On October 27, 2017, the City issued \$8,415,000 City of Norcross, Georgia Revenue Bond, Series 2017. The 2017 Bond was issued for the purpose of providing funds to finance the costs of SPLOST 2017 recreation and parking projects. It bears an interest rate of 1.72% with yearly payments due on June 1. The 2017 bond matures on June 1, 2023. In an event of default, any outstanding principal and interest on the bonds may become immediately due and payable. This bond is secured by pledged sales tax proceeds. At August 31, 2020, the balance of these bonds is \$4,530,000.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Long-Term Debt (continued)**

**Bonds from Direct Placements, continued**

The City's debt service requirement to maturity on the Series 2017 bond is as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,485,000	\$ 77,916	\$ 1,562,916
2022	1,510,000	52,374	1,562,374
2023	1,535,000	26,402	1,561,402
Totals	<u>\$ 4,530,000</u>	<u>\$ 156,692</u>	<u>\$ 4,686,692</u>

***Downtown Development Authority Component Unit***

On December 27, 2018, the Downtown Development Authority issued \$8,195,000 Downtown Development Authority of the City of Norcross Taxable Revenue Bond (Parking Facilities Project), Series 2018. The 2018 Bond was issued for the purpose of financing the cost of a parking facilities project to be constructed by a local business. Upon completion, the parking facility will be owned by the Authority and rented to the local business. The bond bears an interest rate of 5%, with semi-annual payments to be made by the Authority using rental proceeds beginning on February 1, 2019. The bond matures on February 1, 2044. Payment of the bond is guaranteed by the City and secured by ad valorem property tax up to a maximum of 3 mills on all property in the City. In an event of default, the item or installment shall continue as an obligation of the City until the amount has been fully paid. At August 31, 2020, the balance of these bonds is \$8,195,000.

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**13. Long-Term Debt (continued)**

**Bonds from Direct Placements, continued**

The Downtown Development Authority's debt service requirement to maturity on the Series 2018 bond is as follows:

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 0	\$ 409,750	\$ 409,750
2022	200,000	404,750	604,750
2023	210,000	394,500	604,500
2024	220,000	383,750	603,750
2025	230,000	372,500	602,500
2026-2030	1,325,000	1,674,625	2,999,625
2031-2035	1,695,000	1,299,375	2,994,375
2036-2040	2,160,000	819,500	2,979,500
2041-2044	2,155,000	222,125	2,377,125
Totals	<u>\$ 8,195,000</u>	<u>\$ 5,980,875</u>	<u>\$ 14,175,875</u>

**Contracts Payable**

**Governmental Activities**

On December 4, 2017, the City of Norcross, Georgia Police Department entered into a contract agreement with a technology company for the purchase of professional services and 3<sup>rd</sup> party licensing products in the amount of \$421,673. The contract is payable in quarterly payments of \$18,324, at 0% interest through 2020. Beginning January 1, 2021, payments of \$100,892 are due annually until maturity on January 1, 2022. In an event of default, any outstanding principal and interest on the contracts may become immediately due and payable, and all software products may be repossessed and professional services suspended by the technology company. At August 31, 2020, the balance of this contract is \$293,405.

<b>Year Ending August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 119,215	\$ 0	\$ 119,215
2022	174,190	0	174,190
Totals	<u>\$ 293,405</u>	<u>\$ 0</u>	<u>\$ 293,405</u>

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Long-Term Debt (continued)**

**Notes from Direct Borrowings**

***Downtown Development Authority Component Unit***

On September 10, 2018, the Downtown Development Authority entered into a lending agreement with the City of Norcross for the purchase of real property. The DDA executed a promissory note in favor of the City to pay 2% simple annual interest, with payments suspended for the first 6 months, with interest and principal due and payable monthly thereafter. The note is secured by the property, but in the event of default, the property would revert to the City. Principal payments are due and payable until the subject property is sold or the City makes demand on the note, at which time all interest and principal become due. See Note 11 for note receivable. In 2020, property was sold and note was paid. At August 31, 2020, the balance of the note from direct borrowing was \$0.

**CITY OF NORCROSS, GEORGIA**  
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**14. Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities of the City for the fiscal year ending August 31, 2020:

	<u>Balance 9/1/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 8/31/2020</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds from direct placements	\$ 5,990,000	\$ 0	\$ (1,460,000)	\$ 4,530,000	\$ 1,485,000
Contracts payable	348,377	0	(54,972)	293,405	119,215
Capital leases payable	363,511	7,846	(113,444)	257,913	120,284
Compensated absences	296,096	253,753	(296,096)	253,753	253,753
<b>Total Governmental Activities</b>	<u>\$ 6,997,984</u>	<u>\$ 261,599</u>	<u>\$ (1,924,512)</u>	<u>\$ 5,335,071</u>	<u>\$ 1,978,252</u>
<b>Business-type activities</b>					
Compensated absences	\$ 30,603	\$ 29,848	\$ (30,603)	\$ 29,848	\$ 29,848
<b>Downtown Development Authority</b>					
<b>Component Unit</b>					
Notes from direct borrowings	\$ 405,955	\$ 0	\$ (405,955)	\$ 0	\$ 0
Bonds from direct placements	8,195,000	0	0	8,195,000	0
<b>Total Component Unit</b>	<u>\$ 8,600,955</u>	<u>\$ 0</u>	<u>\$ (405,955)</u>	<u>\$ 8,195,000</u>	<u>\$ 0</u>

Bonds from direct placements discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities of the governmental activities, such as compensated absences, were liquidated by the General Fund. The total interest incurred and charged to expense for the year ended August 31, 2020 was \$112,920 for governmental activities.

**CITY OF NORCROSS, GEORGIA**  
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**15. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds as of August 31, 2020:

	<u>Hotel/Motel Tax Fund</u>	<u>2017 SPLOST</u>	<u>2017 Revenue Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>					
General Government					
Technology equipment \$	0	\$ 0	\$ 0	\$ 160,348	\$ 160,348
Public Safety					
Police department vehicles and equipment	0	0	0	21,554	21,554
Housing and Development					
Trade and tourism	0	0	0	537,001	537,001
Capital projects	0	2,179,521	3,631,297	1,755,042	7,565,860
	<u>\$ 0</u>	<u>\$ 2,179,521</u>	<u>\$ 3,631,297</u>	<u>\$ 2,473,945</u>	<u>\$ 8,284,763</u>
<b>Assigned for:</b>					
Housing and Development					
Trade and tourism	\$ 418,389	\$ 0	\$ 0	\$ 0	\$ 418,389

**16. Intradepartmental Billings**

Total operating revenues and total operating expenses in the Electric Utility and Solid Waste Enterprise Funds include \$208,792 and \$1,392, respectively, of intra departmental billings for electricity and sanitation usage.

**17. Pension Plan**

*Plan Description.* The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Pension Plan (continued)**

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Norcross. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.

At January 1, 2020, the date of the most recent actuarial valuation, there were 196 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	37
Terminated vested participants entitled to but not yet receiving benefits	50
Active participants	109
Total number of participants	196

*Benefits Provided.* The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.55% - 2.00% with a five year vesting schedule.

**CITY OF NORCROSS, GEORGIA**  
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**17. Pension Plan (continued)**

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the fiscal year ending August 31, 2020 was \$476,420, or 7.55% of covered payroll.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At August 31, 2020, the City reported a net pension liability of \$2,151,572. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. For the fiscal year ended August 31, 2020, the City recognized pension expense of \$504,449. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

At August 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 658,441	\$ (483,176)
Changes of assumptions	27,277	0
Difference between projected and actual earnings on pension plan investments	29,217	0
City contributions subsequent to the measurement date	527,434	0
Totals	<u>\$ 1,242,369</u>	<u>\$ (483,176)</u>

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Pension Plan (continued)**

The \$527,434 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending August 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<u>Ending August 31</u>		
2021	\$	65,692
2022		70,094
2023		77,079
2024		<u>18,894</u>
Totals	\$	<u><u>231,759</u></u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service based merit increases
Cost of living adjustments	2.10%
Net investment rate of return	7.375%

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

The mortality and economic actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2019.

**CITY OF NORCROSS, GEORGIA**  
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**17. Pension Plan (continued)**

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Total	<u>100%</u>	

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

**CITY OF NORCROSS, GEORGIA**  
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**17. Pension Plan (continued)**

*Changes in Net Pension Liability (Asset)*

	<u>Total Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at 9/30/2018</b>	\$ 14,200,103	\$ 12,022,650	\$ 2,177,453
<b>Changes for the year:</b>			
Service cost	337,236	0	337,236
Interest	1,069,088	0	1,069,088
Differences between expected and actual experience	(541,015)	0	(541,015)
Contributions—employer	0	486,235	(486,235)
Contributions—employee	0	97,762	(97,762)
Net investment income	0	362,245	(362,245)
Benefit payments, including refunds of employee contributions	(565,654)	(565,654)	0
Administrative expense	0	(30,423)	30,423
Other	24,629	0	24,629
<b>Net changes</b>	<u>324,284</u>	<u>350,165</u>	<u>(25,881)</u>
<b>Balances at 9/30/2019</b>	<u>\$ 14,524,387</u>	<u>\$ 12,372,815</u>	<u>\$ 2,151,572</u>

Plan's fiduciary net position as a percentage of the total pension liability	85.19%
Covered payroll	\$ 5,853,882
Net pension liability as a percentage of covered payroll	36.75%

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

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.375%	\$ 4,140,253
Current discount rate	7.375%	2,151,572
1% increase	8.375%	510,026

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

*Other Plans.* In addition to the plan above, various City employees are covered under the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan's annual report. These plans are immaterial to the financial statements.

**CITY OF NORCROSS, GEORGIA**  
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**18. Deferred Compensation Plans**

The City also provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a). The first plan is administered by the Public Employees Benefits Services Corporation (PEBSCO), an independent third party. In fiscal year 2001, the City elected to participate in the plan administered by the Georgia Municipal Association (GMA), an independent third party. Participating employees at the time of the conversion were given the option of remaining with the plan administered by PEBSCO, or changing to the plan administered by GMA. All employees who became eligible to participate in the deferred compensation, defined contribution plan after the conversion could choose between the plans. The City Council provides for the benefits and funding policy through a City ordinance and maintains the authority to change the policy.

Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plan. Employees may defer up to the maximum deferral allowed by law. The City will contribute 50% of the employee's contributions for the year, up to 3% of the employee's salary per year.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year ending August 31, 2020, the City contributed \$96,859 to the plans based on covered salaries of \$2,461,663. Plan members made voluntary contributions of \$258,719 to the plans.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

**CITY OF NORCROSS, GEORGIA**  
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**19. Post-Employment Benefits Other Than Pensions**

*Plan Description.* The City of Norcross Other Postemployment Benefits Plan (the “OPEB Plan”) is a defined benefit postretirement health care, prescription drug, and life insurance plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB Plan administered by the Georgia Municipal Association (GMA). The City has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

At July 1, 2019, the date of the most recent actuarial valuation, there were 151 participants consisting of the following:

Current retirees, beneficiaries, and dependents	21
Current active participants	130
Terminated participants entitled but not yet eligible	0
Total number of participants	151

*Benefits Provided.* The City has the authority to establish and amend the OPEB Plan. The City provides medical, prescription drug and dental benefits to retirees. Retirees’ spouses are eligible for the same benefits as the retiree. General employees hired prior to 1999 become eligible for those benefits if they retire on or after the age of 62 with 10 completed years of service or after the age of 65 with 5 completed years of service. Public Safety employees hired prior to 1999 become eligible for those benefits if they retire with the same criteria described previously or at age 55 with 20 completed years of service. Employees hired after 1998 who are permanent full-time career employees, and who have been employed a minimum of 20 full-time continuous years with the City and have attained their 62nd birthday (55th birthday for Public Safety) while employed full time by the City, become eligible to purchase single coverage medical insurance under the then current City medical insurance plan.

*Contributions.* The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a “pay-as-you-go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The City’s contribution for the fiscal year ended August 31, 2020 was \$297,900, or 6.46% of covered employee payroll. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**19. Post-Employment Benefits Other Than Pensions (continued)**

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.* At August 31, 2020, the City reported a net OPEB liability of \$14,787,367. The net OPEB liability was measured as of August 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. For the fiscal year ended August 31, 2020, the City recognized OPEB expense of \$1,031,136. For the Governmental Activities, the net OPEB Liability is liquidated by the General Fund.

The components of the net OPEB liability are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at 8/31/2018</b>	\$ 8,278,609	\$ 0	\$ 8,278,609
<b>Changes for the year:</b>			
Service cost	218,411	0	218,411
Interest	330,584	0	330,584
Change of benefit terms	(124,555)	0	(124,555)
Differences between expected and actual experience	2,856,353	0	2,856,353
Contributions—employer	(297,900)	297,900	(595,800)
Changes in assumptions	3,525,865	0	3,525,865
Benefit payments, including refunds of member contributions	0	(297,900)	297,900
<b>Net changes</b>	<u>6,508,758</u>	<u>0</u>	<u>6,508,758</u>
<b>Balances at 8/31/2019</b>	<u>\$ 14,787,367</u>	<u>\$ 0</u>	<u>\$ 14,787,367</u>

Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 5,853,882
Plan net OPEB liability as a percentage of covered employee payroll	252.61%

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**19. Post-Employment Benefits Other Than Pensions (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions or other inputs	\$ 3,022,170	\$ (870,794)
Difference between expected and actual experience in the total OPEB liability	2,448,300	(173,792)
Contributions subsequent to the measurement date	365,856	0
Totals	<b>\$ 5,836,326</b>	<b>\$ (1,044,586)</b>

The \$365,856 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending August 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year Ending August 31</b>		
2021	\$	606,694
2022		606,694
2023		606,694
2024		782,311
2025		1,823,491
Totals	\$	4,425,884

*Actuarial Assumptions.* The total OPEB liability was measured as of August 31, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%	
Projected salary increases	2.25% plus serviced base merit increases	
Discount rate	2.97%	
Actuarial cost method	Entry age Level Percent of Pay	
Healthcare cost trend rates	Medical: 7.00% trended down to 4.5% by 2029	
	Prescription Drug: 7.00% trended down to 4.5% by 2029	
Healthy mortality rates	Sex-Distinct Pri-2012 (head-count weighted) Tables with adjustments and mortality improvement from 2012.	
Amortization method	Open 30 years, level percent of payroll	
Remaining amortization period	30 years	

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**19. Post-Employment Benefits Other Than Pensions (continued)**

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

*Development of Long-Term Rate.* Since the City funds this Plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 2.97%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of August 31, 2019.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the NOL of the City as well as what the City's NOL would be if it were calculated using a discount rate that is one percentage point lower (1.97%) or one percentage point higher (3.97%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates.

<u>Discount Rate</u>		<u>Net OPEB Liability</u>
1% decrease	1.97%	\$ 17,697,088
Current discount rate	2.97%	14,787,367
1% increase	3.97%	12,496,110
		<b><u>Net OPEB Liability</u></b>
<b><u>Healthcare Cost Trend Rates</u></b>		
1% decrease		\$ 12,283,685
Current discount rate		14,787,367
1% increase		18,048,937

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**20. Hotel/Motel Lodging Tax**

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the fiscal year ending August 31, 2020, follows:

Lodging tax receipts	\$ 595,076
Disbursements to promote trade and tourism	\$ 662,914 111% of tax receipts

**21. Joint Ventures**

The City of Norcross participates with the Drug Enforcement Administration (DEA) to facilitate the investigation, arrest, prosecution and conviction of those residents and non-residents involved in the manufacture, use, distribution, and sale of illicit drugs. The City has no ongoing financial responsibility of funding for this unit. The DEA unit is funded primarily through grant monies and operates on a balanced budget determined by revenue. During the fiscal year ended August 31, 2020, the City of Norcross contributed to the DEA for personnel costs for the use of one police for undercover work.

Under Georgia law, the City, in conjunction with other cities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). During the fiscal year ended August 31, 2020, the City made no payments to the Commission for services rendered. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, N.E., Atlanta, GA 30303.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**22. Related Organizations**

The Housing Authority of the City of Norcross is considered a related organization to the City of Norcross. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Norcross. The City received \$1,769 as a payment-in-lieu-of-taxes for the fiscal year ended August 31, 2020. Separate financial statements may be obtained from Housing Authority of the City of Norcross, 19 Garner Street, Norcross, GA 30071.

**23. Risk Management**

Material estimates have been made by management about the life of depreciated capital assets. Management has used a conservative approach on these estimates.

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**23. Risk Management (continued)**

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At August 31, 2020, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

**24. Commitments and Contingencies**

**Commitments**

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (MEAG). The contracts require the City to purchase from MEAG all of the City's bulk power supply, other than power supplied by Federally-owned generation projects. MEAG is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations, which extend through the year 2020, are general obligations to the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$7,926,087 from MEAG during the fiscal year ended August 31, 2020. The City's future minimum payment obligations to the Authority will be based on the Authority's costs and the City's yearly demand for bulk power supply.

The City has adopted the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. At the end of the current fiscal year, the balance in this account was \$9,533,809. This amount is included in investments in the Electric Utility Fund. The generation trust account is used to offset the City's share of future MEAG generation projects. At the end of the current fiscal year, the balance in this account was \$5,358,037. This amount is included in restricted investments in the Electric Utility Fund.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**24. Commitments and Contingencies (continued)**

**Commitments, continued**

The two additional accounts created were the credit support operating and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can only be applied to charges related to MEAG's bond obligations. The balances of these accounts at August 31, 2020 were \$0 and \$0 respectively. Due to the restricted nature of these funds, neither is reported in the Electric Utility Fund.

**Contingencies**

The City's legal counsel has stated that there are presently no determinable lawsuits.

**25. Tax Abatements**

The City is subject to tax incentives granted by the Downtown Development Authority of Norcross, an entity created by the State of Georgia and activated by the City Council ("Authority"). These incentives are negotiated on an individual basis as a reduction of property taxes by percentage of total taxes and have the stated purpose of increasing business activity and employment in the City by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area and require the business to enter into a sale-leaseback transaction with the Authority in exchange for tax exempt debt financing for the purpose of locating to the area or expansion of current facilities. In addition to the commitment of the debt financing, the business may also commit to certain economic or employment increases. The incentive agreements contain a provision that the business may lose a portion or a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For the fiscal year ended August 31, 2020*

**25. Tax Abatements (continued)**

The City has not made any commitments as part of the agreement other than to reduce taxes.

The following incentive exists for the City:

<u>Purpose</u>	<u>% Abated</u>	<u>Current Year \$ Abated</u>
Manufacturing jobs	30%	<u>\$ 21,540</u>

**26. Conduit Debt**

***Downtown Development Authority Component Unit***

The Downtown Development Authority has issued revenue bonds to provide financial assistance to a local company for the acquisition and construction of parking facilities. Rents, revenues, and receipts will be pledged as security for payment of the principal and interest of the bond. Upon repayment of the bonds, ownership of the acquired facilities transfers to local business served by the bond issuance. In the event of default, the amount in default shall continue as an obligation of the Company until the amount shall have been fully paid. The Downtown Development Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The amount of conduit debt revenue bond obligations outstanding as of the end of the current fiscal year is \$35,000,000.

**27. Nonexchange Financial Guarantee**

On December 27, 2018, the City adopted a resolution authorizing the execution and delivery of an intergovernmental agreement between the City of Norcross, Georgia and the Downtown Development Authority, a discretely presented component unit of the City. The intergovernmental agreement establishes the City of Norcross, Georgia as the guarantor of the \$8,195,000 Downtown Development Authority of the City of Norcross Taxable Revenue Bond (Parking Facilities Project), Series 2018. In the event the Downtown Development Authority is unable to make the required payments of the bond issuance, the intergovernmental agreement requires the City to provide funds, which shall be sufficient to make the required debt service payments through the maturity dates of the bonds with the final maturity date being February 1, 2044. At this time the City does not anticipate having to provide funds for the required bond payments.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the fiscal year ended August 31, 2020**

**28. Changes in Beginning Balances**

A prior period adjustment has been made to correct cash balance at August 31, 2019. This adjustment increased beginning net position of the Downtown Development Authority Component Unit by \$26,817.

**29. Risks and Uncertainties**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the City, its performance, and its financial results.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2020**  
**(Unaudited)**

	Fiscal Year End			
	2020	2019	2018	2017
<b>Total pension liability</b>				
Service cost	\$ 337,236	\$ 164,741	\$ 326,020	\$ 303,187
Interest	1,069,088	503,420	910,650	876,775
Differences between expected and actual experience	(541,015)	321,430	825,660	(248,867)
Changes of assumptions	24,629	0	15,146	0
Changes of benefits terms	0	0	(95,637)	0
Benefit payments, including refunds of employee contributions	(565,654)	(263,275)	(516,757)	(471,229)
Other changes	0	0	0	0
Net change in total pension liability	324,284	726,316	1,465,082	459,866
Total pension liability - beginning	14,200,103	13,473,787	12,008,705	11,548,839
<b>Total pension liability - ending (a)</b>	<b>\$ 14,524,387</b>	<b>\$ 14,200,103</b>	<b>\$ 13,473,787</b>	<b>\$ 12,008,705</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 486,235	\$ 219,585	\$ 497,740	\$ 675,679
Contributions - employee	97,762	44,865	81,838	66,757
Net investment income	362,245	571,217	1,264,471	1,126,953
Benefit payments, including refunds of employee contributions	(565,654)	(263,275)	(516,757)	(471,229)
Administrative expense	(30,423)	(16,379)	(29,513)	(29,780)
Net change in total pension liability	350,165	556,013	1,297,779	1,368,380
Plan fiduciary net position - beginning	12,022,650	11,466,637	10,168,858	8,800,478
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 12,372,815</b>	<b>\$ 12,022,650</b>	<b>\$ 11,466,637</b>	<b>\$ 10,168,858</b>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<b>\$ 2,151,572</b>	<b>\$ 2,177,453</b>	<b>\$ 2,007,150</b>	<b>\$ 1,839,847</b>
Plan's fiduciary net position as a percentage of the total pension liability	85.19%	84.67%	85.10%	84.68%
Covered payroll	\$ 5,853,882	\$ 6,168,363	\$ 5,836,525	\$ 5,024,965
Net pension liability as a percentage of covered payroll	36.75%	35.30%	34.39%	36.61%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior are not reported.

<b>Fiscal Year End</b>			
<b>2016</b>	<b>2015</b>		
\$ 261,349	\$ 311,706		
825,040	793,291		
49,762	(234,843)		
0	0		
0	0		
(465,976)	(459,675)		
0	2,333		
670,175	412,812		
10,878,664	10,465,852		
<u>\$ 11,548,839</u>	<u>\$ 10,878,664</u>		
\$ 426,124	\$ 563,073		
52,468	45,321		
27,244	764,683		
(465,976)	(459,675)		
(17,370)	(14,733)		
22,490	898,669		
8,777,988	7,879,319		
<u>\$ 8,800,478</u>	<u>\$ 8,777,988</u>		
<u>\$ 2,748,361</u>	<u>\$ 2,100,676</u>		
76.20%	80.69%		
\$ 4,694,327	\$ 4,403,174		
58.55%	47.71%		

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2020**  
**(Unaudited)**

	<b>Fiscal Year End</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Actuarially determined contribution	\$ 476,420	\$ 582,360	\$ 534,188	\$ 514,845
Contributions in relation to the actuarially determined contribution	<u>(476,420)</u>	<u>(582,360)</u>	<u>(534,188)</u>	<u>(514,845)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 6,311,404	\$ 6,273,183	\$ 5,817,853	\$ 5,561,334
Contributions as a percentage of covered payroll	7.55%	9.28%	9.18%	9.26%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior are not reported.

<b>Fiscal Year End</b>	
<b>2016</b>	<b>2015</b>
\$ 484,598	\$ 557,197
<u>(532,037)</u>	<u>(667,308)</u>
<u>\$ (47,439)</u>	<u>\$ (110,111)</u>
\$ 5,028,974	\$ 4,836,831
10.58%	13.80%

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2020**  
**(Unaudited)**

	<b>Fiscal Year End</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>			
Service cost	\$ 218,412	\$ 250,627	\$ 305,217
Interest	330,584	310,540	272,234
Change of benefit terms	(124,555)	0	0
Differences between expected and actual experience	2,856,353	(236,936)	(31,671)
Changes in assumptions	3,525,864	(539,668)	(1,022,025)
Benefit payments, including refunds of member contributions	(297,900)	(205,213)	(209,992)
Net change in total OPEB liability	6,508,758	(420,650)	(686,237)
Total OPEB liability - beginning	8,278,609	8,699,259	9,385,496
<b>Total OPEB liability - ending (a)</b>	<b>\$ 14,787,367</b>	<b>\$ 8,278,609</b>	<b>\$ 8,699,259</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 297,900	\$ 205,213	\$ 209,992
Benefit payments, including refunds of member contributions	(297,900)	(205,213)	(209,992)
Net change in plan fiduciary net position	0	0	0
Plan fiduciary net position - beginning	0	0	0
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Net OPEB liability (asset) - ending : (a) - (b)</b>	<b>\$ 14,787,367</b>	<b>\$ 8,278,609</b>	<b>\$ 8,699,259</b>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 5,853,882	\$ 5,052,184	\$ 5,052,184
Plan net OPEB liability as a percentage of covered employee payroll	252.61%	163.86%	172.19%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**August 31, 2020**  
**(Unaudited)**

	<b>Fiscal Year End</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 587,645	\$ 578,379	\$ 683,141
Contributions in relation to the actuarially determined contribution	(297,900)	(205,213)	(209,992)
Contribution deficiency (excess)	<u>\$ 289,745</u>	<u>\$ 373,166</u>	<u>\$ 473,149</u>
Covered employee payroll	\$ 4,610,628	\$ 4,415,836	\$ 4,158,369
Contributions as a percentage of covered employee payroll	6.46%	4.65%	5.05%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**Pension Plan**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2020, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending August 31, 2021.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Projected unit credit

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 11 years

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

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = 2.10%

Retirement age for inactive vested participants = 65

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**Pension Plan (continued)**

**3. Changes in Benefits**

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

**4. Changes of Assumptions**

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants, terminated vested participants, and deferred beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the sex-distinct Scale SSA2019. Previously future mortality improvements were not explicitly projected.
- The prior retirement assumption was based on the Plan's normal retirement eligibility. If normal retirement eligibility was only available on or after age 65, the prior assumption was 60% at ages 65 to 69 and 100% at age 70 and older. If normal retirement eligibility was available prior to age 65, the rates were 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70 and older as long as a participant was at least eligible for early retirement.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**Pension Plan (continued)**

**4. Changes of Assumptions, continued**

- The new assumption relates to when a given participant is eligible for normal retirement (either regular normal retirement or alternative normal retirement). Retirement rates do not apply if a participant is not eligible for either early or normal retirement.
- The retirement rates where normal retirement is available on or after age 65 are 5% at ages 55 to 59, 7% at ages 60 and 61, 20% at age 62, 10% at ages 63 and 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older.
- Where normal retirement is available to a given participant at age 62, 63, or 64, the new retirement rates are 3% when first eligible for early retirement through age 60, 10% at ages 61 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 30%.
- Where normal retirement is available at age 60 or 61, the new retirement rates are 3% when first eligible for early retirement through age 59, 10% at ages 60 to 64, 35% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 20%.
- Where normal retirement is available prior to age 60, the new retirement rates are 3% when first eligible for early retirement through the year prior to normal retirement eligibility, 10% from normal retirement eligibility through age 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65, 25% at ages 66 to 71 and 100% at ages 72 and older. In addition, in the first year a participant is eligible for normal retirement, the rate is increased by 10%.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**Pension Plan (continued)**

**4. Changes of Assumptions, continued**

- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.
- The investment return assumption was decreased from 7.50% to 7.375%.
- The cost-of-living assumption was decreased from 2.75% to 2.10%.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**OPEB Plan**

**1. Valuation Date**

The actuarially determined contribution rates are determined as of July 1, 2019, based on the most recent valuation date, two years prior to the end of the fiscal year in which contributions are reported.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Discount Rate = 2.97%

Actuarial cost method = Entry age

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

**3. Changes in Benefits**

For participants hired in 2018 and later, spouses are no longer covered and General Employees must have 20 years of service for self-coverage.

**4. Changes of Assumptions**

- The discount rate from the Bond Buyer 20-Bond GO Index for August 31, 2019 was 2.97%. For August 31, 2018, it was 3.96%.
- Per capita health costs and trend rates were updated to reflect the most recent claims experience and future expectations.
- Enrollment assumptions were lowered from 100% to 90% for retirements before age 65 and from 100% to 90% for spouses.

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the fiscal year ended August 31, 2020**

**OPEB Plan (continued)**

**4. Changes of Assumptions, continued**

- The mortality table for healthy retirees and beneficiaries was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for disabled participants was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table to the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- The mortality table for active participants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward two years in age for males and one year for females to the sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Future mortality improvement is based on projecting generationally from 2012 using 60% of the improvement rates used for the intermediate (alternative II) projection from the 2019 OASDI Trustees Report. Previously, future mortality improvements were not explicitly projected.
- The retirement assumptions were revised with the new rates based on expected Normal Retirement Age.
- The turnover rates were changed from the greater of age-based rates and select rates for the first five years of service followed by age-based rates thereafter to service-based rates only.
- The disability rates were changed to 50% of the rates in the prior age-based table.
- The inflation assumption was decreased from 2.75% to 2.25%.
- The salary increase assumption was changed from a service-based salary scale starting at 8.25% for the first two years of service with an ultimate rate of 3.25% at ten years of service to a service-based scale starting at 8.50% for the first two years of service with an ultimate rate of 3.00% at 15 years of service.

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***COMBINING STATEMENTS***

*NONMAJOR GOVERNMENTAL FUNDS*

**CITY OF NORCROSS, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2020**

	<b>Special Revenue</b>			
	<b>Confiscated Assets</b>	<b>Federal Seized Drug</b>	<b>Technology Surcharges</b>	<b>Rental Motor Vehicle Excise Tax</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 132,886	\$ 175	\$ 173,383	\$ 537,013
Taxes receivable	0	0	0	13,549
Due from other funds	0	2,500	0	0
<b>Total assets</b>	<b>\$ 132,886</b>	<b>\$ 2,675</b>	<b>\$ 173,383</b>	<b>\$ 550,562</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 0	\$ 0	\$ 13,035	\$ 13,561
Other liabilities	108,851	0	0	0
Due to other funds	2,500	2,656	0	0
<b>Total liabilities</b>	<b>111,351</b>	<b>2,656</b>	<b>13,035</b>	<b>13,561</b>
<b>Fund balances</b>				
Restricted for:				
General Government	0	0	160,348	0
Public Safety	21,535	19	0	0
Housing and Development	0	0	0	537,001
Capital Outlay	0	0	0	0
<b>Total fund balances</b>	<b>21,535</b>	<b>19</b>	<b>160,348</b>	<b>537,001</b>
<b>Total liabilities and fund balances</b>	<b>\$ 132,886</b>	<b>\$ 2,675</b>	<b>\$ 173,383</b>	<b>\$ 550,562</b>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>2009 SPLOST</u>	<u>2014 SPLOST</u>	
\$ 10,535	\$ 1,603,814	\$ 2,457,806
0	0	13,549
0	140,693	143,193
<u>10,535</u>	<u>1,744,507</u>	<u>2,614,548</u>
\$ 0	\$ 0	\$ 26,596
0	0	108,851
0	0	5,156
<u>0</u>	<u>0</u>	<u>140,603</u>
0	0	160,348
0	0	21,554
0	0	537,001
<u>10,535</u>	<u>1,744,507</u>	<u>1,755,042</u>
<u>10,535</u>	<u>1,744,507</u>	<u>2,473,945</u>
<u>\$ 10,535</u>	<u>\$ 1,744,507</u>	<u>\$ 2,614,548</u>

**CITY OF NORCROSS, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended August 31, 2020**

	Special Revenue			Rental Motor Vehicle Excise Tax
	Confiscated Assets	Federal Seized Drug	Technology Surcharges	
<b>REVENUES</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 123,591
Fees, fines, and forfeitures	23,460	1,000	73,810	0
Interest	8	17	0	0
Other	60	0	0	0
<b>Total revenues</b>	<b>23,528</b>	<b>1,017</b>	<b>73,810</b>	<b>123,591</b>
<b>EXPENDITURES</b>				
Current				
General Government	0	0	90,943	0
Public Safety	0	102,013	0	0
Housing and Development	0	0	0	101,348
Capital outlay	0	0	0	0
<b>Total expenditures</b>	<b>0</b>	<b>102,013</b>	<b>90,943</b>	<b>101,348</b>
Excess (deficiency) of revenues over (under) expenditures	23,528	(100,996)	(17,133)	22,243
Other financing sources (uses)				
Transfers in	0	2,500	0	0
Transfers out	(2,500)	0	0	0
<b>Total other financing sources (uses)</b>	<b>(2,500)</b>	<b>2,500</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	21,028	(98,496)	(17,133)	22,243
Fund balances, September 1	507	98,515	177,481	514,758
<b>Fund balances, August 31</b>	<b>\$ 21,535</b>	<b>\$ 19</b>	<b>\$ 160,348</b>	<b>\$ 537,001</b>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>2009 SPLOST</u>	<u>2014 SPLOST</u>	
\$ 0	\$ 0	\$ 123,591
0	0	98,270
4	329	358
0	0	60
<u>4</u>	<u>329</u>	<u>222,279</u>
0	0	90,943
0	0	102,013
0	0	101,348
0	61	61
<u>0</u>	<u>61</u>	<u>294,365</u>
<u>4</u>	<u>268</u>	<u>(72,086)</u>
0	0	2,500
0	0	(2,500)
<u>0</u>	<u>0</u>	<u>0</u>
4	268	(72,086)
<u>10,531</u>	<u>1,744,239</u>	<u>2,546,031</u>
<u>\$ 10,535</u>	<u>\$ 1,744,507</u>	<u>\$ 2,473,945</u>

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***GENERAL FUND***

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,029,725	\$ 5,959,656
Certificates of deposit	0	1,049,639
Receivables (net)		
Accounts	15,969	5,196
Taxes	229,492	197,747
Intergovernmental	58,722	72,879
Interest	157	157
Prepaid items	102,492	107,504
Due from other funds	2,656	669,100
	<b>\$ 9,439,213</b>	<b>\$ 8,061,878</b>
 <b>LIABILITIES</b>		
Payables		
Accounts	\$ 306,360	\$ 182,567
Retainages	0	5,460
Accrued salaries and payroll liabilities	188,121	170,283
Unearned revenue	67,197	37,349
Other liabilities	442,226	557,946
	1,003,904	953,605
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	165,856	85,073
 <b>FUND BALANCES</b>		
Nonspendable prepaid items	102,492	107,504
Assigned for subsequent year's budget	500,000	0
Unassigned	7,666,961	6,915,696
	8,269,453	7,023,200
<b>Total fund balances</b>	<b>\$ 9,439,213</b>	<b>\$ 8,061,878</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 9,439,213</b>	<b>\$ 8,061,878</b>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the fiscal years ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Taxes	\$ 9,378,689	\$ 8,635,938
Licenses and permits	580,527	1,116,272
Fines, fees and forfeitures	1,231,634	1,190,494
Charges for services	75,103	155,712
Intergovernmental	1,022,293	2,409,234
Interest	22,139	59,127
Contributions	0	15,650
Other	260,903	242,616
	<u>12,571,288</u>	<u>13,825,043</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Current		
General Government	2,426,612	2,204,112
Judicial	402,881	408,844
Public Safety	5,360,667	6,017,629
Public Works	1,985,589	1,976,663
Culture and Recreation	661,435	864,690
Housing and Development	859,321	1,278,239
	<u>11,696,505</u>	<u>12,750,177</u>
Total Current		
Debt Service		
General Government	129,614	138,021
Public Safety	54,972	54,103
	<u>184,586</u>	<u>192,124</u>
Total Debt Service		
<b>Total expenditures</b>	<u>11,881,091</u>	<u>12,942,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>690,197</u>	<u>882,742</u>
Other financing sources (uses)		
Transfers in (out)		
Electric Utility Fund	538,840	0
2017 Revenue Bonds Fund	(14,541)	(17,024)
Issuance of long-term debt	7,846	84,026
Sale of capital assets	23,911	1,500
	<u>556,056</u>	<u>68,502</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,246,253	951,244
Fund balances, September 1	<u>7,023,200</u>	<u>6,071,956</u>
<b>Fund balances, August 31</b>	<u><u>\$ 8,269,453</u></u>	<u><u>\$ 7,023,200</u></u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the year ended August 31, 2019)*

	<u>2020</u>			<u>2019</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Property tax	\$ 5,786,655	\$ 5,952,536	\$ 165,881	\$ 5,158,618
Motor vehicle tax	220,000	522,388	302,388	504,529
Cost, penalties, and interest	25,000	14,769	(10,231)	34,801
Total general property taxes	6,031,655	6,489,693	458,038	5,697,948
Intangible tax	46,000	95,654	49,654	72,509
Real estate transfer tax	25,000	47,943	22,943	34,867
Franchise tax	1,080,000	937,993	(142,007)	1,024,460
Insurance premium tax	1,080,000	1,138,215	58,215	1,087,596
Occupational tax	352,600	347,791	(4,809)	382,392
Alcoholic beverage excise tax	200,000	321,400	121,400	336,166
Total taxes	8,815,255	9,378,689	563,434	8,635,938
<b>Licenses and permits</b>				
Alcohol licenses	126,000	141,825	15,825	132,575
Building permits	500,000	426,458	(73,542)	968,286
Other permits	11,000	12,244	1,244	15,411
Total licenses and permits	637,000	580,527	(56,473)	1,116,272
<b>Fines, fees and forfeitures</b>	1,351,839	1,231,634	(120,205)	1,190,494
<b>Charges for services</b>	90,000	75,103	(14,897)	155,712
<b>Intergovernmental</b>	705,915	1,022,293	316,378	2,409,234
<b>Interest</b>	50,000	22,139	(27,861)	59,127
<b>Contributions</b>	0	0	0	15,650
<b>Other</b>	151,062	260,903	109,841	242,616
<b>Total revenues</b>	<u>\$ 11,801,071</u>	<u>\$ 12,571,288</u>	<u>\$ 770,217</u>	<u>\$ 13,825,043</u>

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the year ended August 31, 2019)*

	2020			2019
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Governing Body				
Personal services	\$ 101,434	\$ 94,056	\$ 7,378	\$ 99,926
Contract services	315,151	306,905	8,246	304,617
Supplies and materials	2,500	2,323	177	3,136
Total Governing Body	419,085	403,284	15,801	407,679
Administration				
Personal services	373,977	319,745	54,232	289,683
Contract services	123,908	113,616	10,292	201,187
Supplies and materials	11,046	8,336	2,710	6,555
Total Administration	508,931	441,697	67,234	497,425
City Clerk				
Personal services	163,305	146,257	17,048	124,859
Contract services	23,132	17,924	5,208	17,841
Supplies and materials	9,800	3,354	6,446	12,244
Total City Clerk	196,237	167,535	28,702	154,944
Chief Executive				
Personal services	170,977	143,893	27,084	81,066
Contract services	45,191	32,067	13,124	31,098
Supplies and materials	11,000	5,029	5,971	1,810
Total Chief Executive	227,168	180,989	46,179	113,974
Information Technology				
Personal services	114,462	78,308	36,154	74,145
Contract services	870,893	870,892	1	670,730
Supplies and materials	107,926	107,926	0	54,089
Capital outlay	0	7,846	(7,846)	84,026
Total Information Technology	1,093,281	1,064,972	28,309	882,990
Human Resources				
Personal services	174,058	127,056	47,002	81,011
Contract services	43,255	40,250	3,005	62,744
Supplies and materials	3,750	829	2,921	3,345
Total Human Resources	221,063	168,135	52,928	147,100
Total General Government	2,665,765	2,426,612	239,153	2,204,112

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
**(with comparative actual amounts for the year ended August 31, 2019)**

	2020			2019
	Final Budget	Actual	Variance	Actual
<b>Judicial</b>				
Municipal Court				
Personal services	\$ 290,052	\$ 282,301	\$ 7,751	\$ 260,194
Contract services	150,704	117,499	33,205	145,178
Supplies and materials	6,400	3,081	3,319	3,472
Total Judicial	447,156	402,881	44,275	408,844
<b>Public Safety</b>				
Police				
Personal services	4,670,445	4,249,697	420,748	4,274,525
Contract services	323,949	323,949	0	361,894
Supplies and materials	201,103	157,524	43,579	250,504
Capital outlay	0	3,422	(3,422)	523,170
Total Police	5,195,497	4,734,592	460,905	5,410,093
E-911 Communications				
Personal services	573,564	556,476	17,088	548,314
Contract services	101,386	68,037	33,349	55,638
Supplies and materials	4,500	1,562	2,938	3,584
Capital outlay	18,324	0	18,324	0
Total E-911 Communications	697,774	626,075	71,699	607,536
Total Public Safety	5,893,271	5,360,667	532,604	6,017,629
<b>Public Works</b>				
Public Works Administration				
Personal services	592,285	528,027	64,258	459,835
Contract services	1,159,524	1,130,819	28,705	1,269,621
Supplies and materials	337,100	326,743	10,357	162,479
Capital outlay	20,000	0	20,000	84,728
Total Public Works Administration	2,108,909	1,985,589	123,320	1,976,663
<b>Culture and Recreation</b>				
Parks and Recreation				
Personal services	429,557	348,050	81,507	428,308
Contract services	298,449	254,645	43,804	334,148
Supplies and materials	66,600	58,740	7,860	72,975
Capital outlay	0	0	0	29,259
Total Culture and Recreation	794,606	661,435	133,171	864,690

**CITY OF NORCROSS, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
**(with comparative actual amounts for the year ended August 31, 2019)**

	2020			2019
	Final Budget	Actual	Variance	Actual
<b>Housing and Development</b>				
Community Development				
Personal services	\$ 396,908	\$ 393,043	\$ 3,865	\$ 457,209
Contract services	252,648	243,168	9,480	542,441
Supplies and materials	7,900	4,375	3,525	6,733
Total Community Development	657,456	640,586	16,870	1,006,383
Economic Development				
Personal services	117,535	91,706	25,829	98,009
Contract services	155,219	126,534	28,685	173,105
Supplies and materials	700	495	205	742
Total Economic Development	273,454	218,735	54,719	271,856
Total Housing and Development	930,910	859,321	71,589	1,278,239
Total Current	12,840,617	11,696,505	1,144,112	12,750,177
<b>Debt Service</b>				
<b>General Government</b>				
Information Technology	129,615	129,614	1	138,021
<b>Public Safety</b>				
E-911 Communications	54,972	54,972	0	54,103
Total Debt Service	184,587	184,586	1	192,124
<b>Total expenditures</b>	<b>\$ 13,025,204</b>	<b>\$ 11,881,091</b>	<b>\$ 1,144,113</b>	<b>\$ 12,942,301</b>

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## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Confiscated Assets Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid in participation with the Gwinnett County Drug Task Force.

Hotel/Motel Tax Fund - This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Norcross.

Federal Seized Drug Fund - This fund is used to account for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid in participation with the Drug Enforcement Administration.

Technology Surcharges Fund - This fund is used to account for fines and fees received restricted for the purchase of computer hardware and software for the Police, City Marshall, and Municipal Court Departments.

Rental Motor Vehicle Excise Tax Fund - This fund is used to collect taxes on the rental of motor vehicles and is used to support trade and tourism and certain capital outlay projects in the City of Norcross.

**CITY OF NORCROSS, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 132,886	\$ 106,557
<b>LIABILITIES</b>		
Other liabilities	\$ 108,851	\$ 106,050
Due to other funds	2,500	0
Total liabilities	111,351	106,050
<b>FUND BALANCES</b>		
Restricted for Public Safety	21,535	507
<b>Total liabilities and fund balances</b>	\$ 132,886	\$ 106,557

**CITY OF NORCROSS, GEORGIA**  
**CONFISCATED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the year ended August 31, 2019)*

	2020			2019
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Fines and forfeitures	\$ 2,500	\$ 23,460	\$ 20,960	\$ 0
Interest	0	8	8	0
Other	0	60	60	0
	2,500	23,528	21,028	0
<b>EXPENDITURES</b>				
Excess (deficiency) of revenues over (under) expenditures	2,500	23,528	21,028	0
Other financing sources (uses)				
Transfers in (out)				
Federal Siezed Drug SRF	(2,500)	(2,500)	0	0
	0	21,028	21,028	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	0	21,028	21,028	0
Fund balances, September 1	0	507	507	507
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 21,535</b>	<b>\$ 21,535</b>	<b>\$ 507</b>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 379,225	\$ 709,343
Taxes receivable	111,483	138,468
<b>Total assets</b>	<b>\$ 490,708</b>	<b>\$ 847,811</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 64,319	\$ 361,584
Unearned revenue	8,000	0
Total liabilities	72,319	361,584
 <b>FUND BALANCES</b>		
Assigned for Housing and Development	418,389	486,227
<b>Total liabilities and fund balances</b>	<b>\$ 490,708</b>	<b>\$ 847,811</b>

**CITY OF NORCROSS, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the year ended August 31, 2019)*

	<b>2020</b>			<b>2019</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Hotel/Motel taxes	\$ 849,799	\$ 595,076	\$ (254,723)	\$ 902,199
<b>Total revenues</b>	<u>849,799</u>	<u>595,076</u>	<u>(254,723)</u>	<u>902,199</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Personal services	165,313	148,060	17,253	142,501
Contract services	<u>964,741</u>	<u>514,854</u>	<u>449,887</u>	<u>670,120</u>
<b>Total expenditures</b>	<u>1,130,054</u>	<u>662,914</u>	<u>467,140</u>	<u>812,621</u>
Excess (deficiency) of revenues over (under) expenditures	(280,255)	(67,838)	212,417	89,578
Fund balances, September 1	<u>280,255</u>	<u>486,227</u>	<u>205,972</u>	<u>396,649</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 418,389</u></u>	<u><u>\$ 418,389</u></u>	<u><u>\$ 486,227</u></u>

**CITY OF NORCROSS, GEORGIA**  
**FEDERAL SEIZED DRUG SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 175	\$ 101,564
Due from other funds	<u>2,500</u>	<u>0</u>
<b>Total assets</b>	<u><u>\$ 2,675</u></u>	<u><u>\$ 101,564</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 393
Due to other funds	<u>2,656</u>	<u>2,656</u>
Total liabilities	2,656	3,049
<b>FUND BALANCES</b>		
Restricted for Public Safety	<u>19</u>	<u>98,515</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,675</u></u>	<u><u>\$ 101,564</u></u>

**CITY OF NORCROSS, GEORGIA**  
**FEDERAL SEIZED DRUG SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the year ended August 31, 2019)*

	<b>2020</b>			<b>2019</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 32,000	\$ 1,000	\$ (31,000)	\$ 14,630
Interest	0	17	17	49
<b>Total revenues</b>	<b>32,000</b>	<b>1,017</b>	<b>(30,983)</b>	<b>14,679</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Supplies and materials	35,413	35,413	0	33,963
Capital outlay	66,600	66,600	0	0
<b>Total expenditures</b>	<b>102,013</b>	<b>102,013</b>	<b>0</b>	<b>33,963</b>
Excess (deficiency) of revenues over (under) expenditures	(70,013)	(100,996)	(30,983)	(19,284)
Other financing sources (uses)				
Transfers in (out)				
Confiscated Assets SRF	0	2,500	2,500	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(70,013)	(98,496)	(28,483)	(19,284)
Fund balances, September 1	70,013	98,515	28,502	117,799
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 19</b>	<b>\$ 19</b>	<b>\$ 98,515</b>

**CITY OF NORCROSS, GEORGIA**  
**TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 173,383	\$ 177,481
<b>LIABILITIES</b>		
Accounts payable	\$ 13,035	\$ 0
<b>FUND BALANCES</b>		
Restricted for General Government	160,348	177,481
<b>Total liabilities and fund balances</b>	<b>\$ 173,383</b>	<b>\$ 177,481</b>

**CITY OF NORCROSS, GEORGIA**  
**TECHNOLOGY SURCHARGES SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
**(with comparative actual amounts for the year ended August 31, 2019)**

	<u>2020</u>			<u>2019</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Fees, fines and forfeitures	\$ 106,000	\$ 73,810	\$ (32,190)	\$ 66,547
<b>Total revenues</b>	<u>106,000</u>	<u>73,810</u>	<u>(32,190)</u>	<u>66,547</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Contract services	73,794	73,793	1	45,737
Supplies and materials	<u>32,206</u>	<u>17,150</u>	<u>15,056</u>	<u>33,537</u>
<b>Total expenditures</b>	<u>106,000</u>	<u>90,943</u>	<u>15,057</u>	<u>79,274</u>
Excess (deficiency) of revenues over (under) expenditures	0	(17,133)	(17,133)	(12,727)
Fund balances, September 1	<u>0</u>	<u>177,481</u>	<u>177,481</u>	<u>190,208</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 160,348</u></u>	<u><u>\$ 160,348</u></u>	<u><u>\$ 177,481</u></u>

**CITY OF NORCROSS, GEORGIA**  
**RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 537,013	\$ 504,599
Taxes receivable	13,549	10,159
<b>Total assets</b>	<b>\$ 550,562</b>	<b>\$ 514,758</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 13,561	\$ 0
<b>FUND BALANCES</b>		
Restricted for Housing and Development	537,001	514,758
<b>Total liabilities and fund balances</b>	<b>\$ 550,562</b>	<b>\$ 514,758</b>

**CITY OF NORCROSS, GEORGIA**  
**RENTAL MOTOR VEHICLE EXCISE TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
*(with comparative actual amounts for the fiscal year ended August 31, 2019)*

	<u>2020</u>			<u>2019</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Taxes	\$ 101,349	\$ 123,591	\$ 22,242	\$ 116,707
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	56,349	56,348	1	0
Capital outlay	45,000	45,000	0	0
<b>Total expenditures</b>	<u>101,349</u>	<u>101,348</u>	<u>1</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	0	22,243	22,243	116,707
Fund balances, September 1	<u>0</u>	<u>514,758</u>	<u>514,758</u>	<u>398,051</u>
<b>Fund balances, August 31</b>	<u><u>\$ 0</u></u>	<u><u>\$ 537,001</u></u>	<u><u>\$ 537,001</u></u>	<u><u>\$ 514,758</u></u>

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## ***CAPITAL PROJECTS FUNDS***

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

2009 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2009 special purpose local option sales tax.

2014 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2014 special purpose local option sales tax.

2017 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for long-term projects financed by the passage of the 2017 special purpose local option sales tax.

2017 Revenue Bond Capital Projects Fund – This fund is used to account for issued 2017 Revenue Bonds used to finance major capital projects.

**CITY OF NORCROSS, GEORGIA**  
**2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*August 31, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,535	\$ 10,531
<b>FUND BALANCES</b>		
Restricted for capital outlay	\$ 10,535	\$ 10,531

**CITY OF NORCROSS, GEORGIA**  
**2009 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Interest	<u>\$ 4</u>	<u>\$ 4</u>
<b>EXPENDITURES</b>		
Capital outlay	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	4	4
Fund balances, September 1	<u>10,531</u>	<u>10,527</u>
<b>Fund balances, August 31</b>	<u><u>\$ 10,535</u></u>	<u><u>\$ 10,531</u></u>

**CITY OF NORCROSS, GEORGIA**  
**2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,603,814	\$ 1,769,646
Due from other funds	140,693	0
	<b>\$ 1,744,507</b>	<b>\$ 1,769,646</b>
<b>Total assets</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 25,407
<b>FUND BALANCES</b>		
Restricted for capital outlay	1,744,507	1,744,239
	<b>\$ 1,744,507</b>	<b>\$ 1,769,646</b>
<b>Total liabilities and fund balances</b>		

**CITY OF NORCROSS, GEORGIA**  
**2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2020 and 2019*

	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Interest	\$ 329	\$ 387
<b>EXPENDITURES</b>		
Capital outlay		
General Government	61	0
Public Works	0	58,253
<b>Total expenditures</b>	61	58,253
Excess (deficiency) of revenues over (under) expenditures	268	(57,866)
Fund balances, September 1	1,744,239	1,802,105
<b>Fund balances, August 31</b>	<b>\$ 1,744,507</b>	<b>\$ 1,744,239</b>

**CITY OF NORCROSS, GEORGIA**  
**2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,340,955	\$ 1,241,590
Intergovernmental receivable	842,962	780,926
Due from other funds	<u>313,538</u>	<u>50,909</u>
<b>Total assets</b>	<u>\$ 2,497,455</u>	<u>\$ 2,073,425</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 154,869	\$ 215,816
Retainages payable	22,372	13,800
Due to other funds	<u>140,693</u>	<u>0</u>
Total liabilities	317,934	229,616
<b>FUND BALANCES</b>		
Restricted for capital outlay	<u>2,179,521</u>	<u>1,843,809</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,497,455</u>	<u>\$ 2,073,425</u>

**CITY OF NORCROSS, GEORGIA**  
**2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
*For the fiscal years ended August 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Intergovernmental	\$ 4,100,157	\$ 3,390,492
Interest	675	964
	<u>4,100,832</u>	<u>3,391,456</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	2,172,260	1,639,215
Recreation	81,346	177,108
Debt Service	<u>1,511,514</u>	<u>1,562,710</u>
	<u>3,765,120</u>	<u>3,379,033</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	335,712	12,423
Fund balances, September 1	<u>1,843,809</u>	<u>1,831,386</u>
<b>Fund balances, August 31</b>	<u><u>\$ 2,179,521</u></u>	<u><u>\$ 1,843,809</u></u>

**CITY OF NORCROSS, GEORGIA**  
**2017 REVENUE BOND**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,039,455	\$ 6,129,701
Intergovernmental receivable	65,875	14,560
<b>Total assets</b>	<b>\$ 4,105,330</b>	<b>\$ 6,144,261</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 160,495	\$ 3,566
Due to other funds	313,538	50,909
<b>Total liabilities</b>	474,033	54,475
<b>FUND BALANCES</b>		
Restricted for capital outlay	3,631,297	6,089,786
<b>Total liabilities and fund balances</b>	<b>\$ 4,105,330</b>	<b>\$ 6,144,261</b>

**CITY OF NORCROSS, GEORGIA**  
**2017 REVENUE BOND**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
*For the fiscal years ended August 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Intergovernmental	\$ 336,320	\$ 463,651
Interest	18,707	64,434
	<u>355,027</u>	<u>528,085</u>
<b>EXPENDITURES</b>		
Capital outlay		
Culture and Recreation	2,776,543	2,424,194
Debt Service	51,514	0
	<u>2,828,057</u>	<u>2,424,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,473,030)</u>	<u>(1,896,109)</u>
Other financing sources (uses)		
Transfers in (out)		
General Fund	14,541	17,024
Electric Utility Fund	0	82,500
	<u>14,541</u>	<u>99,524</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,458,489)</u>	<u>(1,796,585)</u>
Fund balances, September 1	<u>6,089,786</u>	<u>7,886,371</u>
<b>Fund balances, August 31</b>	<u><u>\$ 3,631,297</u></u>	<u><u>\$ 6,089,786</u></u>

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## ***ENTERPRISE FUNDS***

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Electric Utility Fund - Used to account for activities connected with the development, operation and maintenance of electric services in the City of Norcross.

Solid Waste Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Norcross.

Storm Water Utility Fund - Used to account for activities connected with the development, operation and maintenance of storm water services in the City of Norcross.

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 511,490	\$ 0
Investments	8,811,457	7,234,565
Accounts receivable (net)	2,789,188	2,812,990
Prepaid items	25,024	33,700
Inventories	1,095,391	992,996
Notes receivable	0	24,362
Total current assets	13,232,550	11,098,613
<b>Restricted assets</b>		
MEAG Generation Trust		
Investments	5,651,867	5,486,768
Customer Deposits		
Investments	428,522	447,931
Total restricted assets	6,080,389	5,934,699
<b>Capital assets</b>		
Land	1,000	1,000
Electric system	10,815,415	10,810,106
Vehicles and equipment	1,285,620	1,266,922
Construction in progress	1,892,438	1,757,493
Accumulated depreciation	(4,646,663)	(4,368,141)
Total capital assets (net of accumulated depreciation)	9,347,810	9,467,380
<b>Other assets</b>		
Notes receivable	0	381,593
<b>Total assets</b>	28,660,749	26,882,285
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	111,750	125,264
Deferred outflows of resources related to OPEB	571,758	5,367
<b>Total deferred outflows of resources</b>	683,508	130,631
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables		
Accounts	66,206	81,391
Intergovernmental	795,956	793,410
Sales tax	95,921	97,596
Accrued salaries and payroll liabilities	22,557	20,087
Compensated absences	19,822	22,356
Unearned revenue	86,899	86,899
Due to other funds	153,508	819,952
Total current liabilities	1,240,869	1,921,691
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	428,522	447,931

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Noncurrent liabilities</b>		
Net pension liability	\$ 126,875	\$ 129,489
Net OPEB liability	1,238,945	563,646
	<u>1,365,820</u>	<u>693,135</u>
<b>Total liabilities</b>	<u>3,035,211</u>	<u>3,062,757</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	62,951	81,016
Deferred inflows of resources related to OPEB	107,798	138,303
	<u>170,749</u>	<u>219,319</u>
<b>NET POSITION</b>		
Investment in capital assets	9,347,810	9,467,380
Restricted for MEAG generation projects	5,651,867	5,486,768
Unrestricted	11,138,620	8,776,692
	<u>\$ 26,138,297</u>	<u>\$ 23,730,840</u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the fiscal years ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Electric sales	\$ 14,162,165	\$ 14,097,736
Other	26,162	51,787
	<u>14,188,327</u>	<u>14,149,523</u>
<b>Total operating revenues</b>		
<b>OPERATING EXPENSES</b>		
Costs of sales and services	9,861,352	11,385,936
Personal services	1,365,905	1,297,104
Depreciation	278,522	289,105
	<u>11,505,779</u>	<u>12,972,145</u>
<b>Total operating expenses</b>		
Operating income (loss)	<u>2,682,548</u>	<u>1,177,378</u>
Non-operating revenues (expenses)		
Investment revenue	263,749	554,596
Intergovernmental	0	164,844
	<u>263,749</u>	<u>719,440</u>
<b>Total non-operating revenues (expenses)</b>		
Net income (loss) before transfers	2,946,297	1,896,818
Transfers in (out)		
2017 Revenue Bond Fund	<u>(538,840)</u>	<u>(82,500)</u>
Change in net position	2,407,457	1,814,318
Net position, September 1	<u>23,730,840</u>	<u>21,916,522</u>
<b>Net position, August 31</b>	<u><u>\$ 26,138,297</u></u>	<u><u>\$ 23,730,840</u></u>

**CITY OF NORCROSS, GEORGIA**  
**ELECTRIC UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 14,164,883	\$ 13,893,660
Payments to suppliers	(9,967,710)	(11,425,065)
Payments to employees	(1,294,731)	(1,303,114)
Other receipts	26,162	51,787
Net cash provided (used) by operating activities	<u>2,928,604</u>	<u>1,217,268</u>
<b>Cash flows from non-capital financing activities</b>		
Payments to other funds	(1,205,284)	(944,040)
Receipts from other governments	0	164,844
Net cash provided (used) by non-capital financing activities	<u>(1,205,284)</u>	<u>(779,196)</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	<u>(158,952)</u>	<u>(1,026,281)</u>
<b>Cash flows from investing activities:</b>		
Interest received	263,749	554,596
Proceeds from sale of investment	0	439,568
Issuance of note receivable	0	(405,955)
Receipts on notes receivable	405,955	0
Purchase of investments	<u>(1,722,582)</u>	<u>0</u>
Net cash provided (used) by investing activities	<u>(1,052,878)</u>	<u>588,209</u>
Net increase (decrease) in cash and cash equivalents	511,490	0
Cash and cash equivalents, September 1	<u>0</u>	<u>0</u>
<b>Cash and cash equivalents, August 31</b>	<u>\$ 511,490</u>	<u>\$ 0</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 2,682,548</u>	<u>\$ 1,177,378</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	278,522	289,105
(Increase) decrease in accounts receivable	23,802	(236,749)
(Increase) decrease in prepaid items	8,676	14,501
(Increase) decrease in inventories	(102,395)	(15,483)
(Increase) decrease in deferred outflows related to OPEB	(566,391)	(53,516)
(Increase) decrease in deferred outflows related to pension	13,514	(4,522)
Increase (decrease) in accounts payable	(15,185)	23,962
Increase (decrease) in intergovernmental payables	2,546	(62,109)
Increase (decrease) in deposits payable	(19,409)	23,716
Increase (decrease) in sales tax payable	(1,675)	8,957
Increase (decrease) in accrued payroll liabilities	(64)	5,425
Increase (decrease) in net OPEB liability	675,299	(22,004)
Increase (decrease) in deferred inflows related to pension	(18,065)	3,535
Increase (decrease) in deferred inflows related to OPEB	(30,505)	46,313
Increase (decrease) in net pension liability	<u>(2,614)</u>	<u>18,759</u>
Total adjustments	<u>246,056</u>	<u>39,890</u>
Net cash provided (used) by operating activities	<u>\$ 2,928,604</u>	<u>\$ 1,217,268</u>

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,164,616	\$ 936,856
Accounts receivable (net)	475,598	456,173
Due from other funds	53,508	53,508
Total current assets	1,693,722	1,446,537
<b>Restricted assets</b>		
Customer deposits		
Cash and cash equivalents	209,339	211,834
<b>Capital assets</b>		
Vehicles and equipment, net	105,384	106,401
<b>Total assets</b>	2,008,445	1,764,772
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	572,493	269,207
Unearned revenue	195,514	195,063
Total current liabilities	768,007	464,270
<b>Current liabilities payable from restricted assets</b>		
Customer deposits	209,339	211,834
<b>Total liabilities</b>	977,346	676,104
<b>NET POSITION</b>		
Investment in capital assets	105,384	106,401
Unrestricted	925,715	982,267
<b>Total net position</b>	\$ 1,031,099	\$ 1,088,668

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended August 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 3,461,181	\$ 3,158,074
Other	0	9,835
	<u>3,461,181</u>	<u>3,167,909</u>
<b>Total operating revenues</b>	<u>3,461,181</u>	<u>3,167,909</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	3,347,684	3,027,577
Personal services	168,849	164,761
Depreciation	2,217	2,217
	<u>3,518,750</u>	<u>3,194,555</u>
<b>Total operating expenses</b>	<u>3,518,750</u>	<u>3,194,555</u>
Operating income (loss)	(57,569)	(26,646)
Net position, September 1	<u>1,088,668</u>	<u>1,115,314</u>
<b>Net position, August 31</b>	<u><u>\$ 1,031,099</u></u>	<u><u>\$ 1,088,668</u></u>

**CITY OF NORCROSS, GEORGIA**  
**SOLID WASTE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 3,439,712	\$ 3,176,518
Payments to suppliers	(3,044,398)	(3,472,802)
Payments to employees	<u>(168,849)</u>	<u>(164,761)</u>
Net cash provided (used) by operating activities	226,465	(461,045)
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(1,200)	0
<b>Cash flows from non-capital financing activities</b>		
Receipts from other funds	<u>0</u>	<u>1,418,180</u>
Net increase (decrease) in cash and cash equivalents	225,265	957,135
Cash and cash equivalents, September 1	<u>1,148,690</u>	<u>191,555</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 1,373,955</u></u>	<u><u>\$ 1,148,690</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (57,569)</u>	<u>\$ (26,646)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,217	2,217
(Increase) decrease in accounts receivable	(19,425)	(23,163)
Increase (decrease) in accounts payable	303,286	(445,225)
Increase (decrease) in unearned revenue	451	7,831
Increase (decrease) in deposits payable	<u>(2,495)</u>	<u>23,941</u>
Total adjustments	<u>284,034</u>	<u>(434,399)</u>
Net cash provided by operating activities	<u><u>\$ 226,465</u></u>	<u><u>\$ (461,045)</u></u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 1,164,616	\$ 936,856
Customer deposits		
Cash and cash equivalents	<u>209,339</u>	<u>211,834</u>
Total cash and cash equivalents	<u><u>\$ 1,373,955</u></u>	<u><u>\$ 1,148,690</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 737,741	\$ 731,183
Accounts receivable (net)	850,398	735,045
Prepaid items	158	1,601
Due from other funds	<u>100,000</u>	<u>100,000</u>
Total current assets	<u>1,688,297</u>	<u>1,567,829</u>
<b>Capital assets</b>		
Storm water system	1,459,217	1,260,306
Vehicles and equipment	393,572	393,572
Accumulated depreciation	<u>(453,429)</u>	<u>(418,532)</u>
Total capital assets (net of accumulated depreciation)	<u>1,399,360</u>	<u>1,235,346</u>
<b>Total assets</b>	<u>3,087,657</u>	<u>2,803,175</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	40,902	41,624
Deferred outflows of resources related to OPEB	<u>198,926</u>	<u>0</u>
<b>Total deferred outflows of resources</b>	<u>239,828</u>	<u>41,624</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	16,607	14,380
Accrued salaries and payroll liabilities	5,663	4,816
Compensated absences	<u>10,026</u>	<u>8,247</u>
Total current liabilities	<u>32,296</u>	<u>27,443</u>
<b>Noncurrent liabilities</b>		
Net pension liability	63,504	64,394
Net OPEB liability	<u>572,473</u>	<u>324,958</u>
Total noncurrent liabilities	<u>635,977</u>	<u>389,352</u>
<b>Total liabilities</b>	<u>668,273</u>	<u>416,795</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	15,731	18,001
Deferred inflows of resources related to OPEB	<u>26,626</u>	<u>37,719</u>
<b>Total deferred inflows of resources</b>	<u>42,357</u>	<u>55,720</u>
<b>NET POSITION</b>		
Investment in capital assets	1,399,360	1,235,346
Unrestricted	<u>1,217,495</u>	<u>1,136,938</u>
<b>Total net position</b>	<u>\$ 2,616,855</u>	<u>\$ 2,372,284</u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the fiscal years ended August 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Storm water fees	\$ 1,161,543	\$ 1,019,042
<b>OPERATING EXPENSES</b>		
Costs of sales and services	315,095	308,387
Personal services	566,980	470,148
Depreciation	34,897	31,122
<b>Total operating expenses</b>	<u>916,972</u>	<u>809,657</u>
Operating income (loss)	244,571	209,385
Net position, September 1	<u>2,372,284</u>	<u>2,162,899</u>
<b>Net position, August 31</b>	<u><u>\$ 2,616,855</u></u>	<u><u>\$ 2,372,284</u></u>

**CITY OF NORCROSS, GEORGIA**  
**STORM WATER UTILITY ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 1,046,190	\$ 1,028,643
Payments to suppliers	(311,425)	(328,277)
Payments to employees	(529,296)	(468,123)
	<u>205,469</u>	<u>232,243</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets	(198,911)	(340,518)
Payment of capital related accounts payable	0	(35,269)
	<u>(198,911)</u>	<u>(375,787)</u>
Net cash provided (used) by capital and related financing activities		
	<u>(198,911)</u>	<u>(375,787)</u>
Net increase (decrease) in cash and cash equivalents	6,558	(143,544)
Cash and cash equivalents, September 1	<u>731,183</u>	<u>874,727</u>
<b>Cash and cash equivalents, August 31</b>	<u><u>\$ 737,741</u></u>	<u><u>\$ 731,183</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ 244,571</u>	<u>\$ 209,385</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	34,897	31,122
(Increase) decrease in accounts receivable	(115,353)	9,601
(Increase) decrease in prepaid items	1,443	1,205
(Increase) decrease in deferred outflows related to pension	722	(15,033)
(Increase) decrease in deferred outflows related to OPEB	(198,926)	0
Increase (decrease) in accounts payable	2,227	(21,095)
Increase (decrease) in payroll liabilities	2,626	3,937
Increase (decrease) in net OPEB liability	247,515	(5,771)
Increase (decrease) in deferred inflows related to pension	(2,270)	992
Increase (decrease) in deferred inflows related to OPEB	(11,093)	12,631
Increase (decrease) in net pension liability	(890)	5,269
	<u>(39,102)</u>	<u>22,858</u>
Total adjustments		
Net cash provided by operating activities	<u><u>\$ 205,469</u></u>	<u><u>\$ 232,243</u></u>

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## ***AGENCY FUND***

Agency funds are used to account for assets held by the City as an agent to be expended in accordance with the conditions of its agency capacity.

Municipal Court Fund – This fund is used to account, on a temporary basis, for fines collected by the municipal court that ultimately are transmitted to the general fund or another agency.

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**COMPARATIVE STATEMENTS OF ASSETS AND LIABILITIES**  
**August 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 152,768</u>	<u>\$ 183,871</u>
<b>LIABILITIES</b>		
Due to other agencies	<u>\$ 152,768</u>	<u>\$ 183,871</u>

**CITY OF NORCROSS, GEORGIA**  
**MUNICIPAL COURT AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
*For the fiscal year ended August 31, 2020*

	<u>Balance</u> <u>September 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>August 31</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 183,871	\$ 1,915,224	\$ (1,946,327)	\$ 152,768
<b>LIABILITIES</b>				
Due to others agencies	\$ 183,871	\$ 1,915,224	\$ (1,946,327)	\$ 152,768

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***COMPONENT UNIT***

Downtown Development Authority – This component unit is used to account for governmental revenues and contributions reserved for City business development.

**CITY OF NORCROSS, GEORGIA**  
**DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)**  
**COMPARATIVE BALANCE SHEETS**  
**August 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 580,934	\$ 352,368
Property held for resale	0	463,748
Restricted assets		
Cash and cash equivalents	1,464,779	7,643,046
<b>Total assets</b>	<b>\$ 2,045,713</b>	<b>\$ 8,459,162</b>
<b>LIABILITIES</b>		
Payables		
Accounts	\$ 6,813	\$ 8,390
Customer deposits	1,820	3,320
Notes	0	405,955
Total liabilities	8,633	417,665
<b>FUND BALANCES</b>		
Nonspendable:		
Property held for resale	0	463,748
Restricted for Housing and Development	2,037,080	7,577,749
Total fund balances	2,037,080	8,041,497
<b>Total liabilities and fund balances</b>	<b>\$ 2,045,713</b>	<b>\$ 8,459,162</b>

**CITY OF NORCROSS, GEORGIA**  
**DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended August 31, 2020**  
**(With comparative actual amounts for the fiscal year ended August 31, 2019)**

	2020			2019
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 65,797
Charges for service	52,500	201,171	148,671	0
Interest	2,948	57,992	55,044	30,790
Rent	139,042	119,109	(19,933)	188,722
Other	30,000	95	(29,905)	14,686
<b>Total revenues</b>	<b>224,490</b>	<b>378,367</b>	<b>153,877</b>	<b>299,995</b>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	128,502	116,067	12,435	146,068
Supplies and materials	14,073	14,073	0	12,232
Capital outlay	6,049,961	6,042,961	7,000	0
Intergovernmental	0	0	0	1,569,061
Debt service	442,630	417,752	24,878	584,486
<b>Total expenditures</b>	<b>6,635,166</b>	<b>6,590,853</b>	<b>44,313</b>	<b>2,311,847</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,410,676)</u>	<u>(6,212,486)</u>	<u>198,190</u>	<u>(2,011,852)</u>
Other financing sources (uses)				
Proceeds from bond issuance	0	0	0	8,195,000
Proceeds from property held for resale	41,800	181,252	139,452	535,735
Contingency	(83,835)	0	83,835	0
Total other financing sources (uses)	<u>(42,035)</u>	<u>181,252</u>	<u>223,287</u>	<u>8,730,735</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(6,452,711)</u>	<u>(6,031,234)</u>	<u>421,477</u>	<u>6,718,883</u>
Fund balances, September 1 (original)	6,452,711	8,041,497	1,588,786	1,322,614
Prior period adjustments	0	26,817	26,817	0
Fund balances, September 1 (restated)	<u>6,452,711</u>	<u>8,068,314</u>	<u>1,615,603</u>	<u>1,322,614</u>
<b>Fund balances, August 31</b>	<b>\$ 0</b>	<b>\$ 2,037,080</b>	<b>\$ 2,037,080</b>	<b>\$ 8,041,497</b>

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***OTHER REPORTING SECTION***

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***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies.

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

Honorable Mayor and Members  
of the City Council  
City of Norcross, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Norcross, Georgia, as of and for the period ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Norcross, Georgia's basic financial statements and have issued our report thereon dated January 22, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

**Compliance and Other Matters**

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

## **City of Norcross, Georgia's Response to Findings**

The City of Norcross, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

This report is intended 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 City of Norcross, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushion & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
January 22, 2021

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

Honorable Mayor and Members  
of the City Council  
City of Norcross, Georgia

**Report on Compliance for Each Major Federal Program**

We have audited the City of Norcross, Georgia’s 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 of Norcross, Georgia’s major federal programs for the year ended August 31, 2020. City of Norcross, Georgia’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 of Norcross, Georgia’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 of Norcross, Georgia’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 of Norcross, Georgia’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Norcross, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

## Report on Internal Control over Compliance

Management of the City of Norcross, Georgia, 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 of Norcross, Georgia'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 of Norcross, Georgia'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.

### Purpose of this Report

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.

*Rushion & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
January 22, 2021

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the fiscal year ended August 31, 2020*

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Justice</u></b>			
Equitable Sharing for State and Local Law Enforcement Agencies	16.922	N/A	<u>\$ 102,013</u>
<b><u>U.S. Department of Transportation</u></b>			
Highway Planning and Construction Cluster: Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	PI#0012640 PI#0016067	1,063,857 <u>336,320</u>
Total U.S. Department of Transportation			<u>1,400,177</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,502,190</u></u>

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

**CITY OF NORCROSS, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended August 31, 2020**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Norcross, Georgia, under programs for the federal government for the fiscal year ended August 31, 2020. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies**

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

**3. De Minimis Indirect Cost Rate**

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

**4. Payments to Subrecipients**

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

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended August 31, 2020**

**1. Summary of the Auditor's Results**

**A. Financial Statements**

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

**B. Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
Highway Planning and Construction Cluster 20.205 Highway Planning and Construction	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended August 31, 2020**

**2. Financial Statement Findings**

**A. Current Year Audit Findings**

**Comment 2020-001**

*Condition:* The 2019 financial statements were restated for incorrectly reported amounts for the Downtown Development Authority. The beginning balances were materially restated.

*Criteria:* Generally accepted accounting principles require that assets and liabilities be properly calculated and recorded.

*Cause:* The City did not sufficiently review year-end procedures for reporting in the financial statements before issuing financial statements.

*Effect:* Failure to properly report an account balance led to financial statements that were materially misstated.

*Recommendation:* Management should review their year-end procedures for recording assets and liabilities.

*Management Response:* Management concurs with this finding. City staff will review all year-end balances to ensure they are properly calculated and recorded. This action was taken immediately upon receipt of the comment from our auditors.

**B. Prior Year Audit Findings Follow-Ups**

None reported

**3. Federal Award Findings and Questioned Costs**

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

***STATE REPORTING SECTION***

**CITY OF NORCROSS, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended August 31, 2020**

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>2009 SPLOST Referendum</b>					
Roads Improvements	\$ 1,500,000	\$ 1,500,000	\$ 1,006,158	\$ 0	\$ 1,006,158
Recreational Facilities	3,568,281	3,568,281	3,038,634	0	3,038,634
Administrative Facilities	2,000,000	2,000,000	2,393,343	0	2,393,343
Parking Facilities	2,000,000	2,000,000	1,205,899	0	1,205,899
<b>Total</b>	<b>\$ 9,068,281</b>	<b>\$ 9,068,281</b>	<b>\$ 7,644,034</b>	<b>\$ 0</b>	<b>\$ 7,644,034</b>

<b>2014 SPLOST Referendum</b>					
Transportation (roads, streets, bridges, drainage, sidewalks, and related facilities and equipment)	\$ 4,723,144	\$ 4,723,144	\$ 2,885,839	\$ 61	\$ 2,885,900
Recreational Facilities and Equipment	590,393	590,393	1,570,669	0	1,570,669
Administrative Facilities	1,377,583	1,377,583	0	0	0
Parking Facilities	1,180,786	1,180,786	1,212,745	0	1,212,745
<b>Total</b>	<b>\$ 7,871,906</b>	<b>\$ 7,871,906</b>	<b>\$ 5,669,253</b>	<b>\$ 61</b>	<b>\$ 5,669,314</b>

<b>2017 SPLOST Referendum</b>					
Transportation (roads, streets, bridges, and related facilities and equipment)	\$ 6,098,265	\$ 6,098,265	\$ 1,806,380	\$ 1,108,403	\$ 2,914,783
Recreational Facilities and Equipment	4,573,698	4,573,698	1,346,357	654,123	2,000,480
Parking Facilities	4,573,698	4,573,698	1,312,540	755,757	2,068,297
<b>Total</b>	<b>\$ 15,245,661</b>	<b>\$ 15,245,661</b>	<b>\$ 4,465,277</b>	<b>\$ 2,518,283</b>	<b>\$ 6,983,560</b>

Total expenditures and transfers out of 2017 SPLOST	\$ 3,765,120
Expenditures financed through other revenue sources for Transportation	(1,063,857)
Expenditures financed through other revenue sources for Recreation	(182,980)
	<u>\$ 2,518,283</u>

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